

Arming the Shah

U.S. Arms Policies Towards Iran, 1950-1979

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Summary

This thesis reconstructs and explains the arms relationship that successive U.S. administrations developed with the Shah of Iran between 1950 and 1979. This relationship has generally been neglected in the extant literature leading to a series of omissions and distortions in the historical record. By detailing how and why Iran transitioned from a low order military aid recipient in the 1950s to America's primary military credit customer in the late 1960s and 1970s, this thesis provides a detailed and original contribution to the understanding of a key Cold War episode. By drawing on extensive declassified archival records, the investigation demonstrates the not only the importance of the arms relationship but also how it reflected, and contributed to, the wider evolution of U.S.-Iranian relations from a position of Iranian client state dependency to a situation where the U.S. became heavily leveraged to the Shah for protection of the Gulf and beyond - until the policy met its disastrous end in 1979 as an antithetical regime took power in Iran.

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Introduction

The U.S. and Iran are existential foes in the contemporary era. Following Iran's Islamic Revolution in 1979 and the taking of American Embassy officials in Tehran as hostages that same year, all regular diplomatic contact was severed. That pattern of relations remains to this day. Yet, prior to 1979 both nations enjoyed a very different relationship. That relationship was built around Iran's pro-American monarch, Mohammed Reza Pahlavi - better known as *the Shah*. The Shah ruled Iran through eight U.S. Presidencies from 1942 until 1979. His desire for military supremacy over his neighbours, and his distrust of the Soviets led him to seek an arms relationship with the U.S. following the end of the Second World War. This relationship gradually deepened throughout his reign, eventually resulting in Iran wielding a military that was, on paper, within reach of becoming the world's fifth most advanced force in 1978.

From 1950, the U.S. armed a primitive and relatively poor Iran via successive programmes of military aid. This laid the foundation for Iran's growth in regional stature and the consolidation of the Shah's pro-Western regime. By 1968 an advanced arms relationship based on credit sales had evolved. At that point Iran was America's largest single arms customer, purchasing approximately \$150 million dollars of arms per annum. By the early 1970s, the arms relationship had transformed qualitatively and quantitatively. Replacing the sales pattern of the 1960s, the Shah embarked on a high-tech multi-*billion* dollar annual spending

spree in Washington from mid-1972 until his final months in power. In return, the U.S. gained the net security benefit of a militarily strong pro-Western state in the vital Cold War geopolitical battleground of the Persian Gulf.

Despite the significance and depth of the arms relationship between the U.S. and Iran, there is a dearth of detailed analysis of it in the extant literature. Studies that deal in whole or in part with the Shah's Iran have focused on several major events that have diverted any sustained focus on arms. Firstly, Iran was the scene of the first Cold War confrontation between the U.S. and the Soviet Union in 1946. Although the tension was remedied by diplomacy, it became evident that Iran would be one of the frontier states in a new era of bipolar superpower antagonism.¹ Secondly, in the early 1950s the Shah temporarily lost his grip on power to a nationalist coalition, led by Prime Minister Mohammad Mosaddegh. Mosaddegh pressed for the nationalisation of the Iranian oil industry, which had been developed and operated by the British. An American-British coup in 1953 restored the Shah's autocracy and ended the oil dispute. This event has been widely studied - establishing the importance of Iranian oil, and the growing

¹ See: Kristen Blake, *The U.S.-Soviet Confrontation in Iran, 1945-1962: A Case in the Annals of the Cold War* (Boulder: University Press of America, 2009); Richard W. Cottam, *Iran and the United States, A Cold War Case Study*, (Pittsburgh: University of Pittsburgh Press, 1988) pp. 66-78; Justus D. Doenecke, 'Revisionists, Oil, and Cold War Diplomacy', *Iranian Studies*, 3:1, (1970) pp. 96-105; Lloyd C. Gardner, *Architects of Illusion: Men and Ideas in American Foreign Policy 1941-1949* (Chicago: Quadrangle Books, 1970) pp. 210-215; John L. Gaddis, *The United States and the Origins of the Cold War 1941-1947* (New York: Columbia University Press, 1972) pp. 309-360; Gary R. Hess, 'The Iranian Crisis of 1945-46 and the Cold War', *Political Science Quarterly*, 89:1 (March, 1974) pp. 117-146; Joseph M. Jones, *The Fifteen Weeks: February 21-June 5 1947* (New York: The Viking Press, 1955) pp. 50-58; George Lenczowski, *Russia and the West in Iran, 1918-1948: A Study in Big Power Rivalry* (New York: Cornell University Press, 1948) pp. 263-315; Robert Rossow Jr, 'The Battle of Azerbaijan, 1946', *Middle East Journal*, 10: 1 (1956, Winter), pp.17-32.

influence of the U.S. in Iran.² Regarding oil, Iran's role in the establishment of OPEC and the oil price shocks of the 1970s has also been examined extensively in the literature.³ Finally, analysis of U.S. policy failures before and after the Islamic Revolution of 1979 has absorbed the bulk of scholarly attention paid to Iran in the mid-late 1970s.⁴ Studies that detail events in the 1970s outside the hostage crisis and oil shocks largely fall into two categories: Firstly, a widely cited core of texts was written between 1980 and 1991.⁵ While these studies are useful, they

² See Stephen Kinzer, *All the Shah's Men: An American Coup and the Roots of Middle East Terror* (New Jersey: John Wiley and Sons, 2003); Steve Marsh, 'Continuity and Change: Reinterpreting the Policies of the Truman and Eisenhower Administrations toward Iran, 1950-1954', *Journal of Cold War Studies*, 7:3 (Summer 2005) pp. 79-123; Steve Marsh, *Anglo American Relations and Cold War Oil: Crisis in Iran*, (Hampshire, Palgrave Macmillian, 2003); Kermit Roosevelt, *Countercoup: The Struggle for the Control of Iran* (New York: McGraw Hill, 1979); and Daniel Yergin, *The Prize: The Epic Quest for Oil, Money and Power* (London: Simon and Schuster, 1991), pp. 420-478.

³ For a representative example see: Andrew Scott Cooper, 'Showdown at Doha: The Secret Oil Deal That Helped Sink the Shah of Iran', *Middle East Journal*, 62: 4 (Autumn 2008) pp. 567-592; Henry Kissinger, *Years of Upheaval* (Boston: Little, Brown and Company, 1982), pp. 858-966; Roy Licklider, 'The Power of Oil: The Arab Oil Weapon and the Netherlands, the United Kingdom, Canada, Japan, and the United States', *International Studies Quarterly*, 32 (1988), pp. 205-226; Karen R. Merrill, *The Oil Crisis of 1973-1974: A Brief History with Documents* (New York: Bedford St. Martin's, 2007); Alexander Moens, 'President Carter's Advisers and the Fall of the Shah', *Political Science Quarterly*, 106: 2 (Summer 1991), pp. 211-237; David S. Painter, 'Oil and the American Century', *The Journal of American History*, 99: 1 (June 2012), pp. 24-38; Tore T. Petersen, *Richard Nixon, Great Britain and the Anglo-American Alignment in the Persian Gulf and Arabian Peninsula: Making Allies out of Clients* (Brighton: Sussex Academic Press, 2009), pp. 29-47; Richard C. Thornton, *The Nixon-Kissinger Years: The Reshaping of American Foreign Policy* (St Paul: Paragon, 2001), pp. 302-313; and Daniel Yergin, *The Prize*, pp. 591-612.

⁴ For a representative example see: David Farber, *Taken Hostage: The Iran Hostage Crisis and America's First Encounter With Radical Islam* (Princeton: Princeton University Press, 2006); David Patrick Houghton, *US Foreign Policy and the Iran Hostage Crisis* (Cambridge: Cambridge University Press, 2001); Feredoun Hoveyda, *The Shah and the Ayatollah: Iranian Mythology and Islamic Revolution* (Westport: Praeger, 2003); Hamilton Jordan, *Crisis: The Last Year of the Carter Presidency* (London: G.P. Putnam's Sons, 1982); Gary Sick, *October Surprise: America's Hostages in Iran and the Election of Ronald Reagan* (London: I.B. Tauris, 1992); William H. Sullivan, *Mission to Iran* (New York: W. W. Norton, 1981); and Kurt Waldheim, *In the Eye of the Storm* (London: Adler & Adler, 1985).

⁵ See James A. Bill, *The Eagle and the Lion: The Tragedy of American-Iranian Relations* (New Haven: Yale University Press, 1988); Richard W. Cottam, *Iran and the United States: A Cold War Case Study* (Pittsburgh: University of Pittsburgh Press, 1988); Mark J. Gasiorowski, *U.S. Foreign Policy and the Shah: Building a Client State in Iran* (Ithaca: Cornell University Press, 1991); Michael T. Klare, *American Arms Supermarket* (Austin: University of Texas Press, 1984); and Barry Rubin, *Paved With Good Intentions: The American Experience and Iran* (Oxford: Oxford University Press, 1980).

are dated and were written without considerable access to primary sources. Secondly, the availability of archival material has attracted renewed scholarly interest. To date, that work has largely focused on Iranian domestic perspectives, or has fallen into one of the areas noted above.⁶

This thesis suggests that the much neglected arms relationship was actually one of the defining characteristics of U.S.-Iran relations prior to 1979. Moreover, it was a relationship without comparison. Utilising a diplomatic history methodology, this thesis harnesses newly declassified archival material to offer the first detailed analysis of the U.S.-Iran arms relationship with the Shah. The thesis draws extensively upon archival records from the Kennedy, Johnson, Nixon, Ford, and Carter Presidential libraries/collections, and from the State Department collection in the U.S. National Archives. Other collections available at the National Archives such as the Department of Defense and Central Intelligence Agency collections also feature where available.⁷ These sources are supplemented with multiple volumes of the *Foreign Relations of the United States* (FRUS) series. The major focus of the thesis falls within the 1960s and 1970s - the period which contained the most notable developments in U.S.-Iran arms policy. Hence, that period reflects the bulk of the primary source research

⁶ See: Gholam Reza Afkhami, *The Life and Times of the Shah* (Berkeley: University of California Press, 2009); Alidad Mafinezan and Aria Mehrabi, *Iran and Its Place among Nations* (Westport: Praeger, 2008); Abbas Milani, *The Shah* (New York: Palgrave Macmillan, 2012); Trita Parsi, *Treacherous Alliance: The Secret Dealings of Israel, Iran, and the United States* (New Haven: Yale University Press, 2007); Steven R. Ward, *Immortal: A Military History of Iran and its Armed Forces* (Washington D.C.: University of Georgetown Press, 2008);

⁷ The majority of these collections remain closed. Yet, the *Digital National Security Archive* proved an excellent source to remedy this via their extensive private collection of documents obtained by their proactive use of freedom of information requests. Often they have been able to procure heavily redacted, yet still useful documents outside of the normal declassification schedule in the National Archives system.

undertaken. The Truman and Eisenhower administrations are analysed to a lesser extent to establish the necessary context for the later arms policies. The FRUS and secondary literature form the basis for the analysis pre-1960. Also used throughout the thesis are documents from various Congressional collections, the British National Archives, and the *Digital National Security Archive* (DNSA) at George Washington University.

The issue of arming Iran featured regularly within U.S. politics over thirty years. This thesis charts the evolving path of arms policymaking within wider U.S. policy towards Iran. Outside the executive the other major player in the development of U.S. arms policy towards Iran was Congress. As this thesis establishes, the issue of arming Iran was not, nor ever became, a partisan issue. This was true both in Congress and in the various administrations that held office. Congress acted via its constitutional *advise and consent* role and the wish therein to exercise counsel in arms sales and military aid. To a lesser extent Congress also acted through its budgetary responsibility. However, as Iran transitioned from military aid to purchasing its own arms in the 1960s, and after Nixon removed Congressional approval over military purchases in the early 1970s, the budgetary power of Congress over Iran arms policy became diminished. Hence, the ability of Congress to act, and its relative influence, was frequently in flux due to shifts in executive power and shifts in the nature of arms purchases. Through the period examined, Congress also went from notable highs to notable lows in its ability and/or desire to play a role in foreign affairs. Within that variable path of influence and engagement, the issue of arms

transfers (both military sales and aid) periodically became a point of interest for the Congress, especially in its post-Vietnam re-assertion.

Due to the primary focus on the executive, the thesis is structured largely around successive U.S. presidencies. From the time President Dwight D. Eisenhower established Iran as a client state in 1953, a pattern of relations developed that successive administrations found difficult to step back from. Over time, Iran gradually became the centre of U.S. attention in the Gulf as geopolitical shifts and regional events gradually conspired to constrain policy options. This was all the more so as the U.S. encountered waning British influence in the Middle East and consistent reluctance within the American military especially to accept a direct American commitment to the region. As the U.S.-Iranian relationship developed, the idea of arming Iran came to form a key component of U.S. policy. It gradually became an orthodoxy in successive U.S. administrations; it prevailed in spite of Congressional resistance; and it was the essence of an important Cold War security relationship.

The lack of any existing detailed focus on arms has not just resulted in a gap in the literature. It has hampered the efficacy of scholarship on U.S.-Iran relations in general, leading to notable omissions and distortions. This thesis develops the long overdue systematic investigation of the U.S.-Iranian arms relationship across six chapters, and a conclusion. The first chapter details the broad contours of U.S. foreign policy towards the Middle East following the end of the Second World War. This explains how and why U.S. regional policy came to focus eventually on Iran by 1968 after the British announced the withdrawal of their

military presence (and their stabilising role) *East of Suez*. Within that wider context, the foundational years of the military relationship from 1950-1963 are explored in Chapter Two. This period established the first phase of U.S.-Iran arms relations when military aid was given merely to stabilise the Shah's regime. The Shah, however, had very different ambitions in which he foresaw Iran emerging as a regional force. This set a pattern of friction in U.S.-Iranian arms diplomacy that would come to characterise relations for the bulk of the Shah's reign. Hence, these early chapters demonstrate Iran's relative significance within U.S. foreign policy and establish the particular importance of arms via exploring the origins of the military aid relationship.

With that vital context in place, Chapter Three analyses in detail U.S.-Iran arms policy through the Lyndon B. Johnson administration (1963-1969). During this period the relationship matured both qualitatively and quantitatively. The main focus of the analysis is the transition of Iran from a weak client state reliant on U.S. grant aid, to an emerging credit partner in which it was sufficiently wealthy to begin paying for its own arms. This transition was gaining steam by 1968 at which point there were signs that a revision in the nature of the arms relationship was underway. Yet, this progress came only after a serious period of drift in relations over arms issues between 1964-1966. The prospect that the Shah would turn to the Soviets for alternatives to weapons that the U.S. was reticent to allow him to buy initiated an evolutionary series of developments. Significantly, more U.S. credit was awarded to Iran and the Iranian military began to modernise into a respectable force. Yet, despite these evolutionary developments U.S. policy remained wedded to the general philosophy laid down

by Truman and Eisenhower - that military policy towards Iran was a limited affair of ensuring the survival of the Shah's pro-Western regime and the denial of Soviet influence over Iran.

By the time of Richard Nixon's arrival in office in January 1969, Iran was already America's single largest arms purchaser. Whilst this is notable in and of itself, it is vastly overshadowed by what followed. Chapter Four analyses the revolution that Nixon engineered in U.S.-Iran arms sales. Nixon did not just change the nature of arms sales with Iran - he completely revised U.S. thinking on Iran's regional role. By late 1972 Nixon leveraged U.S. Middle Eastern regional policy primarily around the focal point of a militarily strong, pro-U.S. Iran. Concurrently, the Shah was encouraged, and empowered, to begin an unprecedented and virtually unmoderated military spending spree. Within the space of a few short months in 1972, the Shah purchased over \$3 billion dollars of arms from the U.S. - a twentyfold increase on the prior year. In the years that followed, the Shah maintained a multi-billion dollar purchase pattern as he rapidly developed a regionally peerless military.

When Nixon was forced to resign to avoid impeachment over the Watergate affair, the successor Gerald R. Ford administration (1974-1977) found itself battling a re-assertive Congress. Executive power had notably peaked in the Nixon years in what has been widely referred to as a period of *imperial*

Presidency.⁸ Yet, by 1974 Congress had begun to recover lost ground. Military sales to Iran formed a stand out issue of controversy for the Congress that passed from the Nixon to the Ford administrations. Congress continually battled with Ford for influence over military sales, with Iran at the forefront of concerns due to its extraordinarily large volume of purchases. Yet, it would not be until the Carter administration that Congress would be able to act decisively on the matter due to the skill by which the Ford administration was able to navigate Congressional opposition. Ford's full approval for the military and strategic relationship that Nixon initiated with Iran ensured that the events of the early 1970s became the norm, rather than an irregularity. Hence, Chapter Five focuses on the deepening of military and strategic relations that occurred during the Ford administration, which occurred in spite of the Congressional resurgence, and the decline in the relative power of the executive.

Jimmy Carter triumphed in the Presidential election of 1976 partially on a popular platform of increased arms control and the introduction of human rights considerations into U.S. foreign policy. Despite the Shah's authoritarian nature juxtaposing uncomfortably with Carter's human rights beliefs, and Iran being a prime example of an extreme arms policy, the post-1972 relationship with Iran largely endured. In 1977, Carter actually sold *more* arms to Iran than the U.S. had during any year prior. Chapter Six analyses this outwardly contradictory picture, placing the developments in what would be the last phase of U.S-Iran military

⁸ See: Arthur M. Schlesinger, Jr. *The Imperial Presidency* (London: Andre Deutch, 1974)

relations into context.⁹ With that point in mind, Carter did introduce some nuance into the relationship by ending the blank cheque culture that had characterised the Nixon/Ford years. The analysis establishes that Carter was above all a policy pragmatist, and via that pragmatism steered his administration to continue arming Iran. By maintaining the arms relationship with the Shah, Carter's experience exemplifies the lack of alternatives that existed for U.S. regional policy by the late 1970s. After thirty years of investment and political winnowing, America's regional options had become heavily leveraged on the Shah's Iran.

Ultimately this thesis demonstrates that when the Shah fell from power, not only were thirty years of U.S. investment and arms sales unceremoniously wiped out, but also the largest foreign concentration of high-level American military equipment outside of Europe was suddenly in the hands of angry mobs shouting 'death to America'. Moreover, when Iran became a violently anti-American Islamic Republic it was not just a customer-client relationship that ended. The entire thrust of U.S. policy towards the Persian Gulf lay in ruins. Nixon's plan to focus U.S. regional security around a militarily upgraded Iran – which was built upon the foundations of the military relationship of the 1950s and 1960s – imploded and left the U.S. little option other than to accept the long resisted direct American military commitment to the Gulf.

⁹ Although at various points in this thesis it will be noted that military relations ended in 1979 – there is one disclaimer: Elements of the Regan administration covertly supplied Iran with a limited number of missiles and spare parts in the mid 1980s as part of a plan to use the sales as payment for the release of U.S. hostages being held by terrorist groups associated with the Iranian government. This was revealed in the *Iran-Contra* affair which became a U.S. national scandal. The sales were deemed illegal, and contrary to U.S. policy.

American Foreign Policy Contours Towards the Middle East, 1946-1968

As the Cold War solidified in the years after 1945, a largely exploratory and often changing set of policies defined American policy towards the Middle East. This Chapter traces the developments in U.S. policy towards the wider Middle East in the years up to 1968, identifying the contours that eventually resulted in a concerted American focus on Iran during the 1970s. To undertake this task successfully, it is necessary to first explore the development of the American policy of containment, and subsequently the developing American approach to the Middle East within the evolution of containment policy. The analysis will incorporate the various approaches taken by the administrations of the four Presidents who served during this period: Harry S. Truman, Dwight D. Eisenhower, John F. Kennedy, and Lyndon B. Johnson. While foreign policy in the U.S is almost wholly an executive affair, Congress also comes into the equation. Congress largely acquiesced to the various travails of containment and the spirit of Cold War defence expenditure needs prior to the mid 1960s. Yet, gradual

unease with the amount of American money being spent overseas – particularly on military aid – together with the increasing costs of engagement in Vietnam, led the Congress to taking a more active role during the mid 1960s. That role was a precursor to a pattern of active, and critical, Congressional involvement in foreign policy that would feature in the 1970s.

The Middle East had not been an area of primary interest for the U.S. prior to the end of the Second World War. Britain had been the traditional external power engaged in the area. Prior to 1945 Britain's colonial reach extended from Egypt in the West, through the various nations and sheikdoms of the Gulf, to India in the East. The decline of the colonial powers, especially Britain, frequently raised political, economic and security issues that focused a degree of sustained U.S. interest in the region throughout the 1950s and 1960s. That decline occurred alongside a concerted attempt from the Soviets to move into the region to replace the colonial influence and extend their political and economic reach. The decline of colonial power and the Soviet expansion southwards took place alongside the rise of Arab nationalism, ever-increasing Arab-Israeli hostility, and the growing importance of Persian Gulf oil. The process of colonial decline reached its zenith in 1968 when Britain announced it was withdrawing its imperial presence *East of Suez* and removing its significant military forces from the Gulf. By the end of the 1960s, with over twenty years of formative and often contradictory policy for the wider region, the stakes had become sufficient that the Nixon administration embarked upon a path to systematically redesign regional policy, and also to reimagine containment. That process eventually focused U.S. policy in the Gulf around a militarily strong Iran. In that sense, the

two decades explored in this chapter are essentially a period in which U.S. policy started with a broad exploratory canvas, and gradually narrowed through time.

Forging a Cold War Middle East Policy

Following the end of the Second World War, Iran was the scene of the first confrontation between the United States and the Soviet Union.¹⁰ This series of events established at a very early juncture the potential importance of Iran and the Persian Gulf region within the emerging Cold War structure. In early 1946, the Soviet Union refused to withdraw from northern Iran where its troops had been deployed since 1941 to keep what was a vital allied wartime supply line clear from Axis interference. As the war ended it became apparent that the Soviets were working with local nationalist forces to install a communist puppet regime, with success, in the Azerbaijan region of north-western Iran. Adding to the tension, 15 Soviet armed brigades moved into Azerbaijan on 4 March 1946 whilst a simultaneous deployment was marching towards Turkey through Bulgaria. As the Soviet Union was bound by a treaty to evacuate Iran by 2 March 1946, the Iranian government, backed by the British, pleaded for assistance at the newly formed United Nations Security Council. The situation quickly escalated and the Truman administration, moving doubly to support the Iranian

¹⁰ See Robert Rossow Jr, 'The Battle of Azerbaijan, 1946', *Middle East Journal*, 10: 1 (1956, Winter), pp.17-18; Barry Rubin, *Paved With Good Intentions: The American Experience and Iran* (Oxford: Oxford University Press, 1980) pp. 29-32; and Martin McCauley, *The Origins of the Cold War 1941-1949* (London: Pearson, 2003) p.73.

cause and to uphold the sanctity of the newly formed UN system, scored a major diplomatic victory as the Soviet troops withdrew from Iran in the spring of 1946.

In October 1946, after the resolution of the Azerbaijan crisis, the Joint Chiefs of Staff (JCS) concluded the first major U.S. strategic appraisal of Iran. The report stated that both oil resources and its strategic location, which provided 'a base for both defensive and counteroffensive operations against the Soviet Union, gave Iran major strategic importance'.¹¹ The Central Intelligence Agency (CIA) echoed the pivotal Cold War importance of Iran in a 1947 report stating that the Soviets desired 'complete domination' over Iran, before warning:

If Iran came under the control of a hostile power, the independence of all other countries in the Middle East would be threatened, and the interests of the US would be jeopardized throughout the entire area.¹²

These concerns for Iran would quickly be overshadowed by events in Europe and East Asia.

In early 1947, the British decided it was not in their interests to keep providing financial aid to the Greek government, which was under attack by communist guerrillas.¹³ This left a strategically important state susceptible to political upheaval and communist takeover. Capturing the emerging American posture, the Director of the State Department's newly established Policy Planning Staff, George Kennan, published an article in *Foreign Affairs*. In that article he warned

¹¹ Joint Chiefs of Staff Special Historical Study: The Joint Chiefs of Staff and the Development of US Policy Toward Iran 1946-1978. 31 March, 1980. DNSA: IR03572.

¹² 'The Current Situation in Iran', CIA Report, October 20 1947. DNSA: SE0016

¹³ Robert Frazier, 'Did Britain Start the Cold War? Bevin and the Truman Doctrine' *The Historical Journal*, 27:1 (1984) pp. 715-727; D. George Kousoulas, 'The Success of the Truman Doctrine was not Accidental', *Military Affairs*, 29:2 (1965) pp. 88-92.

that the Soviet Union was committed to destroying capitalism, and that it could not coexist with capitalist nations. The answer to this threat was 'long-term, patient but firm and vigilant containment'.¹⁴ Kennan believed that the Soviet Union would move slowly forward in a multitude of geopolitical and ideological advances. Therefore, the U.S. should contain and inhibit their ability to spread beyond their existing realm via a multifaceted and flexible policy of containment.

Providing assistance to Greece (and Turkey), replacing British aid, was to be the first application of this strategy as President Truman declared that the U.S. would 'support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures'.¹⁵ Hence, the Truman doctrine was born, and the policy of containment began its long tenure in U.S. foreign policy. Working in harmony with the Truman doctrine, the Marshall Plan refinanced Western Europe with American aid through 1947 and 1951 and consolidated two clear sides in an ideological and economic conflict.¹⁶ Alongside ensuring the rebuilding of Western Europe, the Truman administration also prepared for the emerging era of conflict with the Soviet Union via the National Security Act of July 1947. The act effectively consolidated America's foreign policy process and placed it at the full disposal of the President. This reshaped U.S. foreign policy for a new era

¹⁴ George Kennan (Published anonymously as 'X'), "The Sources of Soviet Conduct", *Foreign Affairs*, 25:3 (1947), pp. 572-575.

¹⁵ Harry S. Truman. *Address Before a Joint Session of Congress*, March 12 1947. Available at: <<http://www.americanrhetoric.com/speeches/harrystrumantrumandoctrine.html>> [accessed 1 May 2011].

¹⁶ See William C. Cromwell. 'The Marshall Non Plan, Congress and the Soviet Union', *The Western Political Quarterly*, 32:4 (1979) pp. 422-443.

in which the U.S. would have an outward looking, perhaps global, role.¹⁷ A united military establishment was created headed by a new post of Secretary of Defense. The Central Intelligence Agency (CIA) and National Security Council (NSC) were also founded.¹⁸

By the turn of the decade, the bipolar Cold War structure had developed significantly. The formation of the North Atlantic Treaty Organization (NATO) in April 1949 was mirrored by emerging Soviet alternatives to both it and to the Marshall plan via the Warsaw Pact and the Council for Mutual Economic Assistance (Comecon). Two further developments shifted the paradigm further. Firstly, news reached Washington that the Soviets had successfully tested their own nuclear bomb in August 1949. Secondly, Mao Zedong's Communist Party triumphed in China's civil war, declaring the country the *Peoples Republic of China* on 1 October. Added to the above, changes had taken place inside the Truman administration with the ascendancy of the so-called 'Soviet alarmists' such as Secretary of State Dean Acheson, and the new Director of Policy Planning at the State Department, Paul Nitze.¹⁹

¹⁷ For more, see David J. Rothkopf, *Running the World: The Inside Story of the National Security Council and the Architects of American Power* (New York: Public Affairs, 2005), pp. 4-9.

¹⁸ 'National Security Act of 1947 (P.L. 235)' < <http://www.cfr.org/intelligence/national-security-act-1947-pl-235/p16548> > [accessed 13 May 2011].

¹⁹ Michael J. Hogan, *A Cross of Iron: Harry S. Truman and the Origins of the National Security State, 1945-1954* (Cambridge: Cambridge University Press, 1998), pp. 293-295; Steven L. Rearden, 'Paul H. Nitze and NSC 68: "Militarizing" the Cold War', in *The Policy Makers: Shaping American Foreign Policy from 1947 to the Present*, ed. By Anna Kasten Nelson (Maryland: Rowman and Littlefield, 2009), p. 10.

Truman had enforced a tight quota on defence spending in the post-war era, contained to under \$15 billion per annum.²⁰ In the spirit of Truman's quota, National Security Council Paper 20/4 (NSC-20/4), delivered in November 1948, specifically recommended against building excessive military forces.²¹ This position was deeply influenced by the idea of *asymmetric* containment. Simply, as Kennan advocated, the Soviet threat of military build-up in Eastern Europe and Northeast Asia should not be matched by an equal application of American forces, but instead countered with strengths in other areas. These strengths would be found (for example) in American economic power expressed through the Marshall Plan. The asymmetric leverage of influence allowed the recipient countries to build up their own resistance to the Soviets.²² However, the changes in the geopolitical arena in 1949, together with the influence of Acheson and Nitze, had raised enough alarm to envision a strategic rethink within the administration.

The eventual result was NSC-68, which in April 1950 introduced a more aggressive military focused form of containment than that which had been proffered by Kennan. In doing so, the concept of asymmetry was dismissed. NSC-68 estimated that the Soviet Union was vastly outspending the U.S. militarily as

²⁰ Steven L. Rearden, 'Paul H. Nitze and NSC 68: "Militarizing" the Cold War', pp. 8-9.

²¹ 'U.S. Objectives with Respect to the USSR to Counter Soviet Threats to U.S. Security', FRUS, Vol. 1. Washington, D.C.: Government Printing Office, Department of State, 1948, pp. 663-669.

²² For a detailed study on Kennan's perception of containment see David Mayers, 'Containment and the Primacy of Diplomacy: George Kennan's Views, 1947-1848' *International Security*, 11:1 (Summer 1986), 124-162.

part of a plan for 'world domination'.²³ As a response it recommended a new era of military expenditure to match the supposed Soviet build-up. In retrospect this was a flawed calculation. In the 1960s America would discover it was consistently superior to the Soviet Union in every category except manpower. Yet, the appearance of inferiority drove a fear that developed its own reality.²⁴ It reshaped perceptions, as previously voiced by Kennan, that the Soviet Union would progressively moderate its hostility towards the West. Instead, a deep pessimism and sense of alarm that the Soviets were an 'implacable foe'²⁵ became dominant.²⁶

The cost of NSC-68 was estimated to be in the region of \$35-\$40 billion annually, a figure so grand that all financial estimates were deleted from the document upon its presentation to Truman, given his disposition toward fiscal sternness.²⁷ The thinking behind the new strategic outlook seemed quickly validated as war broke out in Korea just over two months following its presentation to Truman. Hence, the Korean War was both calculated and prosecuted via a *symmetrical* interpretation of containment; 'American forces countered an enemy provocation at the location, time, and in the manner of its original occurrence'.²⁸

²³ 'NSC-68: 'United States Objectives and Programs for National Security'. April 14, 1950. <<http://www.fas.org/irp/offdocs/nsc-hst/nsc-68.htm>> [accessed 12 April 2010].

²⁴ John Lewis Gaddis, 'Containment: Its Past and Future', p. 75.

²⁵ Steven L. Rearden, 'Paul H. Nitze and NSC 68: "Militarizing" the Cold War', p. 15

²⁶ See NSC-68; and Michael J. Hogan, *A Cross of Iron*, pp. 295-310.

²⁷ See Steven L. Rearden, 'Paul H. Nitze and NSC 68: "Militarizing" the Cold War', pp. 18-19; and Michael J. Hogan, *A Cross of Iron*, p. 301.

²⁸ Gaddis, 'Containment: Its Past and Future', p.75

Whilst the Cold War had arguably begun in Iran in 1946, developing a Middle Eastern foreign policy package progressed in a somewhat piecemeal and haphazard fashion as Europe and Korea absorbed the bulk of U.S. attention.

Truman's approach eventually consolidated around a quintet of policies:

- 1) Nurturing direct American economic interests and expanding political influence
- 2) Cold War containment
- 3) On-going support for colonial powers such as Britain and France
- 4) Official recognition and support of the newly formed State of Israel
- 5) Championing Arab nationalist movements.²⁹

It is immediately obvious that these policies were often contradictory in one or more cases. Not least in championing Arab nationalism whilst at the same time supporting the newly formed state of Israel *and* supporting the continued presence of colonial powers. Clearly, by the time Truman left the White House in January 1953, American Middle Eastern policy was in deep trouble,³⁰ with no clear blueprint left in place.

When President Dwight D. Eisenhower came to power in January 1953, his foreign policy team brought new ideas. Led by Secretary of State John Foster Dulles, who believed that communism was 'despotism and Godless terrorism',³¹ the administration developed a yet more aggressive anti-communist posture. Eisenhower had been elected on the back of a campaign that Truman had been

²⁹ Alan P. Dobson and Steve Marsh, *US Foreign Policy Since 1945* (London: Routledge, 2000), p.119

³⁰ Alan P. Dobson and Steve Marsh, *US Foreign Policy Since 1945*, p.120.

³¹ James M. Lindsay, 'TWE Remembers: John Foster Dulles', *Council on Foreign Relations*, (25 February, 2011), Available at: < <http://blogs.cfr.org/lindsay/2011/02/25/twe-remembers-john-foster-dulles/>> [accessed 10 May 2011].

too soft on communism, as evidenced by the loss of China.³² Eisenhower believed that the NSC-68 model of military spending was both expensive and destructive to American interests. Hence, Eisenhower's *New Look* got underway on 8 May 1953 under the codename Operation Solarium, and was finalised in October 1953 via NSC-162/2.³³ The New Look accepted the broad view of NSC-68, but set about finding ways to achieve those aims in a more sustainable way. This would be done by seeking increased burden sharing from allies and emphasizing the use of economic and intelligence-based warfare. Most notably however, it once again set into motion an asymmetric form of containment by introducing the building up of, and potential use of strategic nuclear weapons to deter the Soviet Union via the threat of massive retaliation. This enabled defence costs to be drastically reduced via cutbacks in conventional manpower and equipment and was seen as a more sustainable long-term model of pursuing containment.³⁴

With the Korean armistice signed in July 1953, the *New Look* set in motion, Western Europe stabilising economically and moving towards integration, and NATO developing as an effective and integrated military structure; Eisenhower was able to devote concerted administration focus towards the Middle East. On January 10 1953, ten days prior to assuming office, Eisenhower noted in his diary that he and Dulles had set out four key priorities for foreign policy noted in

³² David Rothkopf, *Running the World*, pp. 63-65.

³³ NSC 162/2, 'Statement of Policy by the NSC on Basic National Security Policy', 30 October 1953, <www.fas.org/irp/offdocs/nsc-hst/nsc-162-2.pdf> [accessed 12 May 2011].

³⁴ For details on the New Look see: Stephen E. Ambrose, *Eisenhower The President: Volume Two 1952-1969* (London: George Allen & Unwin, 1984), pp. 171-175; Alan P. Dobson and Steve Marsh, *US Foreign Policy Since 1945*, pp. 26-28; and Glenn H. Snyder, 'The 'New Look' of 1953', ed by Warner R. Schilling, Paul Y. Hammond, and Glenn H. Snyder, *Strategy, Politics, and Defense Budgets* (New York: Columbia University Press, 1962), pp. 379-542.

order of importance. First was a plan of wide spectrum containment via economic, military and covert assistance as deemed appropriate in each case. Second was resolving a standoff between Iran and the British. Third was dealing with British disputes with Egypt over basing rights in the Suez Canal. And, fourth was a solution to the Arab-Israeli dispute.³⁵ Hence, Iran was next on the list.

The Shah had become increasingly sidelined by a powerful governing coalition, the National Front. It had rallied for a revised oil concession, and eventually mandated nationalisation of the Anglo-Iranian Oil Company (AIOC) in March 1951, unilaterally snatching Britain's largest overseas commercial asset. The British responded with a blockade and economic sanctions, which gradually ground Iranian oil exports to a halt.³⁶ What was to the British an economic dispute eventually became a Cold War issue to the Americans. The U.S. feared both disruption to oil supply, and domestic nationalism in Iran turning leftward to provide a fertile ground for a communist takeover. The event underlined the importance of Persian Gulf oil in the new Cold War era. Although the U.S. had no commercial need for the oil in the region itself, the oil fuelled the delicate post-war economies of key allies such as Japan and the nations of Western Europe.

³⁵ See Roby C. Barrett, *The Greater Middle East and the Cold War: US Foreign Policy Under Eisenhower and Kennedy* (London: I.B. Tauris, 2007), pp. 12-13.

³⁶ For details on the 1951-1953 Iranian Crisis see Stephen Kinzer, *All the Shah's Men: An American Coup and the Roots of Middle East Terror* (New Jersey: John Wiley and Sons, 2003); Steve Marsh, 'Continuity and Change: Reinterpreting the Policies of the Truman and Eisenhower Administrations toward Iran, 1950-1954', *Journal of Cold War Studies*, 7:3 (Summer 2005) pp. 79-123; Steve Marsh, *Anglo American Relations and Cold War Oil: Crisis in Iran*, (Hampshire, Palgrave Macmillian, 2003); and Kermit Roosevelt, *Countercoup: The Struggle for the Control of Iran* (New York: McGraw Hill, 1979).

After a period of considering supporting the Iranian Prime Minister, Mohammed Mossadeq, and seeking a diplomatic solution between 1951 and 1953, American attention steadily turned toward removing him. Falling into line with sustained persuasion from British Prime Minister Winston Churchill,³⁷ Eisenhower and Dulles became gradually convinced that Mossadeq would neither strike a deal to resolve the on-going oil dispute, nor could be trusted to contain communism.³⁸ As a consequence, CIA field agent Kermit Roosevelt was directed to initiate a coup in August 1953 in tandem with the British Secret Intelligence Service to oust Mossadeq.³⁹ This move delighted the British who had been frustrated with Truman who previously demurred at the prospect of direct intervention.⁴⁰ Throughout the affair the British appeared growingly subordinate to America, and clearly lacked the power to resolve the situation. A consortium of major American oil companies attained a 40% stake in Iranian oil production replacing the former AIOC monopoly, which had to settle for an identical 40% share.

The shutdown of oil exports via the British blockade left Iran practically bankrupt by 1953.⁴¹ Yet, afterward it emerged as an embryonic client state of America, complete with a reinvigorated monarch who owed restoration of his throne and a newly enhanced domestic power base to the American intervention. Vice President Richard Nixon visited Tehran in December 1953. He was

³⁷ Roby C. Barrett, *The Greater Middle East and the Cold War*, pp. 11-15.

³⁸ Steve Marsh, *Anglo Iranian Relations and Cold War Oil*, p. 163.

³⁹ See Donald N. Wilber, *Adventures in the Middle East* (Princeton, Darwin Press, 1986).

⁴⁰ See Stephen Kinzer, *All the Shah's Men*, pp. 154-155. For a more nuanced argument see Steve Marsh, 'Continuity and Change: Reinterpreting the Policies of the Truman and Eisenhower Administrations toward Iran, 1950-1954', *Journal of Cold War Studies*, 7:3 (Summer 2005) pp. 79-123.

⁴¹ Barry Rubin, *Paved With Good Intentions*, p. 94.

impressed during his visit, noting that he sensed an inner strength and strong leadership potential in the young monarch.⁴² Nixon's positive impressions ensured that an initial package of \$45 million in American grant aid that had been directed to Iran immediately following the coup would be followed up with future assistance.⁴³

With the Shah back in power, the on-going British dispute with Egypt was next in line for action. Following the Second World War, the British had lost India to independence in 1947, retreated from areas of influence in Europe – such as Greece, and had a reduced influence in the Far East. Their imperial role had survived better in the Middle East, with a large military and economic presence throughout the Gulf. At Suez, the British maintained a vast base that housed 70,000 troops.⁴⁴ The significant role of the British in the region acted as a check on any wholesale American role – which was simply not needed so long as the British remained in place. The Suez Canal held strategic significance as the only waterway linking Europe to the Middle East and Asia, short of sailing around Africa. Hence, it had been a longstanding British lifeline to its Empire *East of Suez*. In the era of Gulf oil, the Canal's significance was reaffirmed and Egypt became a strategic area of great potential significance, and potential rivalry, within the wider Cold War.

⁴² Richard Nixon, *The Memoirs of Richard Nixon* (New York: Grosset & Dunlap 1978), p. 133.

⁴³ Barry Rubin, *Paved With Good Intentions*, pp. 94-95.

⁴⁴ Steve Marsh, *Anglo American Relations and Cold War Oil*, p.23.

Whilst the Eisenhower administration had eventually supported the British line in Iran; unfortunately for Britain, Egypt proved to be a different case. Domestic Egyptian politics had turned increasingly hostile towards the British presence on its soil. John Foster Dulles visited Egypt in May 1953 in order to establish a direct line of diplomacy to assess whether Egypt was willing to play a central part in American containment plans for the region. Those plans focused around furthering a tentative British idea to create a Middle Eastern Defence Organisation (MEDO). Dulles was authorised by Eisenhower to go so far as to promise increased American pressure on the British, and enhanced economic aid if Egypt was to agree to participation in MEDO.⁴⁵ However, Colonel (and later President) Gamal Abdel Nasser, whom the Americans considered the leading power base in Egypt, was not receptive to the plan. Nasser distanced Egypt from the Cold War concerns of the Americans. He emphasized instead the immediate regional concerns regarding conflict with Israel and Arab nationalism in the face of British imperialism as national priorities for Egypt.⁴⁶

Upon Dulles' departure from Cairo, MEDO as it was originally conceived was dead. Not only were U.S. aspirations for Egypt moribund, but the affair also served as a clear indicator of the deep contradictions in existing U.S. regional policy. Nasser's disposition confirmed that the Israeli problem had deepened in the region, rather than abated. Hence, it would be virtually impossible to reach an accord with the Arab states while the U.S. maintained its support of Israel.

⁴⁵ Roby C. Barrett, *The Greater Middle East and the Cold War*, pp. 15-17.

⁴⁶ See Roby C. Barrett, *The Greater Middle East and the Cold War*, pp. 15-17; and Salim Yaqub, *Containing Arab Nationalism: The Eisenhower Doctrine and the Middle East* (USA: University of North Carolina Press, 2004), pp. 30-32.

From Five Regional Policies to Two

On 2 April 1954 Turkey and Pakistan signed a bilateral mutual security treaty, which rekindled American hopes for a Western oriented defence grouping in the region. By July 1954, Eisenhower had approved NSC-5428, which was influenced heavily by Dulles.⁴⁷ The plan outlined American preference for a regional defence strategy based around a *northern tier* of US-aligned states to contain any Soviet expansion southwards, based on an expansion of the Turkey-Pakistan pact.⁴⁸ The Baghdad Pact followed in 1955. It was modelled loosely after NATO as a mutual cooperation, protection and non-intervention pact and comprised of Iran, Iraq, Pakistan, Turkey and, interestingly, Britain. The American involvement with the Baghdad Pact was a notable juncture in the attempt to fashion a Middle Eastern foreign policy to match the new geopolitical realities of the Cold War. It was the first concerted step toward a series of policy shifts that progressively filtered Truman's contradictory quintet of regional policies.

The U.S. did not join the Pact due to the a myriad of difficulties regarding convincing Congress to budget for membership of another security pact outside of NATO, and of the perception that it would cause drift in America's emerging

⁴⁷ See John Lewis Gaddis, *We Now Know: Rethinking Cold War History* (Oxford: Oxford University Press, 1997), p. 169.

⁴⁸ See NSC-5428, 'US Objectives and Policies With Respect to the Near East', 23 July 1954, <<http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB78/docs.htm>> [accessed 10 May 2011]; and Douglas Little, *American Orientalism: The United States and the Middle East Since 1945* (London: I.B. Tauris, 2003), pp. 128-129.

relationship with Israel.⁴⁹ Whilst Eisenhower was wary of deepening ties with Israel, Congress was more sympathetic to the Israeli cause. Due to the Congressional opposition, Eisenhower established formal bilateral relations with each member of the Baghdad Pact as an alternative strategy to membership. The emerging policy, and its military nature also caused splits in the administration. Funding was necessary to upgrade each of the militaries of the member states, money that would have to come from American aid. Hence, America was now getting into the business of systematically provisioning for not just the security of Europe and South East Asia, but also the Middle East. The nature of this rapidly escalating undertaking led to internal administration debates over enhanced military spending. These debates filtered somewhat the inevitable Congressional showdowns over ever-increasing military aid spending as internal administration opposition, chiefly from the Department of Defense and from within the State Department, slowed and diluted enhanced military aid propositions reaching Capitol Hill for approval. The Pentagon was simply not ready to invest in undeveloped nations such as Iran and Pakistan until they were convinced that long term plans, backed up by stable political regimes, were in place.⁵⁰

British membership of the Baghdad Pact also prevented any possibility of Nasser bringing Egypt into the grouping due to an on-going Egyptian dispute with Britain over the Suez Canal. Nasser, together with King Saud of Saudi Arabia

⁴⁹ Guy Hadley, *CENTO: The Forgotten Alliance: A Study of the Central Treaty Organisation* (Brighton: University of Sussex Press, 1971), p. 2; and Douglas Little, p. 131.

⁵⁰ Letter from Charles Wilson to John Foster Dulles, Washington, 5 August 1955. FRUS 1955-57, Vol. XII: 323.

collectively denounced the Pact as a colonial attempt to influence the region and declared their mutual intention to be considered as a new category of country: *non-aligned*.⁵¹ The formation of the Pact therefore had the consequence of consolidating Egypt's move *out* of the Western sphere, due to Nasser's belief that the Pact would be a dividing influence in the Arab world.⁵² Nasser's reaction underscored the continued and as yet unresolved conflict within regional U.S. policy of supporting Britain (and France) and developing relationships with the postcolonial Arab regimes. Indeed, this problem would quickly reach boiling point when Nasser unexpectedly nationalised the Suez Canal in June 1956.

In the wake of Nasser's nationalisation of the Canal, Britain conspired with France and Israel to take back the Canal and occupy parts of Egypt in an intricate plan that comprised of several levels of subterfuge. Eisenhower's response introduced some nuance into one leg of the five contradictory regional policies Truman had set out. He overtly stood against the colonial powers. Eisenhower joined the Soviet Union at the UN in passing a resolution condemning the attack. He went yet further by employing, with success, direct diplomatic and financial leverage against the British to ensure that they ended the invasion.⁵³ The Suez crisis, replete with its conclusion as a UN peacekeeping force arrived in Egypt in December 1956 to replace the forced withdrawal of the tripartite invading forces, underlined the declining power of the old colonial powers in the Middle East. British Chancellor of the Exchequer, Harold MacMillan, captured the sentiment in

⁵¹ Robert Lacey, *The Kingdom* (New York: Harcourt Brace Jovanovich, 1982), p.311.

⁵² John Lewis Gaddis, *We Now Know: Rethinking Cold War History* (Oxford: Oxford University Press, 1997), pp. 169-172.

⁵³ Douglas Little, *American Orientalism*, p. 131.

a conversation with Dulles in December 1956. He remarked that the British action in Suez 'was the last gasp of a declining power'.⁵⁴

By introducing distance from the stench of colonialism in U.S. politics, there existed a renewed opportunity to forge meaningful relations with the emerging Arab powers. Eisenhower was continually mindful of the strategic value in relations with the Arab states and consequently had kept Israel at arms length. In doing so he had consistently resisted Israeli requests to acquire advanced weaponry and thereby appear to sanction Israel's revisionist regional posture.⁵⁵ With this point in mind, Eisenhower had not only decisively dissolved the support for colonial powers that Truman had initiated, he had also frozen the Israeli relationship. For Eisenhower, appearing too close to Israel would alienate the Arab nations, particularly Egypt, and introduce dangerous instability into the region – and potentially an arms race. Yet, America had stiff competition for the favour of the Arab nations as the Soviets began to establish military relationships with various nations in the region through the late 1950s, with Egypt and Iraq as notable examples. Hence, measured optimism began to be replaced with fears that the Soviet Union 'intended to leapfrog over the northern tier into the heart of the Arab world'.⁵⁶

⁵⁴ Douglas Little, *American Orientalism* p. 131

⁵⁵ Roby C. Barrett, *The Greater Middle East and the Cold War*, p. 205.

⁵⁶ Douglas Little, *American Orientalism*, p. 130.

Nasser's actions in Suez and via courting the Soviets caused Eisenhower to become 'increasingly preoccupied'⁵⁷ with growing pan-Arab radicalism in the region. Together with Dulles in a series of meetings throughout December 1956,⁵⁸ Eisenhower forged an approach that would eventually become known as the *Eisenhower doctrine*. Eisenhower summoned 29 Congressional leaders to the White House on 1 January 1957, and explained that the Suez crisis had underlined the decline of the British, and that America 'must put the entire world on notice that we are ready to move instantly' to protect American interests in the region.⁵⁹ Having convinced the majority of Congressional delegation, Eisenhower presented his new strategy to the Congress on 5 January and stated that 'Russia's rulers have long sought to dominate the Middle East', consonant with its desire of 'communizing the world'.⁶⁰ The Eisenhower doctrine solidified throughout 1957, winning full Congressional budgetary approval for both economic aid and military assistance in March. It externalised the idea of not only containing the Soviet Union in the Middle East, but also proactively seeking to halt and reverse recent Soviet gains. Congress had therefore acquiesced to a role that would, in effect, make the U.S. a regional power – ready to deploy in any critical area. For the moment, the spectre of communism was enough to keep Congressional reticence for enhanced military spending quelled. Also, despite the needs of the doctrine, Eisenhower remained relatively conservative in his expenditure, which aided a smooth ride through Congress.

⁵⁷ Thomas Parker, *America's Foreign Policy 1945-1976: Its Creators and Critics* (New York: Facts on File, 1980), p. 45.

⁵⁸ Douglas Little, *American Orientalism*, p.131.

⁵⁹ President Eisenhower, quoted in Douglas Little, *American Orientalism*, p. 132.

⁶⁰ President Eisenhower, *Statement to Congress*, 5 January 1957. Available at <
<http://www.presidency.ucsb.edu/ws/index.php?pid=11007>> [accessed 14 June 2012]

1958 was a pivotal year in American foreign policy in the Middle East. Concerns over Iran's gestures towards the Soviets had been growing since 1957 when he signed a nonaggression pact with Moscow. Coming on top of the increasing movement of the nonaligned nations, such as Egypt, into the Soviet sphere - these developments were unwelcome. The Shah's actions, together with a stream of British intelligence from Tehran indicating the apparent danger of improved relations between Iran and the Soviet Union eventually prompted Dulles to visit Tehran for direct talks with the Shah in late January 1958.⁶¹ The Shah used the opportunity to emphasize the budget deficit he was facing, and to press on the fact that the Soviets had offered him aid, leveraging his position in a show of brinkmanship. Dulles responded with a package of \$30 to \$40 million in further American economic aid to continue to consolidate the investment America had made in Iran's economy after the 1953 coup.⁶²

Mere days after Dulles left Tehran, Egypt and Syria formally merged into a *United Arab Republic* on 1 February. This sent shockwaves across the region. Jordan and Iraq quickly began discussions over forming a rival union, the *Arab Federation*. Additionally, the Western sponsored Lebanese President, Camille Nimur Chamoun, asked for American military assistance and warned that Lebanon was at the mercy of pro-Nasser forces that were mobilising against him.⁶³ King Hussein of Jordan expressed similar concerns throughout April, winning Eisenhower's ear, who put his doctrine into effect for the first time on 14 May by

⁶¹ See Roby C. Barrett, *The Greater Middle East and the Cold War*, pp. 80-81.

⁶² *ibid*, p. 87.

⁶³ *ibid*, pp. 50-51.

despatching the Sixth Fleet to the Mediterranean and giving Hussein \$10 million to shore up his economy and military.⁶⁴ American intervention in Jordan, whilst having the desired effect of temporarily shoring up Hussein, failed to inspire a wider stabilisation of the region.

Iraq was also experiencing a prolonged period of instability throughout early 1958 due to domestic republican forces mobilising against its pro-Western monarchy. On 14 July a coup quickly deposed the regime by killing the Iraqi King and Prime Minister. Iraq quickly established what Allen Dulles, Director of Central Intelligence, called a pro-Nasserist, leftist government.⁶⁵ The day following the coup, Eisenhower sent 14,000 American troops into Lebanon, supported by a sizable fleet offshore, to shore up Chamoun's regime and prevent any further nationalist contagion. For a second time he had put the Eisenhower doctrine into effect. On the same day, the Shah of Iran despaired that following the Iraqi coup, the Baghdad Pact had become redundant and would collapse entirely since nothing had been done to aid the Iraqi regime.⁶⁶ Those omens loomed large as Nasser subsequently signed a defence pact with the new Iraqi regime confirming Allen Dulles' fears of Nasserism spreading to Iraq.

In reality, Iraq's relations with Egypt soured throughout 1958 as the new regime in Baghdad preferred to pursue its own independent, yet decidedly non-aligned,

⁶⁴ John W. Spanier, *American Foreign Policy Since World War II*, 4th edn (London: Praeger, 1971), pp. 136-137; and Barrett, p. 65.

⁶⁵ Roby C. Barrett, *The Greater Middle East and the Cold War*, p.70.

⁶⁶ Telegram from the Embassy in Iran to Washington, Tehran, 15 July 1958. FRUS, 1958-1960, Volume XII, p.575.

path.⁶⁷ That path had no place for the Baghdad Pact, and Iraq finally withdrew in 1959. Hence, the grouping lost its namesake and its headquarters, which had been located in Baghdad. Minus Iraq, the pact soldiered on, and was relocated to Ankara and renamed the Central Treaty Organisation (CENTO). In reality, CENTO was effectively still born, never surviving the humiliation over the lack of action taken by its partners during the Iraqi coup. To show support for the viability of the organisation, Eisenhower upgraded and reaffirmed the bilateral links with the remaining CENTO states throughout 1958 and 1959.

Backing non-democratic, and often controversial, leaders such as the Shah and Chamoun reflected the prevailing wisdom in the Eisenhower administration to events in the Middle East. Those events, which had reached an explosive climax towards the end of the 1950s, had underscored the importance of political stability and pro-Western orientation over all other factors. It was irrelevant what the internal disposition of each friendly nation was. A State Department study in May 1959 noted that:

A new, authoritarian regime, though less democratic than its predecessor, may possess much more stability and may well lay the ground for ultimate return to a more firmly based democracy.⁶⁸

Eisenhower singled out the aforementioned study as the 'finest' ever presented to the NSC and stated his belief that in most developing nations, democracy was

⁶⁷ Roby C. Barrett, *The Greater Middle East and the Cold War*, pp. 72-75.

⁶⁸ David F Schmitz, *The United States and Right-Wing Dictatorships*, (Cambridge: Cambridge University Press, 2006) p. 16.

practically impossible in the short term due to the lack of instilled democratic values in the indigenous populations.⁶⁹

Eisenhower's approach to the Middle East set in motion a series of proactive relationships that America would seek, or continue to foster, with regional pro-U.S. states. The CENTO nations: Iran, Turkey and Pakistan acted as the basis of that alliance structure. In May 1960, CENTO's new host nation, Turkey, endured its own military, albeit bloodless, coup further underlining the inherent instability at the heart of the organisation's remaining nations.⁷⁰ This also served as an indicator of the potential pitfalls at the very heart of Eisenhower's approach. After all, Iran and Pakistan were themselves beset with deep internal problems. Pakistan was embroiled in a potentially explosive dispute with India over Kashmir, whilst Iran had been the subject of sustained administration concerns from 1957 onwards. There were also lingering doubts over the survivability of the Shah beyond the 1950s due to his inability to improve Iran's economic and social situation, which had become increasingly dire.⁷¹

Whilst the New Look had focused on massive retaliation, the broad policy application that was set out in the Eisenhower doctrine signalled a tentative return, of sorts, to a more multifaceted approach to containment. Although the Eisenhower doctrine signalled a fairly proactive response to threats, it was not a return to NSC-68 type thinking. Eisenhower took extreme care in not quickly

⁶⁹ *ibid*, p. 17.

⁷⁰ Andrew Mango, 'Turkey in the Middle East', *Journal of Contemporary History*, 3: 3 (July 1968), pp. 233-234.

⁷¹ See Roby C. Barrett, *The Greater Middle East and the Cold War*, pp. 84-88.

resorting to force as a tool of foreign policy, and left office largely remembered for his emphasis on peace and diplomacy above force, and for his consistent reduction in defence expenditure at a time when Cold War tensions appeared to be escalating.⁷²

The Failure of New Thinking

John F. Kennedy came to the White House in January 1961 unimpressed with Eisenhower's legacy of fiscal conservatism and balanced budgets.⁷³ He sought a much more expansive, and expensive, role for America in the Cold War. Kennedy's views were nurtured and influenced by a group of academics whom he had gathered around himself whilst Senator for Massachusetts between 1953 and 1960. They had introduced him to the idea of strongly encouraging incremental democratic and economic development in developing countries as an alternative to simply seeking political stability.⁷⁴ One of these academics, Walt Rostow, became Deputy National Security Advisor in Kennedy's NSC. Rostow introduced Kennedy to his own interpretation of Modernization Theory, the *Rostovian Take-off Model*, which outlined a process by which non-developed

⁷² See Richard M. Saunders, 'Military Force in the Foreign Policy of the Eisenhower Presidency', *Political Science Quarterly*, 100: 1 (Spring 1985), pp. 97-116; and Fred I. Greenstein, 'Eisenhower as an Activist President: A Look at New Evidence', *Political Science Quarterly*, 94: 4 (Winter 1979-1980), pp. 575-599.

⁷³ Stephen E. Ambrose, *Eisenhower: The President*, p. 615.

⁷⁴ James Goode, 'Reforming Iran During the Kennedy Years', *Diplomatic History*, 15: 1 (1991), p. 15.

countries can be modernized along a western example.⁷⁵ Although Kennedy arrived with new thinking, he still broadly subscribed to the suspicion of Soviet intentions that had characterised the Eisenhower administration. He came to office in the context of clear Soviet dominance in the space race, and with the belief that they were also leading the missile race. Hence Kennedy held a curious blend of progressive, yet clearly traditional set of beliefs, a dichotomy that would be deeply tested when applied to the Middle East.

The Kennedy administration translated the progressive side of its philosophy into action by creating the Agency for International Development (AID) via the Foreign Relations Act of 22 March 1961.⁷⁶ Coming barely two months into Kennedy's tenure, AID was clearly symbolic of the administration's priorities to move beyond the idea that aid was merely an expensive 'short-run' tool used to provide basic economic, military and political stability.⁷⁷ Instead, aid would prioritise self-help and long term planning aligning America 'with the forces for economic progress in the less developed countries'.⁷⁸ It amalgamated the bulk of the bureaucratically fragmented American aid structure, such as the International Cooperation Administration, and the Development Loan Fund, and reinvigorated and expanded aid operations to fulfil Kennedy's aim of initiating a

⁷⁵ See Walt W. Rostow, *The Stages of Economic Growth: A Non-Communist Manifesto* (Cambridge: Cambridge University Press, 1960), pp. 4-16; and Matthew Alan Hill, *Democracy Promotion and Conflict-based Reconstruction: The United States and Democratic Consolidation in Bosnia, Afghanistan and Iraq* (London: Routledge, 2011), pp. 58-59.

⁷⁶ John F. Kennedy, 'Special Message to the Congress on Foreign Aid', 22 March 1961, *The American Presidency Project* <<http://www.presidency.ucsb.edu/ws/index.php?pid=8545>> (accessed 13 May 2011).

⁷⁷ Memorandum from Rostow to Kennedy, 28 February 1961, FRUS, Vol IX: 94.

⁷⁸ Report Prepared by the Policy Planning Council, 26 October 1961, FRUS, Vol IX: 124.

'decade of development'.⁷⁹ Regarding the Middle East, the philosophy behind AID reinforced Kennedy's electioneering intentions when he had noted that 'the Middle East needs water, not war; tractors, not tanks; bread, not bombs.'⁸⁰ AID was a direct product of modernisation theory, particularly via its emphasis on using aid to initiate a transition towards market economies and democracy in developing nations.⁸¹

The broad strategy, with AID at its heart, was to treat emerging nationalism with respect, and offer predominantly non-military assistance to inspire pro-western social and economic development and thereby tentative democratisation. This would embrace potential allies in an optimistic sense rather than allow them to drift towards totalitarianism. Hence, barely two months into his presidency, Kennedy set out an approach that was at odds with Eisenhower's conviction of supporting authoritarian, yet western orientated, regimes as a best means to ensure strategic stability. The new paradigm condemned the Eisenhower approach as a grave and short sighted error, which tied up too much American political capital in supporting unpopular regimes, rather than the peoples they represented. As a result, this would lead to potentially catastrophic blowback.⁸²

⁷⁹ John F. Kennedy, 'Special Message to the Congress on Foreign Aid', 22 March 1961, *The American Presidency Project* <<http://www.presidency.ucsb.edu/ws/index.php?pid=8545>>

⁸⁰ John F. Kennedy quoted in Thomas G. Paterson, *Kennedy's Quest For Victory: American Foreign Policy, 1961-1963* (Oxford: Oxford University Press, 1989) p. 159.

⁸¹ See Matthew Alan Hill, *Democracy Promotion and Conflict-based Reconstruction*, pp. 58-59.

⁸² John F. Kennedy, *The Strategy of Peace* (New York: Harper and Row, 1960), pp. 107-108; Arthur M. Schlesinger Jr., *A Thousand Days: John F. Kennedy in the White House* (Boston: Mariner Books, 2002) pp. 586-591. Also see Robert J. McMahon, 'Eisenhower and Third World Nationalism: A Critique of the Revisionists', *Political Science Quarterly*, 101: 3 (1986), 453-473.

In Kennedy's own words: 'The mistaken attitudes of the past must all be junked.'⁸³

Fate played a weighty role in preventing Kennedy from having the impact within the Middle East that his intentions otherwise suggested. This was not simply as a result of his assassination in November 1963, but due to a series of critical Cold War events that focused administration attention in Europe, South East Asia, and Central America. The first such event, in April 1961, was a failed attempt to overthrow the Castro regime in Cuba, in what has become known as the Bay of Pigs 'fiasco'. This led to a lengthy internal discussion within the administration that raged through the second half of 1961.⁸⁴ Publicly humbled by the Bay of Pigs situation, Kennedy visited Europe in early June 1961 and met with Soviet Premier Khrushchev in Vienna to discuss the on-going dispute over West Berlin.⁸⁵ The lack of progress with Khrushchev raised Kennedy's suspicions enough to inspire a \$3.2 billion dollar increase in defence spending, and a corresponding increase in American armed forces of three hundred thousand men; forty thousand of which were deployed to Europe.⁸⁶ A series of further Cold War decisions followed that involved America in conflicts in South East Asia, the Congo, and further escalated the on-going Cuban situation via the establishment

⁸³ John F. Kennedy quoted in Thomas G. Paterson, *Kennedy's Quest For Victory: American Foreign Policy, 1961-1963* (Oxford: Oxford University Press, 1989) p. 159.

⁸⁴ See 'Bay of Pigs: 40 Years After', *The National Security Archive* <<http://www.gwu.edu/~nsarchiv/bayofpigs/chron.html>> [accessed 23 May 2011]; and Rebecca R. Friedman, 'Crisis Management at the Dead Center: The 1960-1961 Presidential Transition and the Bay of Pigs Fiasco', *Political Studies Quarterly*, 41: 22 (June 2011), pp. 307-333.

⁸⁵ Walter LaFeber, *America, Russia, and the Cold War: 1945-1990*, 6th edn (USA: McGraw-Hill, 1991), pp. 217-219.

⁸⁶ Ambrose, *Rise To Globalism*, p. 189.

of a naval blockade over fears that the Soviets were building a beachhead on the island. This ultimately brought the Soviet Union and America to the brink of nuclear war in late October 1962.⁸⁷

Although Kennedy's short tenure was beset with international crises, he did advance several policy initiatives towards the Middle East. In line with his views on modernisation, Kennedy was concerned that America had lost crucial influence in the region by alienating the progressive non-aligned nations of the area. Hence, improved relations with Nasser were an immediate priority. Repairing the gulf with Nasser was made all the more challenging by Kennedy's desire to simultaneously move America closer to Israel – reversing Eisenhower's caution in this area. The fact that his marginal electoral success in 1960 was sealed via the support of Jewish Americans and the Jewish lobby was not lost on Kennedy, who noted; 'I was elected by the Jews', in a private conversation with Israeli Prime Minister Ben-Gurion on 30 May 1961.⁸⁸ Hence, Kennedy found himself in a testing situation considering the recent memory of Israel's actions during the Suez Crisis and Ben-Gurion's expressed desire therein to depose Nasser.⁸⁹

⁸⁷ See Robert F. Kennedy, *Thirteen Days: A Memoir of the Cuban Missile Crisis* (New York: W.W Norton & Company, 1969). For a contemporary account on the crisis see Michael Dobbs, *One Minute to Midnight: Kennedy, Khrushchev and Castro on the Brink of Nuclear War* (New York: Vintage, 2009).

⁸⁸ Warren Bass, *Support Any Friend: Kennedy's Middle East and the Making of the U.S.-Israeli Alliance* (Oxford, Oxford University Press, 2003), p. 55; also see Michael Bar-Zohar, *Ben-Gurion: A Biography* (New York: Delacorte Press, 1977), p. 274.

⁸⁹ Avi Shlaim, 'The Protocol of Sèvres, 1956: Anatomy of a War Plot', *International Affairs*, 73:3 (1997), pp. 509-530.

Following Kennedy's election, Nasser had reacted with optimism that the new administration would usher in an era of better relations. Kennedy responded in early 1961 by directing the NSC and State Department to fully reappraise relations with Nasser and the Arab world and tailor American diplomacy to match.⁹⁰ The initiative gained significant traction, to the extent that high-level Egyptian representatives, including Nasser himself openly discussed putting the Arab-Israeli conflict 'in the icebox'.⁹¹ This promising development indicated that it might be possible for Kennedy to solve the dilemma over U.S. support for Israel in its Middle Eastern policy package. Discussion of several aid projects, including cheap grain exports and assistance for Egypt's nuclear energy programme; coupled with American delay over officially recognising Syria as it broke with Egypt and seceded from the United Arab Republic in September 1961, were a further demonstration of goodwill to Nasser.⁹² Hence, through 1961, Kennedy's idealistic approach appeared to be yielding promising results in developing a more holistic policy package for the region that broke free from the contradictions of the past.

Convinced that American relations with Egypt were on a sound footing, Kennedy's attention turned towards Israel in July 1962 when he offered Israel the Hawk missiles it had previously pursued fruitlessly.⁹³ The move has been

⁹⁰ Douglas Little, 'The New Frontier on the Nile: JFK, Nasser and Arab Nationalism', *The Journal of American History*, 75: 2 (September 1988), pp. 504-505.

⁹¹ Little, 'The New Frontier on the Nile', p. 505.

⁹² *ibid*, pp. 506-507.

⁹³ 'Acquisition by Israel of the Hawk Missile System', *Foreign Relations of the United States, 1961-1963: Near East, 1962-1963*. Via: <http://www.jewishvirtuallibrary.org/jsource/US-Israel/FRUS7_16_62.html> [accessed 19 May 2011].

widely interpreted as both political and symbolic. It amounted to a deliberate switch of policy by Kennedy to take a tentative step in forming a military relationship with Israel.⁹⁴ Eisenhower had opposed such a development fearing the repercussions on the wider region, instead maintaining a policy of support for Israel without any such military commitments. Regardless, there were genuine strategic concerns in Washington over redressing a perceived imbalance between Israeli and Egyptian regional strike capacity. A Department of Defense study in June 1962 outlined as much by highlighting the perceived supremacy of Egypt's bomber squadrons that had been purchased from the Soviet Union.⁹⁵ In that sense, Kennedy could profess that he was not initiating an arms race – as Eisenhower had cautioned against – and instead merely assisting an ally balance against its regional counterparts.

Israel had hitherto relied on defence purchases from European countries, most notably France, who had supplied it with several squadrons of Mirage Jets in the early 1960s.⁹⁶ Beneath the surface both nations were also clandestinely collaborating on construction of an Israeli nuclear reactor, which commenced construction in 1958.⁹⁷ Considering the prospective Hawk missile sale, opinion has differed on the specific intentions of the Kennedy administration. Douglas

⁹⁴ See David Tal, 'Symbol not Substance? Israel's Campaign to Acquire Hawk Missiles, 1960-1962', *The International History Review*, 22: 2 (June 2000), pp. 301-317;

⁹⁵ See: 'Acquisition by Israel of the Hawk Missile System', FRUS, 1961-1963: *Near East, 1962-1963*. Via: < http://www.jewishvirtuallibrary.org/jsource/US-Israel/FRUS7_16_62.html > [accessed 19 May 2011].

⁹⁶ Zach Levey, 'JFK and the U.S.-Israeli Relationship', *Diplomatic History*, 29: 2 (April 2005), p. 381.

⁹⁷ See Seymour M. Hersh, *The Samson Option: Israel's Nuclear Arsenal and American Foreign Policy* (New York: Random House, 1991); Hersh details how the Eisenhower administration became aware of the facility via intelligence channels, and confirmed its existence via secret U-2 reconnaissance pictures taken in late 1958. Eisenhower, and later Kennedy fruitlessly pursued Israel for independent inspections of the site.

Little maintains that the Hawk was offered to provide a conventional alternative to discourage Israel from pursuing nuclear proliferation in the light of America's displeasure at the introduction of nuclear weapons into the region.⁹⁸ Alternatively, Warren Bass argues that the administration separated its assessments of the Hawk sale from the on-going nuclear issue. In that sense, Kennedy pursued both via a partitioned logic, which recognised Israel's conventional security needs, whilst simultaneously becoming extremely critical of the Israeli position on its emerging nuclear ambiguity.⁹⁹ Whichever holds true, the sale of Hawk missiles was of relatively low significance in the balance of armed forces in the region, and was not indicative of an expressed administration desire to establish a significant arms relationship with Israel. Nor was it followed up with subsequent high-level sales during the Kennedy years. When the Hawk sale was finalised in September 1962, Kennedy informed Nasser in advance, to which Nasser's response was 'unexpectedly calm'.¹⁰⁰ Yet again, Kennedy could demonstrate that his approach was working.

Whilst Kennedy had heretofore successfully walked the tightrope between Egypt and Israel, a major regional incident following a coup in Yemen progressively derailed the emerging relationship with Nasser. It also brought forward the deep inconsistencies in banking a considerable degree of American regional aspirations on the unpredictable forces of Arab nationalism. The Yemen crisis first erupted in late September 1962, after Imam Muhammad al-Badr, who had

⁹⁸ See Douglas Little, 'The Making of a Special Relationship: The United States and Israel, 1957-1968', *International Journal of Middle East Studies*, 25 (1993), pp. 563-85.

⁹⁹ See Warren Bass, *Support Any Friend* (Oxford: Oxford University Press, 2003), pp. 204-238.

¹⁰⁰ Douglas Little, 'The New Frontier on the Nile', p. 510.

only ruled for one week following the death of his father, was overthrown in a nationalist coup led by a military Colonel, Abdullah Sallal. Sallal then declared Yemen an Arab Republic. Saudi Arabia announced its support for the deposed al-Badr, funneling him arms over fears that the Yemen revolution might spread northward to Riyadh. Simultaneously, Nasser despatched tens of thousands of troops - thereby initiating a regional proxy war between conservative and radical Arabs.¹⁰¹ The event coincided with the quickly escalating Cuban Missile Crisis, which stunted a proactive response from Washington. The U.S. found itself caught between Egypt on one hand, and Saudi Arabia and Israel on the other hand who demanded that America check what they interpreted as Nasserist regional expansionism.

With Egypt and Saudi Arabia showing no signs of ceasing operations in Yemen, events in the region began to spiral through the early months of 1963. The Ba'ath, an anti-Western pan-Arabist party, toppled the Iraqi government on 8 February. This inspired a similar coup the following month in Syria, where the Ba'ath had originated and had maintained a strong influence. Fearing the tide spilling over into Jordan, King Hussein imposed martial law in mid April. This move, together with a plea from the Israeli's,¹⁰² finally provoked Kennedy into action. He once again ordered the Sixth Fleet into the eastern Mediterranean as Eisenhower had done five years before. As the Sixth Fleet moved into place in late April, Kennedy

¹⁰¹ See: Christopher Gandy, 'A Mission to Yemen: August 1962-January 1963', *British Journal of Middle Eastern Studies*, 25: 2 (November 1998), pp. 247-274; Little, 'The New Frontier on the Nile', pp. 510-511; and for a detailed study on events see Robert Wilson Stookey, *Yemen: The Politics of the Yemen Arab Republic* (Colorado: Westview, 1978).

¹⁰² Douglas Little, 'The New Frontier on the Nile', pp. 522-523.

sent eight F-100 jet fighters and a team of military advisers to Saudi Arabia. This was advanced as part of a deal with Faisal for the cessation of Saudi activities in Yemen. The intention was that the move would convince Nasser to simultaneously withdraw. When it became apparent that Nasser had no intention of doing so, a tense situation emerged with 'American and Egyptian jets playing a deadly game of cat and mouse along the Saudi-Yemeni frontier'.¹⁰³ Kennedy initially held out hope that Nasser would withdraw from Yemen and re-establish a moderate line. Yet, his patience was eclipsed when Congress moved against him, passing an amendment on 7 November. The amendment blocked aid to any nation engaging in aggression. Although no nation was outwardly named, the amendment was clearly intended to draw a line under Kennedy's pro-Nasserist policies and end the significant flow of economic aid to Egypt.¹⁰⁴ In this case, the Congressional move was an early indicator of what would become a pattern of objections to how and where U.S. aid was used.

The failure of Kennedy's idealism in the Middle East was not confined to Egypt. Via the pursuit of a similar rapprochement with India, the administration threatened ties with Pakistan, a vital CENTO partner. The situation became so pronounced that an emergency State visit was scheduled for the Pakistani President, Muhammad Ayub Khan, in July 1961. Kennedy used the opportunity to reassure that newly established U.S. aid to India would remain non-military. This did little to quell Pakistani fears that India would covertly channel American

¹⁰³ Douglas Little, 'The New Frontier on the Nile', p. 521.

¹⁰⁴ Douglas Little, 'The New Frontier on the Nile', p. 524.

aid money into arms.¹⁰⁵ India had expressed frequent concern for its regional security going back to the 1950s. This was not just due to the running dispute with Pakistan, but also due to frequent border disputes with China. As a result, India was resolute in its desire to strengthen its defences. Meanwhile, Pakistan continued to receive military support from America. This included F-104 and F-86 fighter jets, both superior to India's alternatives. All these factors combined to heighten tensions within India beyond the point to which economic aid from America could solve. Kennedy's modernisation theory and aid based idealism failed yet again, when India - after being rejected arms in Washington - signed a significant arms deal with Moscow in May 1962. For India, the deal balanced what it saw as a severe threat from Pakistan and China.¹⁰⁶

In sum, Kennedy's entire Middle Eastern approach - to 'juggle traditional US security interests and simultaneously broaden relations with key non-aligned states'¹⁰⁷ - became untenable in the Cold War environment. In a press conference in May 1963, when questioned on the Middle Eastern security situation, Kennedy responded:

In the event of aggression or preparation for aggression, whether direct or indirect, we would support appropriate measures in the United Nations, adopt other courses of action on our own to prevent or to put a stop to such aggression, which, of course, has been the policy which the United States has followed for some time.¹⁰⁸

¹⁰⁵ Roby C. Barrett, *The Greater Middle East and the Cold War*, pp. 250-253.

¹⁰⁶ *ibid*, pp. 707-720.

¹⁰⁷ Roby C. Barrett, *The Greater Middle East and the Cold War*, p. 265.

¹⁰⁸ John F. Kennedy, 'The President's News Conference', 8 May, 1963. Via the American Presidency Project:

<http://www.presidency.ucsb.edu/ws/index.php?pid=9192&st=jordan&st1=#axzz10Bh2bBU4>>[accessed 18 May 2011].

Such a statement reflects the degree to which events in the region had left Kennedy ultimately where he had started - in a Cold War containment trap, with little room for manoeuvre. Kennedy's experiment of rapprochement with non-aligned, nationalist nations had failed as both Egypt and India ultimately spurned his advances. Consequently, America had remained wedded to the familiar set of authoritarian regimes in the region, most notably Iran and the other CENTO nations. Whilst importance of the Iranian relationship in this period is explored in detail in the next chapter, by 1963 the current of events had steered the U.S. in such a way that a successful regional policy had very few good options remaining. While the Shah was too weak to attach any serious strategic importance to in this period, he was a prime example of a candidate for a solid U.S. investment, rather than another wasted effort such as in the Egyptian and Indian examples. Kennedy did indeed make such an investment and signed a five-year military aid agreement with Iran, and reaffirmed U.S. political support for the Shah.

The progressive funnelling in U.S. regional policy from Truman's contradictory quintet of policies, to Eisenhower's eventual focus on supporting pro-U.S. regimes buttressed with proactive containment had broadly endured, despite Kennedy's brief revisionist intermission. Yet, one stark difference remained. Developments with Israel introduced a new wild card into regional calculations. Via agreeing to sell Israel Hawk missiles, Kennedy set a precedent for a relationship with Israel that would go on to cause an additional layer of complexity and difficulty for future American policy in the region, particularly as pan-Arabism continued on its evolutionary course. The fact that the Shah enjoyed close and ever-growing relations with Israel offers an interesting aside.

Perhaps only evident in hindsight, and perhaps the result of coincidence rather than grand design, Kennedy left two pivotal future U.S. regional allies (Iran and Israel) closer to America than they had been previously. Additionally, Kennedy upgraded military and political relations with both.

‘A Breathing Space’?

Lyndon B. Johnson’s accession to Presidency following the death of Kennedy was a broad exercise in continuity. Johnson pushed hard, both privately and publicly, to continue Kennedy’s on-going liberal agenda. By the time of Kennedy’s death, this had become grounded in domestic reforms such as civil rights legislation. More importantly, Johnson retained the vast majority of Kennedy’s cabinet.¹⁰⁹ Following the dramatic hinge point of the Cuban Missile Crisis in 1962, Kennedy and Khrushchev had signed the Nuclear Test-Ban Treaty in August 1963. Together with a period of relative calm in Europe, Johnson enjoyed, as he described it, ‘a breathing space’¹¹⁰ to concentrate on domestic affairs. Hence, the early Johnson years were characterised by a prominent domestic orientation. There would be no bold (albeit failed) approach for the Middle East as with Kennedy, or a grand strategic doctrine for the region as had been the case with Eisenhower.

¹⁰⁹ See Robert Dallek, *Flawed Giant: Lyndon Johnson and His Times 1961-1973* (New York: Oxford University Press, 1998), pp. 54-62; and Doris Kearns Goodwin, *Lyndon Johnson and the American Dream*, 2nd edn (New York: St. Martin’s Griffin, 1991), pp. 170-195.

¹¹⁰ Johnson quoted in Goodwin, p. 193. Goodwin’s biography is unique in LBJ biography, as it was shaped by a series of personal interviews with Johnson by the author.

With no grand strategy driving policy towards the Middle East, the Johnson administration reacted in an ad-hoc approach to events as they occurred. Policy developed where necessary as a result of stock Cold War regional concerns: oil security and communist exclusion from the region. An NSC briefing document in June 1965 added that the only other specific regional objective the administration discussed here-to-fore was a more concerted pro-Israeli policy than the cautious approaches of its predecessors, building on the momentum left by Kennedy.¹¹¹ The Johnson administration had a curious constitution regarding Israel. Johnson himself was a noted public supporter of Israel, and had even supported Israel at the heights of the Suez crisis. Yet, Johnson's Secretary of State, Dean Rusk, held a legacy of suspicion towards Israel. During Rusk's tenure, the State Department consistently took a broad regional position that identified more with the Arab states.¹¹² In the end, mutual suspicion of communist motives in the region united both men. Hence, Johnson built upon Kennedy's tentative steps to build a more mature relationship with Israel, complete with further arms sales which, notably, were not confined to strictly defensive items, and included F-4 Phantom Jets, M-48 Tanks and A-1 Skyhawk attack aircraft.¹¹³

When long standing tension between India and Pakistan descended into open warfare during August and September of 1965, the Johnson administration faced its first serious test in the region. The war was eventually concluded in stalemate

¹¹¹ 'How We've Helped Israel', June 5, 1965, National Security File, Files of Robert W. Komer, Israel, January, 1965-March 1966 (1 of 4). Box 29. LBJL.

¹¹² Arlene Lazarowitz, 'Different Approaches to a Regional Search for Balance: The Johnson Administration, the State Department, and the Middle East, 1964-1967', *Diplomatic History*, 32: 1 (January 2008), pp. 30-31; also see Douglas Little, *American Orientalism*, pp. 31-32.

¹¹³ Arlene Lazarowitz, 'Different Approaches to a Regional Search for Balance', pp. 33-35.

via a ceasefire in late September following concerted American, Soviet and UN pressure. Johnson reacted to the conflict by halting all arms shipments to Pakistan from America. This was met with outrage in Pakistan. It also opened up a new domestic discourse of hostility towards America within Pakistani society.¹¹⁴ Hence, the entire American approach to the Indian subcontinent, represented by a military alliance with Pakistan (a CENTO member) and progressively increasing relations with India, as Kennedy had pursued, lay shattered as the Johnson administration moved to a policy of limited disengagement from both nations. Future relations would be entirely contingent on new negotiations, a process that quickly dropped in priority as a result of more pressing American concerns in South East Asia as U.S. involvement in Vietnam escalated.¹¹⁵

If the Indo-Pakistani war was not enough to engage the Johnson administration in Middle Eastern policy, the outbreak of war in June 1967 had a substantial effect. An Arab force comprising of Egypt, Jordan and Syria went to war with Israel. The conflict – referred to as the Six Day War - was considered an act of aggression and expansionism by Arab nations, who were defeated quickly by Israel. On the other hand, Israel maintained it was acting in self-defence against intelligence that an Egyptian invasion force was amassing on its south-western

¹¹⁴ Robert J. McMahon, *The Cold War on the Periphery: The United States, India, and Pakistan, 1947-1965* (New York: Columbia University Press, 1994), pp. 318-322

¹¹⁵ Robert J. McMahon, *The Cold War on the Periphery*, pp. 305-328.

border.¹¹⁶ As Johnson had visibly pushed America closer to Israel in the years prior to 1967, and had supported Israel's actions in the war,¹¹⁷ a wave of anti-Americanism spread throughout the region, leaving America with few friends. Douglas Little notes that Johnson's pro Israeli bias was actually reinforced by the Six Day War, using an analogy of cowboys and Indians to exemplify Johnson's overly simplified, yet commonly held orientalist opinion of Arabs as backward and primitive.¹¹⁸

Building on a theme explored earlier in this chapter, the U.S. began to count its friends in the region. When the calculations were done, few remained. Pakistan had been cast off, and the entire Arab world was up in arms due to U.S. support for Israel. It was during this period that the Johnson administration moved to upgrade relations with Iran yet further. Post 1967, the Shah suddenly became more than just the leader of a weak client state. Regional events aided his graduation into an important ally in a growingly hostile region. This transition is detailed fully in Chapter Three.

Cold War geopolitics and the ever-present spectre of Soviet arms sales to nations such as Egypt, Iraq and India had proven sufficient to consistently earn Congressional acquiescence for the aid programmes that the U.S. apportioned overseas. There was also a lesser, yet growing military credit *sales* facility with

¹¹⁶ See Michael B. Oren, *Six Days of War: June 1967 and the Making of the Modern Middle East* (Oxford: Oxford University Press, 2002); and Tom Segev, *1967: Israel, the War and the Year that Transformed the Middle East* (New York: Metropolitan Books, 2007).

¹¹⁷ See Arlene Lazarowitz 'Different Approaches to a Regional Search for Balance', pp. 51-54.

¹¹⁸ Douglas Little, *American Orientalism*, pp. 31-32.

several more developed nations that also was at the mercy of Congressional approval. The events of 1967 roused the Congress into a revisionist mood. Compounding upon the earlier war between India and Pakistan and the war in Yemen, the Six Day War led to high alarm on Capitol Hill over the issue of arms transfers and military aid in the Middle East. Senators J. William Fulbright, Stewart Symington, and Frank Church at the Senate Foreign Relations Committee began to take acute interest in reigning in or even eliminating military relationships with third parties. This scrutiny led to a difficult period for the Executive in its exercise of regional foreign policy.

Encapsulating the mood on Capitol Hill in mid July 1967, Senator Symington called senior government figures from the State and Defense Departments responsible for arms policy for testimony. His final report concluded that revisions in laws pertaining to arms transfers were 'urgently required'.¹¹⁹ The Symington hearings caused considerable difficulty for the administration as news reached the hearings that Iran had gifted a squadron of F-86s bought from Germany to Pakistan, to aid its desperate security situation following the losses inflicted in war with India. This revelation epitomised, for Congress, the recklessness of arms transfers. It was compounded by further evidence that Iran had given assurances to Germany that the aircraft would remain in Iran. The State Department was left pondering how best it could avoid publicly accusing Iran of lying, which was in effect what Iran did, yet remain ambiguous to the

¹¹⁹ Statement by Senator Stewart Symington. July 24, 1967. Department of State Central Files (hereafter DOSCF). LEG. Box 4.

Congress without going so far as to 'lie' regarding knowledge of the exact location of the aforementioned F-86s.¹²⁰ The fact that the publication of the Symington hearings, replete with their critical conclusions would additionally contain Senator Fulbright's statement that Iran was a 'dissolute' country that 'ought to have a revolution' was greeted with heightened alarm in the White House and in the State Department as officials scrambled to find ways to ensure that one of America's few remaining regional allies of significance, Iran, would not take critical offence.¹²¹

Congressional opposition eventually consolidated around a 1968 amendment to the Foreign Aid Authorization Bill, championed by Senator's Fulbright and Church. The amendment eliminated the 'revolving fund' that the Pentagon had been using to finance arms transfers to developing countries.¹²² Prior to this amendment passing there had been fears that it would 'kill' administration policy to assist the defence needs of selected allies.¹²³ Hence, an administration scramble ensured that sales to key allies could continue via special legislation.¹²⁴ When adding the steadily escalating American engagement in Vietnam into the equation, and the time, money and energy Vietnam consumed across the political spectrum, arms transfers and ever expanding aid to questionable allies became the veritable straw that broke the camel's back. Congress had displayed a

¹²⁰ Letter from Theodore L. Eliot, Jr. to Armin Meyer. March 21, 1967. DOSCF LEG. Box 4.

¹²¹ Letter from Theodore L. Eliot, Jr. to Armin Meyer. March 21, 1967. DOSCF LEG. Box 4.

¹²² Memo from Saunders (NSC) to Johnson. Washington, August 18, 1967. FRUS 1964-68, Vol. XXII, Iran.

¹²³ Letter from Theodore L. Eliot, Jr. to Nicholas G. Thacher. September 29, 1967. DOSCF DEF 19-1. Box 1.

¹²⁴ Armin Meyer, *Quiet Diplomacy*, p. 147.

tendency to fully embrace its *checks and balance* role and openly question/oppose administration foreign policy – a development that would increase in prominence during the following decade. Yet, for the moment, the executive’s ability to manoeuvre around Congress using special legislation and executive orders allowed the broad policy of arming allies one way or another to continue.

With the regional fallout from the Six Day War still smouldering, the British Prime Minister, Harold Wilson, made a surprise announcement in January 1968 that Britain would make a full withdrawal from the Gulf within three years. This would end Britain’s role as a regional stabiliser and military power in the region. Just three years earlier, in December 1964, Wilson had reassured that ‘we cannot afford to relinquish our world role – our role which for short hand purposes, is sometimes called our “East of Suez” role’.¹²⁵ Britain was beset with deep economic difficulties in the 1960’s due to a rising budget deficit and the falling value of Sterling. Johnson was personally notified that this would ‘necessitate readjustments in the British defence posture East of Suez’, including withdrawal from Aden, by Wilson himself in December 1965.¹²⁶ Whilst this statement was far from evidence of an imminent total withdrawal, the news became public knowledge in early 1966 prompting the tacit beginnings of a rethink within Washington of the prospects for the region with a reduced British presence. However, the prospect of total withdrawal was an unwelcome surprise in

¹²⁵ Quoted in Taylor W. Fain, *American Ascendance and British Retreat*, p. 143.

¹²⁶ Douglas Little, *American Orientalism*, p. 140.

Washington. It caused 'manifest displeasure'¹²⁷ as British Foreign Secretary George Brown personally delivered the news of the withdrawal in Washington on the morning of January 11, 1968. The messenger was proverbially shot, prompting a 'bloody unpleasant'¹²⁸ response from Dean Rusk who pleaded angrily to Brown, 'For God's sake, act like Britain'.¹²⁹

Douglas Little has suggested that American planning for a post British age was in some sense partially developed prior to the British announcement. Little traces its genesis back to June 1963 when Kennedy's NSC Middle East expert, Robert Komer, pointed out that British regional strength was waning, and the redeployment of a naval task force from the Western Pacific to the Indian Ocean would shore up the area. Kennedy passed Komer's recommendation along to the Pentagon, who eventually concurred and began construction on a permanent Indian Ocean base at Diego Garcia.¹³⁰ There is certainly some merit to Little's argument, yet any thoughts that America was prepared in any meaningful sense for the departure of the British, and/or willing to fulfil some semblance of the British role is unsubstantiated. This is best exemplified by Rusk's reaction. The default position within the administration through this period was to 'not think in terms of major US programmes' but rather to 'gradually expand our

¹²⁷ Telegram from Meyer to the State. March 23, 1968. FRUS 1964-68, Vol. XXII, Iran.

¹²⁸ George Brown, quoted in Douglas Little, *American Orientalism*, p. 141.

¹²⁹ See W. Taylor Fain, *American Ascendance and British Retreat*, p. 141.

¹³⁰ Douglas Little, *American Orientalism*, pp. 138-140.

representation in the Gulf to make our views heard'¹³¹ as a best course to plot for contingencies in the region.

The turbulent second half of the 1960s reaffirmed that a breathing space in foreign affairs would never last long for a Cold War President. Johnson's pursuit of the war in Vietnam became his enduring legacy in what had been intended to be a domestic-oriented presidency. Further, the spiralling events in the Middle East, culminating in the Six Day War and the departure of the British, confirmed that American foreign policy towards the Persian Gulf and the surrounding region would need to mature quickly.

Conclusion: All Roads Gradually Lead to Tehran

The 1946-1968 era can be best described as a period in which the Middle East was a region in which the U.S. was an emerging actor. American policy was initially unsure of itself, at times contradictory, and often reactionary. Yet, policymakers were frequently seeking a regional approach that worked in a holistic sense to meet the needs of containment, provide a buffer to the declining colonial influence, and ensure the steady supply of oil to U.S. allies. It was through the events of the two decades examined in this chapter that U.S. policymakers found their options gradually narrowing as regional developments

¹³¹ Memo from John W. Foster to Rostow. Washington, May 21, 1968. FRUS 1964-68, Vol. XXII, Iran.

progressively rendered existing policies moot. Hence, this period of trial and error establishes the vital context for the substantive chapters of this thesis.

The British notice of withdrawal East of Suez became *the* hinge point upon which American regional policy was forced to reformulate itself and undergo a swift and unplanned maturation process. Doing nothing in the wake of the British departure would leave a vacuum, thereby inviting Soviet adventurism. Conversely, assuming the role of the British would prove extremely difficult due to full scale American military deployment in South East Asia and the growing Congressional oversight into defence and associated military spending. While uncertainty reigned in Washington over what to do in 1968, there was no doubt of the vital importance the region would hold in the post-British era.

The three-year period of notice Britain extended was fortunate (perhaps deliberately considerate) for America. It allowed Johnson to defer any and all planning for the post British era to his successor, Richard Nixon. In turn, the Nixon administration would have time to formulate and execute a comprehensive policy package to coincide with British withdrawal. Nixon's eventual solution would come to mark the end of the long period of U.S. exploratory policies and usher in an era of clear policymaking towards the region. That solution, when consummated in 1972, would be based around an advanced military and security relationship with the Shah's Iran – building upon the steady American investment made in the country for over twenty years.

Building a Client State: U.S. Military Aid to Iran, 1950-1963

This chapter sets out the first phase of the U.S.-Iranian military relationship - the military aid relationship that originated in 1950, and continued into the 1960s. Whilst the credit purchase period in which Iran paid for its own arms (1964-1978) is the main focus of this thesis, analysing the aid period is important to place later developments in context. During this period, the Shah was able to secure an American investment in Iran that laid the bedrock for the advanced military and security relationship that would form in the 1970s. By receiving his first notable military upgrade from the U.S. in the 1950s, the Shah's military foundations were formed around American equipment and fostered by American training and technical personnel.

As the Iranian Constitution stood in 1949 the Shah's only real power was executive control over the military. Thus, he understandably coveted a strong military to buttress his throne. This was a theme that would come to characterise

his long reign. With the strategic importance of Iran clearly established by events in 1946, the Shah sought a long-term relationship with the U.S. to both deter the Soviets, and to secure his own fragile throne. In the months following the Azerbaijan crisis the Shah sent his Ambassador to plead for \$10 million in basic military provisions from the U.S. government. The package was rejected by Truman due to there being no clear disposition over how to systematically deal with foreign aid or credit at that point.¹ Yet, the Shah did not give up at the first sign of defeat. During a visit to America in 1949, the Shah was finally able to gain the ear of the Truman administration with a Presidential promise to look into Iranian security needs. The Truman administration's answer eventually became a package of aid that would provide a foundational investment in Iran. Military aid to Iran thereby began on a very limited scale in 1950. The aid was structured as a seven-year programme of \$124 million, the bulk of which was delivered between 1950 and 1954.²

The position established by Truman in 1950 was that military aid to Iran was intended *only* to build Iran's forces up to the level where they could be effective to facilitate the internal security and viability of Iran, and of the Shah's pro-American regime. There were absolutely no expectations in Washington that Iran would be able to play even a minor regional security role. A CIA report of 1947 concluded that,

¹ See 'Folder: Iranian Army Supplies'. DOS Lot File 57 D 155: Records of the Officer-in-Charge of Iranian Affairs. Subject File, 1946-1954. Box 42.

² Memorandum from Jernegan to Henderson, Washington, 7 January 1955. Foreign Relations of the United States of America (Hereafter FRUS) 1955-57, Vol. XII: Document 286.

In the event that Iran should become a theatre of military operations between the great powers, no combat support could be expected from the Iranian armed forces.³

Yet, the Shah consistently read his position differently. He desired a military that could enable him to provide for his own defence, raise Iran's international profile, and gradually rise to a position of prominence in the region. The Shah's ultimate ambition was via fulfilling (as he saw it) Iran's rightful place in history as the heir to the Persian Empire. Hence, from the outset of the military relationship, the perceptions in Washington and the expectations of the Shah were deeply mismatched. This disparity led to frequent tensions.

Consolidating the Military Aid Relationship With Iran

On 30 December 1954, the NSC delivered a policy paper on Iran, noting that the country was still undergoing a deep and uncertain transition following the 1953 Coup and remained 'plagued with continuing economic and financial difficulties'.⁴ Hence, thinking coalesced around ways in which Iran could be turned from a 'liability' into 'an anti-Communist asset in Asia'.⁵ The NSC paper was discussed at length within the administration during the first two weeks of 1955. The broad conclusion was reached that additional military aid to Iran would be considered in the short term as a bridging mechanism until Iran was

³ 'The Current Situation in Iran', CIA Report, October 20 1947. DNSA: SE0016.

⁴ See NSC 5402/1: U.S. Policy Toward Iran. 30 December 1954. Available at: <<http://history.state.gov/historicaldocuments/frus1955-57v12/d291>> [accessed 4 July 2011]; and National Security Council Report, Washington, 15 January 1955. FRUS 1955-57. Vol XII: 291.

⁵ Memorandum from the JCS to Wilson, Washington, 7 January 1955. FRUS 1955-57, Vol. XII: 287.

able to re-grow its economy and fully recover from the 1953 economic and political crisis, to a position where it could pay its own way.⁶

The emergence of the Baghdad Pact and the prospect of Iran playing a role in that organisation accelerated the timetable for a revision of military aid planning to Iran through the summer of 1955. Iran's membership of the Pact is noteworthy, being an early signpost to the Shah's later ambitions to become a regional power in the Gulf. At a meeting in the British Embassy in Washington in September 1955, the British noted that the Shah's exorbitant demands for military aid to facilitate membership needs, which verged on blackmail, were causing drift in his fragile domestic programmes. John D. Jernegan, Deputy Secretary of State for Near Eastern Affairs (NEA), agreed. He noted that encouraging Iran to join the pact would result in more pressure for American aid, which was not desirable.⁷

The Secretary of State John Foster Dulles overruled the disquiet from within his ranks and backed Iranian membership of the Pact. He approached the Department of Defense on 27 June, requesting that Iran be awarded a package of \$50 million in additional military aid for 1956 and 1957 to prepare it for its role as a provider of regional security.⁸ The Secretary of Defense, Charles Wilson responded to Dulles on 5 August denying the request for two reasons: Firstly a

⁶ National Security Council Report, Washington, 15 January 1955. FRUS 1955-57. Vol XII: 291.

⁷ Roby C. Barrett, *The Greater Middle East and the Cold War*, pp. 33-34.

⁸ Memorandum from the Officer in Charge of Iranian Affairs (Hannah) to the Director of the Office of Greek, Turkish, and Iranian Affairs (Baxter), Washington, 6 July 1955. FRUS 1955-57, Vol. XII: 318.

review of the viability of long term American training and support for Iran's army (a programme set in motion in January 1955) was still incomplete. Secondly, the Shah had yet to demonstrate *exactly* what role he envisioned Iran playing in future regional collective defence, making any American commitment premature.⁹ Hence, an impasse had been reached within the administration, and Iran became a member of the Pact without any substantial security contribution or capabilities to offer it.

The impasse over Iranian military policy was brought into focus when discussions began over a programme to replace the final tranche of pre-existing military aid, which was scheduled to end in 1957. Developing bespoke policy for Iran was heavily overshadowed within U.S. regional policy by the development of the Eisenhower doctrine. Unfortunately for the Shah, the doctrine did not advocate a military upgrade of Iran. In fact, it advocated the exact opposite, committing American forces to regional security. The administration simply did not believe that a direct attack on Iran was likely.¹⁰ Instead, as with the Truman administration, attention centred on the political weakness of the Shah and the deterioration of the Iranian economy due to inflation.

In a discussion with the Iranian Foreign Minister on 17 September 1957, Dulles cautioned that all of America's free world allies were competing for a limited

⁹ Letter from Wilson to John Foster Dulles, Washington, 5 August 1955. FRUS 1955-57, Vol. XII: 323.

¹⁰ This position was a constant through the Eisenhower years, and a major determinant for all decision regarding Iranian security and arms sales. For a good summary of the regional outlook, with historical context, see: Memorandum From the JCS to Secretary of Defense McElroy, Washington, 9 June 1958. FRUS 1958-60, Vol. XII: 237.

supply of military aid. He candidly informed his counterpart that both Eisenhower himself and the Congress were predisposed to fiscal conservatism rather than ever-increasing aid programmes.¹¹ One month later, William M. Rountree, Assistant Secretary for Near Eastern, South Asian and African Affairs wrote to Dulles after the Shah had delivered a list of military requirements to the Pentagon, costed between \$300 and \$500 million. Rountree asserted that the Shah 'expects far more military aid from us than we can give him'.¹² The Shah continued to press hard for the military assistance he deemed essential, which began to grate upon the American Ambassador to Iran, Selden Chapin. He noted on 9 November that US-Iran relations had developed into an 'unfavorable trend',¹³ and suggested one month later that the Shah's interest in his military was 'emotional rather than logical'.¹⁴ Ambassadorial relations with the Shah became particularly strained through 1957 due to his military demands, which the Embassy frequently reported back to Washington as 'extreme'.¹⁵

Dulles met with Eisenhower to discuss the Shah's military requests on 22 January 1958, securing Eisenhower's permission to break the impasse and offer Iran more tanks and 'a more modern air squadron'.¹⁶ Dulles then departed for

¹¹ Memorandum of conversation Between Secretary of State Dulles and Foreign Minister Ardalan, New York, 17 September 1957. FRUS 1955-57, Vol. XII: 406.

¹² Memorandum From Rountree to Dulles, Washington, 12 October 1957. FRUS 1955-57, Vol. XII: 409.

¹³ Telegram from Chapin to the Department of State, Tehran, 9 November 1957. DOSCF, 780.5/11-957.

¹⁴ Telegram from Chapin to the Department of State, Tehran, 18 December 1957. FRUS 1955-57, Vol. XII: 416.

¹⁵ See Footnote 1, Memorandum of Conversation between the Shah and Henry Cabot Lodge (Ambassador to the United Nations), Tehran, 2 February 1958. FRUS 1958-60, Vol. XII: 226.

¹⁶ Memorandum of Conversation Between Eisenhower and Dulles, Washington, 22 January 1958. FRUS 1958-60, Vol XII: 224.

Tehran for a two-day visit between 24 and 26 January to personally assess the Iranian security situation before any formal offer was made. One day into his trip Dulles cabled Eisenhower noting that his visit had so far been 'explosive', as the Shah 'who considers himself a military genius' remained obsessed with his military situation, whilst his governmental ministers were instead deeply concerned with Iran's dire economy.¹⁷ Despite the reservations of the Iranian ministers, Dulles pressed ahead on the second day of his visit with the arms offer that had been sanctioned in his prior meeting with Eisenhower.¹⁸ The following day he added that a further development loan in the magnitude of \$40 million would be made to address Iran's economic concerns.¹⁹ The deal was a development for the Shah, as it secured the American investment in both his military and economy. Yet, it was several orders of magnitude below what he had asked for in the autumn of 1957.

The Shah, proving to be a reliably hard man to please, noted only days after Dulles' departure from Tehran that American assistance was at such a low level as to be taking Iran for granted. He lamented that Iran was being treated unfavourably when compared to neighbours such as India that continued to receive American aid despite courting the Soviets.²⁰ As news reached Washington in mid-April that the Shah would embark on a tour of Taiwan and

¹⁷ Telegram From Dulles to the Department of State (marked for Eisenhower), Tehran, 25 January 1958. FRUS 1958-60, Vol. XII: 225.

¹⁸ Telegram From Dulles to the Department of State (marked for Eisenhower), Tehran, 25 January 1958. FRUS 1958-60, Vol. XII: 225.

¹⁹ Memorandum From Dulles to the State Department, 26 January 1958, Department of State (Hereafter DOS) Conference Files, Lot 63 D 123, CF 969.

²⁰ Memorandum of Conversation between the Shah and Henry Cabot Lodge, Ambassador to the United Nations, Tehran, 2 February 1958. FRUS 1958-60, Vol. XII: 226.

Japan in June, the Departments of State and Defense swiftly collaborated on a communiqué to American military and diplomatic officials that they should ‘take all possible discreet action to prevent a glamorous display of U.S. military aid’ in both nations, fearing that it would lead to further ‘exorbitant demands’.²¹ The farcical act of literally hiding American military equipment from the Shah in Asia underlines acutely the prevailing mood in Washington over any upgrade to the Shah’s military aid.

Following his East Asian trip, the Shah visited Washington on 30 June for a three-day visit, which included two meetings with Eisenhower. Dulles briefed Eisenhower to expect that the Shah would use the visit to press hard for a revision of Iran’s military aid, and recalled that the Shah had been wholly unreceptive to prior assurances that Iran did not need a military of significance to deter the Soviets, as ‘the deterrent strength of the United States constituted the primary obstacle to Soviet aggression in the area’.²² As expected, the Shah used his time to express his case of a region at risk from both Arab nationalist and communist threats, to which Eisenhower subsequently remarked to Dulles was ‘fairly convincing’.²³ Although nothing new was agreed as a result of the visit in the area of military aid, subsequent events only two weeks later led to a sharp turn in Washington.

²¹ Letter from John N. Irwin II (acting Assistant Secretary of Defense for International Security Affairs) to Rountree, Washington, 16 April 1958. FRUS 1958-60, Vol. XII: 232.

²² Memorandum From Dulles to Eisenhower, Washington, 28 June 1958. FRUS 1958-60, Vol. XII: 239.

²³ Memorandum of Conversation Between Eisenhower and Dulles, Washington 30 June 1958. FRUS 1958-60, Vol. XII: 241.

The Iraqi coup in mid-July 1958 sent shockwaves across the region. It caused the Eisenhower doctrine to be invoked in Lebanon, and indicated strongly that the idea of collective security through the Baghdad pact was deeply flawed. The events of the summer of 1958 led to the Eisenhower administration warming towards the remaining friends they had in the region, of which the Shah had proved to be one of the most staunch. In what was the most significant development in Iran's military progress to date, Eisenhower noted to Dulles on 16 July that the new regional situation dictated that Iran should have all the military assistance that it could absorb.²⁴ Three days later Eisenhower passed that sentiment on to the Shah,

We believe it is important to begin now to reconsider our collective security planning. It is also our belief that your armed forces as now supported should be brought up to agreed operational strength and to a high level of operation efficiency.

More importantly, he added,

We fully recognize that the strengthening of Iran's military power and its efforts to achieve economic development will result in strains on the Iranian economy. You may depend on the sympathetic and prompt consideration by the United States, within our available means, of Iran's needs for economic assistance as they develop.²⁵

Eisenhower's words translated into *Plan Counterbalance*, which included training and equipment for an additional 37,000 servicemen, more squadrons of tanks, and air defence equipment. Notably it also included F-86 Fighter jets as part of a renewed five year commitment to Iran. In what would later become

²⁴ Telephone Conversation between Eisenhower and Dulles, 16 July 1958. DOSCF 788.5-MSP/7-2458.

²⁵ Letter from Eisenhower to the Shah, Washington 19 July 1958. FRUS 1958-60, Vol. XII: 243.

characteristic behaviour by the Shah, he reflected upon receiving the news of the plan that whilst he accepted the package, he would have preferred the more advanced F-100 and that the anti-aircraft defence system was inadequate.²⁶ The summer of 1958 was the first time that regional developments significantly affected American arms policy towards Iran since military assistance had begun in 1950. It would not be the last.

Through the remainder of 1958, and into 1959, the Shah continued to press for yet more military assistance, taking Eisenhower's July letter 'very liberally' from the outset. Eisenhower's gesture of permissiveness had caused unusual intensity in the Shah's requests and raised alarm throughout Washington and within the U.S. Embassy in Tehran.²⁷ As the Shah felt his additional requests were being ignored or procrastinated over, he began to harness a brinkmanship strategy aimed at blackmailing America to fulfil his military wishes.²⁸ The strategy featured thinly veiled threats that should his requests not be met he would reconsider Iran's position vis-à-vis USSR. These gestures led the State Department to be 'increasingly disturbed' as frequent reports of the Shah's threats were delivered in Ambassadorial correspondence from Tehran.²⁹ Eisenhower delivered a veiled threat of his own to the Shah on 30 January 1959

²⁶ Memorandum From the Special Assistant for Mutual Security coordination (Barnes) to the Deputy Under Secretary of State for Economic Affairs (Dillon), Washington, 24 July 1958. FRUS 1958-60, Vol. XII: 245.

²⁷ Memorandum from Rountree to the Under Secretary of State for Economic Affairs (Dillon), Washington, 3 December 1958. FRUS 1958-60, Vol. XII: 258.

²⁸ Edward T. Wailes, who assumed the position of Ambassador to Iran in 1958, noted that the Shah's demands were 'primarily blackmail'. See Telegram from Wailes to the State Department, Tehran, 30 January 1959. FRUS 1958-60, Vol. XII: 264.

²⁹ Telegram From the Dulles to the Embassy in Iran, Washington, 16 January 1959. FRUS 1958-60, Vol. XII: 260

noting that his military requests had diverged significantly from those with which Washington had set out in Plan Counterbalance. Eisenhower added that whilst it was not unexpected that differences should arise between 'the best of friends', he did not expect the Shah to 'take a step which would imperil' Iran's security and step into a relationship with his northern neighbour.³⁰

Relations remained strained throughout 1959, to the point where it was deemed wise that Eisenhower add Iran to what was dubbed a 'good will trip' to various allied nations in the Middle East, North Africa, the Indian Subcontinent and South East Europe. Eisenhower subsequently landed in Tehran on 14 December for a brief visit, lasting less than six hours. Eisenhower indulged the Shah to present a briefing of what *he* felt Iran needed for its defence, yet concluded the meeting without making any firm commitment.³¹ Characteristically, the Shah interpreted the meeting as a presidential 'endorsement' of his defence plans. This caused yet more frustration in Washington as the Shah proceeded thereafter to make further exorbitant military enquiries to the Pentagon.³²

Eisenhower wrote to the Shah in early January to clear up the misunderstanding. The letter underwent several careful rewrites at Eisenhower's insistence to ensure that the language was impossible to misinterpret. It communicated a clear message that the administration was reviewing the regional security of Iran,

³⁰ Letter from Eisenhower to the Shah, Washington, 30 January 1959. FRUS 1958-60, Vol. XII: 263.

³¹ Memorandum of Conversation between Eisenhower and the Shah, Tehran, 14 December 1959. FRUS 1958-60, Vol. XII: 281.

³² Memorandum from Christian A. Herter to Eisenhower, Washington, 31 December 1959. FRUS 1958-60, Vol. XII: 282. (Herter replaced Dulles as Secretary of State in April 1959)

and that review was proceeding on a timetable that would not be dictated by the Shah.³³ Despite the tactful wording, the letter had no effect on the Shah, who one week later forwarded Eisenhower a list of military requirements valued at approximately \$600 million.³⁴ It is worth pausing momentarily to highlight the vast divergence in the Shah's requests and the existing assistance programme. Military aid following the summer 1958 period had been planned in the modest tens of millions per annum; the Shah was asking for nothing less than a revolution in scale.

The administration eventually began to formulate a response to the Shah's requests via a NSC policy paper on Iran, which was delivered on 6 July 1960. The paper roundly rejected any revolutionary change maintaining that the level of aid established in mid 1958 was adequate.³⁵ By 19 September the full review of military assistance for Iran had been completed, as had a forecast of forthcoming expected annual Congressional budgetary limits. With the aforementioned in mind, the Secretary of State Christian Herter, with concurrence from the Pentagon, wrote to Eisenhower noting that 'it will not be possible for us to provide the Shah with military aid in an amount even approaching his requests.'³⁶ Hence, military aid for 1961 would be approximately \$22 million,

³³ Letter from Eisenhower to the Shah, 4 January 1955. DOSCF 788.5-MSP/1-460. For a description of the redrafting of the letter see: 'Editorial Note', FRUS 1958-60, Vol. XII: 283.

³⁴ Letter from the Shah to Eisenhower, 12 January 1960, cited in NSC 6010: 'U.S. Policy Toward Iran', 6 July 1960. DOS S/S-NSC Files: Lot 63 D 351, NSC 6010.

³⁵ NSC 6010: 'U.S. Policy Toward Iran', 6 July 1960. DOS S/S-NSC Files: Lot 63 D 351, NSC 6010.

³⁶ Memorandum from Herter to Eisenhower, Washington 19 September 1960. FRUS 1958-60, Vol. XII: 300.

broadly equivalent with pre-existing levels.³⁷ Annual limits on military aid and credit sales imposed by Congress became an enduring variable within which the executive would have to continually battle.

The Shah in the Kennedy Years

If the Shah thought he had a tough experience with the Eisenhower administration, the results of the November 1960 presidential election would be altogether more foreboding. As noted in the previous chapter, Kennedy had a broad ideological approach to foreign policy based on economic aid rather than military aid, and expressed an antipathy for authoritarian regimes. Hence, it is understandable why the Kennedy years have been described as the 'nadir' in relations between America and Iran.³⁸ This assessment is correct with respect to the fact that the Kennedy administration came closer than any previous administration did to actually considering removing support for the Shah, in lieu of supporting an alternative form of government in Iran. The idea revolved around supporting a domestic political movement that established control around an elected representative government, with the Shah's role reduced to a merely symbolic one. Yet, by the spring of 1962 the relationship was largely back

³⁷ Memorandum from the Assistant Secretary of State for Near Eastern and South Asian Affairs (Jones) to Acting Secretary of State (Dillon), Washington, 20 September 1960. FRUS 1958-60, Vol. XII: 301.

³⁸ See, James Goode, 'Reforming Iran During the Kennedy Years', *Diplomatic History*, 15: 1 (1991), p. 15; and April R. Summitt, 'For a White Revolution: John F. Kennedy and the Shah of Iran', *The Middle East Journal*, 58: 4 (Autumn, 2004).

where it had been in the 1950s. The real nadir would come later in the decade, chiefly due to arms disagreements.

Whilst Kennedy came into office with an expressed desire to improve relations with the non-aligned nations of the Middle East such as Egypt and India, familiar American allies such as Iran were not ignored. The relationship with Iran post 1953 had become one of regular assistance grants. The bulk of the provisional post-coup aid between 1953 and 1956 was intended to get the Iranian government, and economy, back on its feet. The aid was balanced fairly equitably between military and non-military assistance.³⁹ By 1957 the ad-hoc arrangements of prior years were replaced with long term development loans for projects such as a major highway system, a telecommunications system, and the building of a deep water port in the Gulf; necessary in large part due to Iranian membership of CENTO.⁴⁰ When Kennedy took office, the total sum donated to Iran in aid following the 1953 coup was in the region of \$900 million, with the bulk of that being non-military aid.⁴¹

Kennedy's general political disposition did not endow him well to the Shah, who in return expressed a personal dislike for the new president. The Shah preferred Nixon to triumph in the 1960 Presidential election,⁴² owing to the rapport that both men had established following Nixon's visit to Tehran in 1953. Kennedy

³⁹ Barry Rubin, *Paved With Good Intentions*, pp, 94-95.

⁴⁰ "Background Paper for the Visit of the Shah of Iran: August 22-24, 1967". Via DNSA: IR00633

⁴¹ Barry Rubin, *Paved With Good Intentions*, p. 96

⁴² James Bill, *The Eagle and the Lion: The Tragedy of American-Iranian Relations* (New Haven: Yale University Press, 1988), p. 137.

expressed disapproval towards the state of post 1953 Iranian domestic affairs and postulated that without significant internal reforms, which he doubted the Shah was capable of, political change in Iran was 'inevitable'.⁴³ Kennedy's personal disposition was not the only factor of note. Concern with the current state of Iran was widespread in Washington. A JCS report, presented on 26 January 1961, noted that Iran was 'the soft spot' in the CENTO defence alliance - chiefly due to its enduring military and political weakness.⁴⁴ A National Intelligence Estimate (NIE) in February 1961 concurred, concluding that possibilities for sudden change in Iran, revolutionary in nature, were high.⁴⁵ With these aggregated concerns in mind, less than one month into office the administration tasked the State Department to prepare a summary of the situation in Iran, with special focus on its internal political, economic and social issues.⁴⁶ The British reported a similar assessment to that of the JCS during a bilateral meeting of British Embassy officials at the State Department on 13 February. Lord Hood, Minister at the British Embassy, noted that the Shah's survival prospects generated 'a very special problem' which was of great concern to Britain.⁴⁷

Kennedy's indication of new thinking regarding Iran caused battle lines to form between the reformist president, and the State Department who were dominated

⁴³ Arthur M. Schlesinger Jr, *A Thousand Days: John F. Kennedy in the White House* (London: Andre Deutch, 1965), pp. 328-329.

⁴⁴ Memorandum From the JCS to McNamara, 26 January 1961. FRUS 1961-1963, Vol. XVII: 4.

⁴⁵ National Intelligence Estimate, February 28, 1961. FRUS, 1961-1963, Volume XVIII: 16.

⁴⁶ Memorandum from Bowles to Jones, 6 February 1961. DOS PPS Files: Lot 67 D 548, Iran 1958-1961.

⁴⁷ Memorandum of Conversation: US-UK Bilateral Talks; the Middle East and the Arab-Israeli Problem, Washington, 13 February 1961. FRUS 1961-1963, Vol. XVII: 10.

by 'traditionalists', largely content with the status quo solidified by the 1953 coup.⁴⁸ Although the February 1961 NIE had concluded that Iran was domestically unstable, the broad thrust of the analysis was directed towards pushing for deeper American support for the Shah as an embattled ally, rather than a recognition that a post-Shah order should be envisioned, as Kennedy's personal position implied. There was therefore, at the outset, a divergence between the reformist White House, and the vast majority of the organs of government in Washington, particularly the State Department.

By early May 1961 the alarm had been raised further in Washington due to growing domestic instability and reports of violent street protests in Tehran. These developments gave Kennedy a final push towards the forming of a special Iran Task Force. The Task Force was constituted to provide medium-range objectives, rather than short-term policies. Arms spending cuts, military personnel cuts from 208,000 to 150,000, and providing direct recommendations on domestic politics were adopted as operational guiding principles from the outset.⁴⁹ In that sense, the entire exercise had a clear, yet broad mandate. As NSC Staffer Robert Komer described the logic that informed the Task Force: 'every time the Shah mentioned "more arms", JFK's response would be "more reforms."⁵⁰ Hence, the reports and recommendations from the Task Force, the

⁴⁸ James Goode, 'Reforming Iran During the Kennedy Years', *Diplomatic History*, 15: 1 (Winter 1991), pp. 13-29.

⁴⁹ See Telegram From the Embassy in Iran to the Department of State, Tehran, 10 May 1961. FRUS 1961-1963, Vol. XVII: 46.

⁵⁰ Robert Komer note to Lyndon Johnson, in Armin Meyer, *Quiet Diplomacy: From Cairo to Tokyo in the Twilight of Imperialism* (New York: iUniverse, 2003), p.141.

first of which was delivered in mid-May 1961, had an air of inevitability about them.

The disposition of the Task Force prompted the Shah to concede 'room for discussion' over his army size. Yet, he remained resolute that Iran must receive more advanced military equipment, which would mean increased overall expense.⁵¹ By the late summer of 1961, despite being frequently told the 'home truths' that he should not expect an increase in military aid,⁵² the Shah continued to press hard on the American Embassy in Tehran to convince the State Department to lobby for a 'restudy' of his military needs.⁵³ Tensions subsequently emerged within the NSC that Iran was slipping into a domestic political crisis, exacerbated by its dire financial situation. In a memorandum to Kennedy on 4 August, Komer suggested that the State Department was proving too passive via their recommendations to further subsidise Iranian deficits. Komer added that the new ambassador in Tehran, Julius Holmes, who had assumed the position in mid June 1961, was proving ineffective in exercising political leverage on the Shah to take affirmative action on his domestic situation.⁵⁴ Kennedy concurred, and three days later directed the State Department to report to the Iran Task Force as part of a follow-on study.⁵⁵

⁵¹ Notes made from correspondence between Ambassador Wailes and the Shah, in Telegram From Wailes to the Department of State, Tehran, 6 June 1961. FRUS 1961-1963, Vol. XVII: 62.

⁵² Telegram From Wailes to The Department of State, Tehran, 6 June 1961. FRUS 1961-1963, Vol. XVII: 62.

⁵³ Paper Prepared for the Iran Task Force. Undated (written in preparation for an August 2 1961 meeting), Washington. FRUS 1961-1963, Vol. XVII: 90.

⁵⁴ Memorandum from Robert W. Komer (NSC Staff) to Kennedy, Washington, 4 August 1961. FRUS 1961-1963, Vol. XVII: 93.

⁵⁵ See: Memorandum from McGeorge Bundy to Dean Rusk, Washington, 7 August 1961. FRUS 1961-1963, Vol. XVII: 94.

As Kennedy's directive began to take effect, Komer noted on 11 August in a memorandum to National Security Adviser McGeorge Bundy, that although Kennedy's input had put the State Department's 'feet to the fire', 'I ain't happy, but I pushed things just about as far as I could. The main thing is that we've got State moving again.'⁵⁶ Komer's concern was that the State Department had developed a 'sense of fatalistic resignation', which refused to countenance anything beyond the status quo - represented by the Shah and his regime.⁵⁷ With that point in mind, Komer successfully impressed on the Task Force, the viability of looking beyond the Shah and 'backing to the hilt the best alternative available'. This was an assessment that, once again, Kennedy concurred with.⁵⁸ Although Komer was quite correct to attribute much of Iran's problems to the Shah, the lack of a credible alternative figure or grouping to govern Iran, as its domestic political scene was fragmented and characterised by mistrust, was fortuitous for the Shah.⁵⁹

By October, the crisis over Iran's internal problems had reached the point where there were widespread fears across Washington that America was 'inhibited in both the military and the political spheres' due to potential opportunistic subversion, or even invasion of Iran by the Soviets.⁶⁰ The concern was enough to spur the Task Force to recommend on 14 October a systematic rescue

⁵⁶ Memorandum from Komer to Bundy, Washington, 11 August 1961. FRUS 1961-1963, Vol. XVII: 98.

⁵⁷ *ibid.*

⁵⁸ *ibid.*

⁵⁹ See letter From Holmes to Armin Meyer. DOSCF, 611.88/8-2761; Richard W. Cottam, *Iran and the United States*, pp. 126-127; and Barry Rubin, *Paved With Good Intentions*, pp. 102-113.

⁶⁰ See Memorandum from Komer to Bundy, Washington, 5 October 1961. FRUS 1961-1963, Vol. XVII: 122; and Memorandum From the Department of State Executive Secretary (Battle) to Bundy, Washington, 4 October 1961. FRUS 1961-1963, Vol. XVII: 121.

programme comprising of emergency economic aid to allow the systems of government merely 'to survive'.⁶¹ More importantly, a five-year military aid plan for 1962-1967 at \$50 million per annum was outlined (an approximate \$12 million per annum reduction on previous levels) which had at its heart a reduction in overall costs in line with earlier plans to reduce the size of the Iranian army.⁶² Fortuitously (again) for the Shah, although he remained convinced that the Kennedy administration was set on overthrowing him, it was outwardly recognised 'by all members' of the Task Force that the Shah would remain the 'centre of power' in Iran. Hence, Komer's drive to identify and support an alternative was effectively dead by October 1961.⁶³

Despite Kennedy's broad ambition in foreign policy to move away from supporting authoritarian regimes and using arms as a crude foreign policy tool, the needs of Cold War geopolitics dictated the administration's reaction to the crisis of 1961 in Iran. Within that logic, Iran was a *double threat* country: It was on the Sino-Soviet periphery *and* was facing existential security problems – to the point that it risked falling 'like a ripe plum' into Moscow's lap, to quote Khrushchev.⁶⁴ The end result of the Task Force, which was effectively wound

⁶¹ Report by the Chairman of the Iran Task Force (Talbot), Washington, 14 October 1961. FRUS 1961-1963, Vol. XVII: 127.

⁶² Report by the Chairman of the Iran Task Force (Talbot), Washington, 14 October 1961. FRUS 1961-1963, Vol. XVII: 127. Also see: Memorandum from Komer to the President's Deputy Special Assistant for National Security Affairs (Kaysen), Washington, 19 January 1962. FRUS, Vol. XVII: 170.

⁶³ Memorandum from the Assistant Director of the Bureau of the Budget (Hansen) to the Assistant Secretary of State for Near Eastern and South Asian Affairs (Talbot), Washington, 18 October 1961. FRUS 1961-1963, Vol. XVII: 130

⁶⁴ Memorandum from Komer to the President's Deputy Special Assistant for National Security Affairs (Kaysen), Washington, 19 January 1962. FRUS, Vol. XVII: 170.

down shortly after agreeing its programme of action for Iran in October 1961,⁶⁵ was entirely short term and aimed at crisis management rather than medium term planning. This result was a reversal of the very logic by which it was constituted. Therefore, despite all odds, as 1961 drew to a close, the shape of Iran policy appeared broadly continuous in its essence to that of the 1950s.

As Washington prepared to receive the Shah for a state visit in autumn 1962, discussions centred around the exact composition of the military aid package he would be presented with. The State Department, with Ambassador Holmes at the forefront pushed for a \$70 million annual amount.⁶⁶ On the other hand, the NSC (Komer in particular) was resolute that the original \$50 million the Task Force had recommended was adequate. Komer anticipated that Kennedy would use the visit to talk frankly to the Shah about his unreasonable demands in a way that the Embassy seemed unwilling or unable. Komer's logic was based on the fact that since the Iranian army could not 'fight its way out of a paper bag' - the Shah would be forced to comply as he relied on American support for his own survival, both domestically and in lieu of the Soviet threat.⁶⁷ Komer's views, although valid in essence, were over simplified, and roundly underestimated the Shah's characteristic stubbornness.

⁶⁵ The Task Force met once more in January 1962 to discuss lingering remnants of the prior reports it produced, yet the project was effectively wound down in October 1961. See: Memorandum from Komer to the President's Deputy Special Assistant for National Security Affairs (Kaysen), Washington, 19 January 1962. FRUS, Vol. XVII: 170.

⁶⁶ See Letter From Holmes to Rusk, Tehran, 22 January 1962. FRUS 1961-1963, Vol. XVII: 172.

⁶⁷ Memorandum from Komer to the President's Deputy Special Assistant for National Security Affairs (Kaysen), Washington, 19 January 1962. FRUS, Vol. XVII: 170.

In early March, the Shah requested that his visit be moved forward due to the urgency with which he wanted to discuss his military problems. The news was accompanied with indications that the Shah was in a mood of depression and resentment - directly due to the proposed reduction in military aid, and that he was considering abdication.⁶⁸ The abdication threat was likely a ruse by the Shah, a point which Komer implicitly pressed as he recommended that Kennedy approve the earlier visit with the proviso that he gave no indication of a revision on how much 'military baksheesh' the Shah would get.⁶⁹ He further reminded Kennedy that:

'Our job is not just how to keep this unstable monarch from kicking over the traces but how to cajole him into paying more attention to what we consider are the key internal problems confronting Iran'.⁷⁰

Komer's position was influenced somewhat by a draft report that AID had delivered to the White House on 8 March for eventual discussion at a NSC Standing Group meeting on Iran, scheduled to take place on 23 March. The paper recommended that the total amount of military aid over proposed the five-year plan could be raised by ten per cent as a minimal concession to the Shah, as a bargaining tool to ensure he accepted the reduction by one quarter of his armed personnel. The paper went on to caution that 'the almost psychotic obsession of

⁶⁸ Memorandum From the Department of State Executive Secretary (Battle) to Bundy, Washington, 8 March 1962. FRUS 1961-1963, Vol. XVII: 209.

⁶⁹ Komer note to Kennedy, 9 March 1962.: JFKL, National Security Files, Country Series, Iran Subjects: Shah Visit.

⁷⁰ Komer note to Kennedy, 9 March 1962. JFKL, National Security Files, Country Series, Iran Subjects: Shah Visit.

the Shah with the problem of his military security is the overriding consideration in negotiating with him'.⁷¹

With the positions of AID and Komer in mind, Kennedy approached his military representative, Maxwell D. Taylor, in mid-March to advise over whether there was any basis to the central bargaining position of the Shah that military aid to Iran was stunted compared with its regional counterparts.⁷² Taylor advised Kennedy that although Turkey received more military aid both qualitatively and quantitatively, there were valid reasons for this via Turkey's joint membership of NATO and CENTO. Regarding Pakistan, its military aid programme commenced later than Iran's, in 1954, by which time Iran had already received substantial investment. Hence, aid was at an enhanced rate as Pakistan was playing catch-up. Additionally, the British training provided to the Pakistani military had enabled it to absorb higher order equipment more effectively than the comparatively backward Iranian forces, explaining the higher technical level of the equipment directed to Pakistan.⁷³

⁷¹ Memorandum From the Administrator of the Agency for International Development (Hamilton) to the National Security Council, Washington, 8 March 1961. FRUS 1961-1963, Vol. XVII: 208. The AID proposal was for a total of \$330 million over the life of the deal, and it was later concurred with by the Department's of State and Defense, see: Memorandum from Komer to Kennedy, 28 March 1962. JFKL, National Security Files, Country Series, Iran Subjects: Shah Visit, 3/25/62-3/28/62.

⁷² For the Shah's accusations see: Telegram from Holmes to the Department of State, Tehran, 7 March 1962. FRUS 1961-1963, Vol. XVII: 207.

⁷³ Entire paragraph refers to: Memorandum from Taylor to Kennedy, Washington, 14 March 1962. FRUS 1961-1963, Vol. XVII: 214.

With all advice to hand, Kennedy agreed to move the Shah's visit forward to either 10-17 April or 11-18 June.⁷⁴ The Shah quickly replied on 18 March, noting that he would arrive on 10 April, the earliest date offered.⁷⁵ Prior to the 23 March meeting of the NSC Standing Group meeting on Iran, Kennedy decided to defer any further substantive discussions over the peculiarities of the military aid deal until the Shah's arrival, allowing the Shah the opportunity to make his case.⁷⁶ In anticipation of the Shah's visit, several cabinet meetings were held in early April to address the military aid offer. Both Kennedy, and Ambassador Holmes who had been recalled to Washington, attended the meetings. During one such meeting on 9 April, McNamara suggested a significant reduction in naval equipment and softening of certain maintenance costs in the original proposal in order to allow the Shah four squadrons of the F-5A. The F-5A was a new low cost fighter, which had been recently adopted and produced for export and domestic training purposes only.⁷⁷ This was done in anticipation that the Shah would respond better with what was a prized acquisition. Due to the amendments and reductions in the aforementioned areas, the overall deal was still within the original limit that had been developed by AID on 8 March of \$330 million.⁷⁸

After a day of preliminary meetings in Washington on 11 April, the Shah met with Kennedy and the full cabinet the following morning. As expected the

⁷⁴ Telegram from the Department of State to the Embassy in Tehran, Washington, 16 March 1962. FRUS 1961-1963, Vol. XVII: 215.

⁷⁵ Telegram from Holmes to the State Department, 19 March 1962. DOSCF, 788.211/3-1962.

⁷⁶ Memorandum from Phillips Talbot to George C. McGhee, 22 March 1962. DOS S/S-NSC Files, Lot 60 D 265, 3/23/62 NSC Standing Group Meeting.

⁷⁷ Memorandum for the Record, Washington, 9 April 1962. FRUS 1961-1963, Vol. XVII: 239.

⁷⁸ Memorandum From the Administrator of the Agency for International Development (Hamilton) to the National Security Council, Washington, 8 March 1961. FRUS 1961-1963, Vol. XVII: 208

discussion revolved around military issues and Kennedy's desire to see Iran's army reduced in size, which the Shah rejected. The Shah analogised that Iran was being treated like a concubine whilst its CENTO neighbours were being treated like wives.⁷⁹ Kennedy reassured that the U.S. had two major concerns regarding Iran that necessitated dedicated attention: military security and economic development.⁸⁰ Kennedy noted in a private conversation with the Shah on the same day that without the Shah, Iran and the entire Middle East 'would collapse'.⁸¹ Whilst it is unlikely that Kennedy's statement was much more than a reassurance tactic, when viewed alongside Kennedy's rapprochement with Nasser and India, and the general optimism that existed for the region due to Kennedy's overarching development philosophy, the transcript does indicate a significant warming in the personal rapport between Kennedy and the Shah. Considering where things stood in early 1961 – the development was notable.

As a result of the Shah's visit, the broad \$330 million provisional plan was formalised, offering of a firm five-year military aid commitment to Iran between 1962 and 1967, subject to Congressional approval, and subject to the Shah's acceptance, which he deferred on to further study the offer.⁸² Additionally, a military planning team was shaped to visit Tehran and assess the feasibility of the proposed personnel cuts the Iranian army, which remained a condition of the deal. As the Shah continued to mull over his military aid offer, Iran's economic

⁷⁹ Memorandum of Conversation, Washington, 12 April 1962. FRUS 1961-1963, Vol. XVII: 243.

⁸⁰ *Ibid.*

⁸¹ Memorandum of Conversation, Washington, 13 April 1962. FRUS 1961-1963, Vol. XVII: 246.

⁸² Memorandum From the Department of State Executive Secretary (Battle) to Bundy, Washington, 18 April 1962. FRUS 1961-1963, Vol. XVII: 252.

situation continued to sharply deteriorate through the spring and early summer of 1962. The State Department's Policy Planning Council upgraded its 'Basic National Security Policy' paper to emphasize the resulting 'special importance' of enhanced administration focus on Iran.⁸³ The alarm was enhanced by the seemingly endemic instability in Iraq following its 1958 Coup. Following the coup, Iraq had swung into the Soviet orbit, amplifying long standing concerns over a growing web of Soviet military relationships with nations in the extended region, notably Egypt and India. The Shah was unphased by his economic problems, and continued to press for \$135 million additional military aid on top of the (still) pending five-year deal offered in April.⁸⁴

In the early autumn of 1962, Iran and the USSR began to normalise diplomatic relations. This process eventually resulted in a deal in mid-September, which guaranteed that Iran would not be used as 'a medium of aggression against the USSR'.⁸⁵ Albeit conducted under the cloak of the Shah's emerging rhetoric of an independent foreign policy the development was clearly part of a brinkmanship strategy with Washington. Considering the on-going disagreements over military aid, and due to the fact that the Shah had stalled on rapprochement with the Soviets only three years earlier, the timing of this move was not a coincidence. This was the second time that the Shah used brinkmanship with the Soviets as a

⁸³ Basic National Security Policy (Draft Policy Paper), 6 June 1962, DOS, S/P Files: Lot 69 D 121, BNSP 6/6/62.

⁸⁴ Letter From the Shah to Kennedy, 9 July 1962. DOSCF 788.5-MSP/7-1762.

⁸⁵ See: Telegram from the Embassy in Tehran to the State Department, 15 September 1962. DOSCF 788.56300/9-1562. No exact date was specified for the deal being brokered, but news of the accord was transmitted to Washington via the Embassy in Iran on 15 September 1962.

tool to effectively blackmail an American administration to provide him with the military equipment he desired, and it would not be the last time. The tactic became a reliable strategy in an era of ever-higher stakes in the regional Cold War calculus. Despite his actions, the Shah did not truly desire close relations with the Soviets, and certainly recognised the necessity for some measure of domestic reform as beneficial to his own stability. Yet, he never bowed to any pressure to reform his lust for increased military power.

Upon learning of the Soviet-Iran deal on 15 September, the Departments of State and Defense approached the White House to seek possible concessions to placate the Shah – to which Komer urged Bundy to reply, ‘the President personally says “hell no”’.⁸⁶ After three days of deliberation, a compromise won Kennedy’s approval, which despite ‘severe funding limitations’, added radar equipment and restored the naval frigates that were originally removed from the five-year programme in April to accommodate the F-5A squadrons.⁸⁷ Furthermore, news was transmitted to the Shah the following day that the military study group, which had been deliberating over force levels in Iran, had finally agreed that the Shah’s army be reduced to 160,000 - rather than the earlier figure of 150,000.⁸⁸ Hence, the Shah had (again) proven effective in bargaining a much-improved deal. This realisation grated significantly on Komer, who stressed that Iran policy

⁸⁶ Memorandum From Komer to Bundy, 15 September 1962. JFKL, National Security Files, Box 116.

⁸⁷ Telegram from Rusk to The Embassy in Tehran, Washington, 18 September 1962. FRUS, Vol. XVIII: 43.

⁸⁸ Memorandum From Holmes to the Shah, Tehran, 19 September 1962. FRUS 1961-1963, Vol. XVIII: 45.

had reverted to becoming 'essentially reactive', indistinguishable from that of previous administrations.⁸⁹ He was absolutely correct.

Into the spring of 1963, with Iran's domestic reform programme (the White Revolution) underway, things were looking much better for the Shah. Yet, Kennedy remained alert to ensuring that the domestic reforms were having the desired effect.⁹⁰ However, the Iran Desk Officer at the State Department, John Bowling, later admitted that through this period, the State Department 'shamelessly led the White House to believe that the Shah's White Revolution was the greatest thing since cellophane.'⁹¹ A similar reflection came from William Polk, a member of the State Department's Policy Planning Committee. Polk noted that his 'was a lonely voice' both within the State Department and amongst a constant stream of Congressmen, various agency officials and businessmen who continued to reassure the Shah,⁹² who had by this time become increasingly popular as a beleaguered American ally in a sensitive region, despite his minor turn towards the Soviets. Polk had become 'disturbed' that Ambassador Holmes, and by association the State Department, had not 'mirrored adequately' the adverse effects of the Shah's reform programme. Polk felt that this had resulted in the Embassy describing an entirely mythical state of affairs in their

⁸⁹ 'Our Policy in Iran': Paper by Robert W. Komer. JFKL, President's Office Files, Countries, Iran 11/1/62-11/30/62.

⁹⁰ 'See National Security Action Memorandum': John F. Kennedy, Washington, 14 March 1963. FRUS 1961-1963, Vol. XVIII: 192.

⁹¹ Via personal interview, in: Goode, p.24; For one such example of the overly positive State Department reporting see: Memorandum From the Department of State Executive Secretary (Brubeck) to Bundy, Washington, 21 January 1963. FRUS 1961-1963, Vol. XVIII: 136; Also see: Summit, pp. 572-574.

⁹² William R. Polk, *Understanding Iran* (New York: Palgrave Macmillan, 2009) pp. 120-123.

reporting.⁹³ Following a visit to Tehran in August 1962, Vice President Lyndon Johnson added his voice to the choir, conveying to Kennedy that, 'we must accept the Shah, with his shortcomings, as a valuable asset'.⁹⁴

Partially as a result of the one-sided reporting, but also perhaps due to the cascade of regional events that had transpired over late 1962 and 1963 with the war in Yemen at the forefront and the regional stand-off the conflict had initiated between Egypt and Saudi Arabia, Kennedy eventually bowed to the constant pressure. Kennedy came to regard Iran's domestic developments in a positive light, and made a concerted effort to maintain the Shah as an ally.⁹⁵ Aided by the Iran-status-quo lobby in Washington, the Shah had overcome his most significant hurdle since 1953, and had once again secured his throne via American support. The bitterest pill to swallow for the Kennedy idealists such as Komer, who remained resiliently opposed to the Shah throughout the period, was that hindsight had shown that through his reforms the Shah was actually consolidating his autocracy, not moving towards social reform.

⁹³ Memorandum From Polk to Walt Rostow, Washington, 17 December 1963. FRUS 1961-1963, Vol. XVIII: 387.

⁹⁴ Memorandum From Lyndon Johnson to John F. Kennedy, September 10th 1962, Vice President's Security File, Box 10, LBJL.

⁹⁵ See Letter From Kennedy to the Shah, 16 July 1963. JFKL, National Security Files, Country Series, Iran, 7/11/63-9/5/63. Also see: Summary Record of NSC Standing Group Meeting No. 6/63, Washington, 21 May 1963. FRUS 1961-1963, Vol. XVIII: 254.

Conclusion: The Foundational Years

In sum, the Eisenhower and Kennedy years were a period of consolidation and continuity with Iran. While policy through both administrations was uneven and essentially reactive, the trend was undeniably a progression of the American investment in Iran's military that had begun in 1950. Following the U.S. sponsored coup in Iran in 1953, Eisenhower ensured that the investment in the Shah's regime was continued. When events indicated deeper problems of instability in the region - particularly following the Iraqi coup - the military aid relationship with Iran was renewed. Additionally, Nixon's personal experience in meeting the Shah when Vice President in 1953 formed the bedrock of a personal relationship between the two men that would mature over the following two decades. That personal relationship, with its genesis in the Eisenhower years, would go on to redefine U.S.-Iran relations in the early 1970s.

The tendency to view Kennedy's impact on U.S.-Iran relations as a historical low point is short sighted. Kennedy's initial press for reform in Iran was merely a blip in the radar. It was an issue that would not be again revisited until the Presidency of Jimmy Carter (1977-1981). In fact, the Kennedy years, when taken in aggregate became a high point in U.S.-Iran relations. Beyond that high point, relations would become increasingly strained, and ultimately critical, by the mid 1960s. Arms issues were the chief driver of those tensions, as will be detailed in the next chapter. Although doubts remained in Washington over the intentions of the Shah to be a genuine reformer, by the spring of 1963 Kennedy had laid the groundwork with the Shah for the consolidation of a solid American ally in the

region. Building on the momentum left by Eisenhower, Kennedy continued and deepened the American strategic relationship with Iran. Most importantly, he reaffirmed the U.S. investment in the Shah's regime. That relationship, despite Kennedy's ideological persuasion for economics and development, remained essentially military in nature due to Cold War necessities. The five-year military aid deal of 1963 and the continued investment in Iran's economy allowed the Shah to countenance the next step in Iran's development – the credit purchase relationship that emerged in the following years.

Lyndon B. Johnson and Arms Credit Sales to Iran

As Lyndon B. Johnson assumed the presidency in November 1963, there was every reason to assume that the momentum in relations with Iran that had been reaffirmed in 1962-1963 would continue. However, closer examination of the Johnson years reveals that relations became extremely rocky after 1964, and critical by mid 1966. Arms issues were the express driver of those tensions. Two underlying problems would have to be overcome by the Shah in order to remedy the impasse that swiftly developed during this period. Firstly, the Johnson administration had an overt domestic focus. Secondly, in the foreign policy arena what focus was available was overwhelmingly directed towards Vietnam. For these reasons, the Johnson years were a period in which relationships with key allies in the Middle East experienced significant drift. Iran was no exception. This was all the more frustrating for the Shah, who enjoyed a comparatively strong personal rapport with Johnson consolidated during two meetings with Johnson when vice president, and additionally due to the fact that Johnson had personally advocated for his leadership during the Kennedy years.

The literature on the Johnson period reflects the domestic policy / Vietnam dichotomy. Doris Kearns Goodwin paints a picture of Johnson as a president who was determined to have a domestic agenda, which was ultimately slowly eroded by ever increasing American escalation in Vietnam following the Gulf of Tonkin incident in early August 1964, when the North Vietnamese fired on an American destroyer.¹ Goodwin reaches further by noting that Johnson's intention to dwell heavily on a domestic agenda was a play to strength that he had attained through a long political career based on domestic policy; yet in dealing with foreign policy 'he was insecure, fearful, his touch unsure'.² Goodwin's portrayal is broadly representative of the bulk of literature on Johnson.³ A notable exception is that of Mitchell Lerner, who argues that Johnson was much more competent in foreign affairs than history has concluded, attributing his image to personal prejudices held by influential members of the administration, particularly at the State Department, who possessed and communicated what became an enduring caricature of Johnson as a poor, uneducated, and unsophisticated Southerner.⁴

During the Johnson years, Iran made a transition in American estimates from being considered a relatively weak client state under a U.S. Cold War security

¹ Goodwin, pp. 193-199; also see Dallek, *Flawed Giant*, pp. 84-90, who concurs with Goodwin's assessment.

² Goodwin, p.256.

³ Much Johnson scholarship is either focused on domestic affairs, or on Vietnam. In addition, the multi-volume major biography of Johnson's life by Robert A Caro, *The Years of Lyndon Johnson* (New York: Random House, 1982, 1990 and 2002) has not yet addressed the vice presidency / presidency years in the three volumes published so far. For notable exceptions dealing with foreign affairs see Robert Dallek, *Flawed Giant*; Robert Dallek, *Lyndon B. Johnson: Portrait of a President* (Oxford: Oxford University Press, 2004); and Philip Geyelin, *Lyndon B. Johnson and the World* (New York: Frederick A. Praeger, 1966).

⁴ Mitchell Lerner, "'A Big Tree of Peace and Justice": The Vice Presidential Travels of Lyndon Johnson', *Diplomatic History*, 34: 2 (April, 2010), 357-393.

umbrella, into becoming an emerging partner of America. Crucial to the analysis of this transformation is understanding how Iran progressed from being a fairly low priority military and economic aid recipient in the 1950s, to becoming a military credit purchase partner from 1964 onwards - in which Iran began to pay for its own military development as opposed to receiving grant aid. The transformation was not smooth, nor linear. It was characterized by frequent difficulties and disagreements as the Shah's demands and Washington's ability and/or desire to fulfil those demands rarely coalesced until the twilight of the Johnson administration. This development has been largely ignored, with precious little examination of this period of U.S-Iran relations in the literature on Johnson's foreign policy,⁵ and yet less again on the arms issues between the Shah and the Johnson administration.⁶ The lack of detailed investigation has caused a distortion within the general historiography of the period, evident throughout the literature, which often assumes, erroneously, that relations with Iran were stable and progressing well in the Johnson period. A prominent example is Richard W. Cottam, who in a frequently cited case study of Iran-US relations in

⁵ Books on Johnson's foreign policy have broadly ignored Iran, see Diane Kunz, ed., *The Diplomacy of the Crucial Decade: American Foreign Relations During the 1960s* (New York: Columbia University Press, 1994); Warren I. Cohen and Nancy Bernkopf Tucker, eds., *Lyndon Johnson Confronts the World: American Foreign Policy, 1963-1968* (New York: Cambridge University Press, 1994); and Henry W. Brands, ed., *The Foreign Policies of Lyndon Johnson: Beyond Vietnam* (College Station: Texas A&M University Press, 1999). Additionally, Johnson's own memoirs repeat the pattern observed above: see Lyndon B. Johnson, *The Vantage Point: Perspectives on the Presidency, 1963-1969* (New York: Rinehart and Winston, 1971).

⁶ The only dedicated contemporary study into US-Iran relations in the Johnson era based on the archival record is: Andrew Johns, 'The Johnson Administration, the Shah of Iran, and the Changing Pattern of U.S.-Iranian Relations, 1965-67', *Journal of Cold War Studies*, 9: 2 (Spring, 2007). Three books published between 1980 and 1991 offer a broad treatment of the period, yet understandably lacked detail due to limited access to primary sources: See James A. Bill, *The Eagle and the Lion: The Tragedy of American-Iranian Relations* (New Haven: Yale University Press, 1988); Mark J. Gasiorowski, *U.S. Foreign Policy and the Shah: Building a Client State in Iran* (Ithaca: Cornell University Press, 1991); and Barry Rubin, *Paved With Good Intentions: The American Experience and Iran* (New York: Penguin, 1980).

the Cold War,⁷ stated that the mid 1960s were part of a 'decade of stability'.⁸ Douglas Little makes a similar error by presenting, very briefly, a triumphant picture of US-Iran relations in the Johnson era.⁹

Through the Johnson years, the Shah was able to skilfully play on American fears of losing Iran to Soviet influence – as in the cases of Iraq, India, and Egypt amongst others. Via a brinkmanship strategy of strategically courting a military credit sales partnership with the Soviets, the Shah was able to manoeuvre into a position in which his designs for Iran (heretofore incompatible with U.S. planning going back to 1950) eventually came to a synergy with a slowly changing mood in Washington.

From Aid to Credit

While Washington was broadly satisfied with a five-year military aid programme that had been agreed with Iran in early 1963, which again renewed the American investment in Iran's armed forces that had originated in 1950, the Shah remained far from content. He expressed his dissatisfaction in a letter to President Johnson in January 1964, requesting that the President urgently re-open a debate around Iran's defence needs, chiefly due to the ever-increasing regional menace of Arab nationalism, which he assessed as a direct territorial

⁷ Richard W. Cottam, *Iran and the United States: A Cold War Case Study* (Pittsburgh: University of Pittsburgh Press, 1988),

⁸ Richard W. Cottam, *Iran and the United States*, p. 140-143.

⁹ Douglas Little, *American Orientalism*, p. 221.

threat.¹⁰ Whilst the Shah continued to press his case to anyone within his reach throughout early-mid 1964,¹¹ the Johnson administration became locked in something of a false reality, fed not just by its internal focus on domestic politics, but also fed by inaccurate intelligence. In one such example, a National Intelligence Estimate (NIE) delivered by the CIA on 20 May 1964 reported conclusively that the Shah was 'satisfied' with the status quo.¹²

Only one week following the delivery of the 20 May NIE, Julius C. Holmes, American Ambassador to Iran, cabled Secretary of State Dean Rusk, noting that the Shah was already thinking years beyond the 1963 five-year aid programme, and that his attitude was 'changing as the country's financial position is improving' due to increased oil revenues and increased political stabilisation.¹³ Holmes reported that the Shah had expressed the need for a series of credit and cash purchases, to supplement the aid Iran already received, which provoked a series of 'intensive' discussions aimed at bringing the Shah's requests 'down to the level where they are reasonable' in respect to Iran's ability to take on credit and absorb advanced military equipment.¹⁴ News of the nature of the growing discontent in Tehran eventually reached Johnson via NSC Staffer Robert Komer

¹⁰ Letter from the Deputy Assistant Secretary of Defense for Regional Affairs (Sloan) to the Commander in Chief, US Strike Command (Adams). Washington, 24 March, 1964. Foreign Relations of the United States (Hereafter FRUS) 1964-68, Vol. XXII:10.

¹¹ The Shah frequently raised arms in correspondence with Washington in early-mid 1964, and this can be seen through the FRUS record for the period. One such example can be found upon correspondence over a high level military visit to Iran by General Adams: Memorandum From Commander John J. Shanahan to the Chairman of the JCS (Taylor). Washington, 11 April 1964. FRUS 1964-68, Vol. XXII: 14.

¹² National Intelligence Estimate (NIE), Number 34-64, Iran. 20 May 1964. Via the Digital National Security Archive (Hereafter DNSA): IR00520

¹³ Telegram from Holmes to Rusk, 28 May 1964. DNSA: IR00523

¹⁴ Telegram from Holmes to Rusk, 28 May 1964. DNSA: IR00523

on 4 June. Komer conceded to the inevitability, most visibly conveyed by Holmes, that despite frequent pressure to the contrary, the Shah's focus 'keeps reverting to the military toys he loves.'¹⁵ Hence, the wheels began to slowly turn to a realisation that a new deal would need to be brokered. Komer's concerns reflected a prevailing wisdom in Washington that stretched back to Truman, but had been most clearly enunciated by Kennedy, that Iran should prioritise economic and social spending rather than devote too much of its budget to its military. The Shah never accepted this cautionary advice.

The Shah's unwavering persistence did eventually gain enough traction to result in an agreement on 2 July 1964 of a five-year programme of military credit for the period 1965-1969. Further, the existing grant aid agreement that had been put in place by Kennedy, and was scheduled to end in 1967, was extended for a further two years. Hence, Iran was placed in a fairly rare position of being both a major aid recipient, *and* a long-term credit partner. The deal consisted of \$200 million in US military credit for Iran, plus a \$50 million upfront Iranian cash component to purchase a range of military equipment, including 4 C-130 aircraft and 176 M-60A1 tanks.¹⁶ The Department of Defense and the Agency for International Development (AID) brokered the deal in such a way as to make it clearly contingent on an annual review of the effect of military spending on the Iranian economy, rather than a strict annual ceiling for the purchases, and stressed that credit would be immediately withdrawn if the Shah was to go 'too

¹⁵ Memorandum from Robert W. Komer (NSC) to Johnson. June 4 1964. FRUS 1964-68, Vol. XXII: 33.

¹⁶ Telegram from State to the Iranian Embassy. Washington, 2 July 1964. FRUS 1964-68, Vol. XXII: 47.

fast' in using up his credit.¹⁷ Hence, the deal – although a step change in the sense that it involved credit not aid – was firmly in the vein of established American policy to closely means-test military transfers to Iran based on its economic situation.

Yet, on 4 July, the very day that the Shah signed the agreement, he was already enquiring about additional equipment outside the agreed purchase plan, including two squadrons of F-4C fighter jets intended as upgrades to his existing squadrons of F-5As, and a new radar station.¹⁸ The enquiries continued apace into 1965, with frequent bullish assurances that Iran's gradually increasing oil revenues allowed it to increase its purchases without damaging domestic economic reforms. This was the very embodiment of fears expressed one year earlier in June 1964 by Robert Komer when he noted of the Shah; 'his rapidly growing oil revenues have gone to his head'.¹⁹ A State Department-Joint Chiefs of Staff (JCS) meeting on 23 April 1965 greeted news that the Shah had migrated his attention to purchasing a squadron of comparatively advanced, and expensive, F-111 fighters with the comment; 'it is a constant struggle to keep the Shah's appetite within bounds.'²⁰ That struggle would characterise relations with Iran for the remainder of the Johnson administration.

¹⁷ Memorandum from Saunders to Bundy. Washington, 2 July 1964. FRUS 1964-68. Vol.4 XXII: 46.

¹⁸ Telegram from the Embassy in Iran to State. Tehran, 4 July 1964. FRUS 1964-68, Vol. XXII: 49.

¹⁹ Memorandum from Komer to McBundy. Washington, 27 June 1964. FRUS 1964-68, Vol XXII: 45

²⁰ Memorandum on the Substance of Discussion at a State-JCS Meeting. Washington, 23 April 1965. FRUS 1964-68, Vol. XXII: 80.

Armin Meyer, who assumed the position of U.S. Ambassador to Iran on 18 March 1965, was issued with instructions before his departure to Tehran in a brief meeting with Johnson to press upon the Shah that 'good economics is good politics' and that he should 'use all his arts of persuasion to influence the Shah in the right direction.'²¹ That direction was one in which the Shah had become increasingly unreceptive now that he had a taste of a more substantial military purchase relationship outside the bounds of aid. Meyer was immediately sequestered after presenting his credentials to the Shah with a request for progress on his latest arms enquiries, including the F-111 order.²² The eventual reply came six weeks later on 8 June as NSC staffer Harold Saunders cabled Meyer to 'stall' the Shah on his ambitions to purchase the F-111 as the administration wished to, in Saunders' words, 'drag our feet on less reasonable requests'.²³ The Shah also took the opportunity upon his first meeting with Meyer to add a request for surface to air missiles after an enquiry of purchasing naval destroyers and motor torpedo boats to patrol the Gulf had been rejected in Washington. Both of these requests had been deemed unnecessary due to increased U.S. Naval presence in the Indian Ocean and the lack of domestic Iranian expertise to operate the equipment.²⁴ Thus, the situation was becoming increasingly tense as the Shah's expectations were frequently sold short in Washington.

²¹ Memorandum from Robert W. Komer to President Johnson. Washington, 15 April 1965. FRUS 1964-68, Vol. XXII: 77.

²² Telegram from Meyer to State. Tehran, 27 April 1965. Department of State Central Files, National Archives II (Hereafter DOSCF), DEF 19-3, U.S. Iran.

²³ Memorandum from Harold H Saunders to Robert W. Komer. 8 June 1965. Lyndon B. Johnson Presidential Library (Hereafter LBJL), National Security File, Robert W. Komer Files, Iran, 1965-March 1966.

²⁴ Telegram from Meyer to State. Tehran, 27 April 1965. DOSCF, DEF 19-3, U.S. Iran.

The Johnson administration miscalculated badly by hedging that the July 1964 \$250 million deal would satisfy the Shah, in effect, letting the cat out of the bag with the five-year credit agreement. The essence of the miscalculation hinged on the fact that rather than face the problem of the growing gulf between Iranian and American assessments of Iran's security needs, the Johnson administration adopted a policy of purposeful dithering and stalling due to its preoccupation in the domestic arena, and with Vietnam. Additionally, any idea of urgency was further deferred, as the administration did not believe that Iran would move outside the American sphere of influence simply as a result of the Shah's frustrations over arms issues, and there was broad acceptance that the Shah frequently exaggerated the wider security threat of Arab nationalism that he often used to justify his defense needs.²⁵

A turning point was reached when Meyer communicated evidence in November 1965 that the Shah had begun seeking military equipment from non-American sources. Most notably, the Soviets had offered the Shah alternatives to the equipment America had refused him, including advanced MIG aircraft, in early September 1965.²⁶ The omens for 1966 in U.S.-Iran relations were looking increasingly testing.

²⁵ For a summary of the American security assessment towards the Middle East 1964-1966, see: Memorandum from McNaughton to McNamara. Washington, 16 February 1966. FRUS 1964-68, Vol XXII: 119.

²⁶ Telegram from Meyer to the State Department. Tehran, 24 September 1965. DOSCF, DEF 19-8 US-IRAN.

1966: The Real Nadir

Feeling that his regional situation had become yet more acute following the protracted war between India and Pakistan in mid-1965 and the continued spectre of Arab nationalism, the Shah decreed in November 1965 that a further \$200 million of military purchases would be sought to meet Iran's vital security needs, preferably from America, but if not then from elsewhere.²⁷ In response, Meyer was instructed by Rusk to inform the Shah that the political climate in Washington would not allow for such a transaction.²⁸ In a lengthy exchange with Meyer on 25 November, which Meyer reported via a list of *nineteen* separate subject headings, the Shah laid out a veritable tour de force of regional instability vis-à-vis Iran. The assessment was broadly consistent with previous assessments the Shah had made, with the notable addition of a prediction that the British would withdraw from Aden and the Gulf Principalities by between 1968 and 1970 – hence making a militarily upgraded Iran the 'single constructive free world power capable of protecting commerce and peace' in the region.²⁹

On 2 February 1966 William B. Macomber, Assistant Administrator for the Near East and South Asia division of AID briefed Jeffrey C. Kitchen, Deputy Assistant Secretary of State, that the Shah's \$200 million purchase plan was contrary to the spirit of the existing aid and credit agreements with America and would have an

²⁷ Telegram from Meyer to Rusk, Tehran, 12 November 1965. FRUS 1964-68, Vol XXII: 105.

²⁸ Telegram from Meyer to the Department of State. 25 November 1965. FRUS 1964-68, Vol. XXII: 776.

²⁹ Telegram from Meyer to the Department of State. 25 November 1965. FRUS 1964-68, Vol. XXII: 776.

adverse impact on Iran's economy.³⁰ The issue reached the Pentagon in mid-February where Assistant Secretary of Defense, John T. McNaughton recommended that a military survey team be despatched to Iran to have a closer look the Shah's needs. Defense Secretary Robert McNamara concurred, but added in response that his backing was given 'reluctantly & for planning only.'³¹

Predictably unsatisfied at the lack of movement in Washington, the Shah took his case directly to Johnson via letter on 26 February 1966, noting that the continued military weakness of Iran may make it susceptible to 'the evils of aggression' such as witnessed in Vietnam, before re-emphasizing his threat to seek arms elsewhere if an American change in course was not forthcoming.³² The letter was characteristically pushy, almost desperate in tone. Johnson's comparatively sober reply agreed that the lessons of Vietnam pointed clearly towards the need for 'healthy and orderly' states to act as anchors to ensure the 'peace and stability' of their immediate region. However he underlined that no decision on arms sales would be made until the report of the recently despatched military survey team was completed and fully discussed later in the spring.³³ Johnson's reply also made a substantial, yet implicit, reference that Iran would be better served by a more diverse allocation of its resources. Picking up on this gesture, the Shah replied again with a lengthy and triumphant listing of his

³⁰ Memorandum From Macomber to Kitchen. Washington, 2 February 1966. FRUS 1964-68, Vol. XXII: 118.

³¹ Memorandum from McNaughton to McNamara. Washington, 16 February 1966. Washington National Records Center, RG 330, OSD Files: FRC 70 N 6648, 381 IRAN 16 Feb 1966.

³² Letter from the Shah to Johnson, via Telegram from Rusk to Embassy Iran. Washington, 7 March 1966. FRUS 1964-68, Vol. XXII: 122.

³³ Letter from President Johnson to the Shah of Iran. Washington, 15 March 1966. FRUS 1964-68, Vol. XXII: 124.

domestic and economic achievements, before again reminding Johnson of his acute military needs.³⁴

In the months following his exchange with Johnson, the Shah considered buying surface-to-air missiles from the Soviet Union, a deal that he ultimately withdrew from, instead buying a range of lower order military equipment from Moscow. This demonstrated to the Johnson administration that whilst the Shah was not prepared to sit idly and wait for America to answer his needs, he was still reticent to engage in a high-level defense partnership with the Soviets, and contributed to the perception within the Johnson administration that the appeasement strategy of dithering was a fairly safe course. Yet, the fact remained that the Shah had taken tentative yet tangible steps in demonstrating that his patience was not infinite.

Four new elements, compounding upon prior events, gradually pushed the administration into offering a deal that matched the Shah's \$200 million request as spring turned to summer in 1966. The first element was a stable stream of reporting from the CIA indicating that tensions with Iran, due to arms negotiations, were reaching dangerous levels. The first such report can be found within a NIE delivered on 24 March. The document concluded that, 'the changes of the past few years have altered the climate of US-Iranian relations', conceding that 'the Shah has become increasingly dissatisfied with US unwillingness to

³⁴ Letter From the Shah of Iran to President Johnson. Tehran, 25 March 1966. FRUS 1964-68, Vol. XXII: 126.

provide the amount and kind of arms he wants.’³⁵ The report further concluded that the US should be ‘at least moderately forthcoming’ with regard to additional sales yet fully cognisant that further military expenditure could cause periods of inflation and recession within Iran.³⁶ The broad thrust of the study assessed that the Shah was unlikely to do an about face and move into the Soviet sphere, but that serious dangers to the relationship between Iran and America were brewing due to the arms disputes. Thus, the study indicates that the reasons for the beginning of a rethink in Washington came from wider strategic fears of Iran moving beyond American influence, rather than an agreement with the Shah’s concerns over Arab nationalism which the paper assessed were ‘exaggerated’,³⁷ maintaining consistency in that regard with earlier reports.

A further CIA intelligence memorandum advised on 6 May that the Shah’s rapprochement with the Soviets was a crucial test by the monarch aimed squarely at ensuring America fulfilled his security needs, and that U.S.-Iranian relations ‘may reach a critical point’ as a result.³⁸ Hence by mid 1966, the CIA developed a consistent line, indicating fairly strongly that the risk of miscalculation in dealing with the Shah was severe, and that the previously dominant concerns of Iranian domestic economic stability when assessing

³⁵ NIE, Number 34-66, Iran. 24 March 1966, p. 5. DNSA: IR00573

³⁶ *ibid*

³⁷ NIE, Number 34-66, Iran. 24 March 1966, p. 4. Via DNSA: IR00573; for more on the Arab threat see, CIA Intelligence Memorandum , No. 1355/66, 21 May 1966. LBJL, National Security File, Country File, Iran, Memos & Miscellaneous, Vol. II, 1/66-1/69,

³⁸ CIA Intelligence Memorandum, No. 0813/66. Washington, 6 May 1966. FRUS 1964-68, Vol XXII: 135.

military purchases may need to be substituted for more important Cold War geopolitical concerns.

The second element was the report of the Iran survey group, which was eventually delivered on 22 March, and began the slow process of bouncing around various administration offices in Washington through April and May.³⁹ The report had the unintended consequence of not simply concurring with the Shah's security assessments, but actually expanding upon them. It recommended a supplemental equipment programme on top of all pre-existing programmes costed out at \$328 million, which caused 'animated disagreements' across the administration.⁴⁰

Armin Meyer was recalled to Washington in early May for a series of briefings with the President, Rusk, and McNamara to attempt to find a mutually acceptable course of action in light of the survey group report that would work in Washington, and also placate the Shah. In a preliminary meeting with McNamara, Meyer noted that the McNamara's 'first words' were that that he was not prepared to authorise 'a nickels worth' of further defense supplies to Iran outside of the previously agreed amounts.⁴¹ Meyer noted that the meeting was one of the toughest of his career, and inferred that steady concerns of the impact of excessive military spending on Iran's economic development were only part of the problem, the other being that McNamara and his team had been subject to a

³⁹ See telegram from Rusk to Embassy Iran. Washington, 3 May 1966. FRUS 1964-68, Vol XXII: 133.

⁴⁰ Armin Meyer, *Quiet Diplomacy*, p. 143.

⁴¹ Armin Meyer, *Quiet Diplomacy*, p. 143. (no exact date is give by Meyer for the meeting)

series of gruelling battles on Capitol Hill over the escalation in costs and manpower in Vietnam which had a direct, and prohibitive effect on countenancing any increase in military credit for Iran.⁴² Whilst McNamara was openly hostile, Johnson was more sympathetic, noting to Meyer that the report's findings made for 'a good case'.⁴³

As Meyer left Washington to return to Tehran on 14 May, he despatched an impassioned letter to McNamara, making one final plea to the staunchest member of the 'no' camp. Meyer wrote,

No one can dispute the concerns which you hold concerning the undesirability of countries like Iran expending funds for military hardware when their resources can much more beneficially be invested in economic development. Nor can one deny that the threat which the Shah fears is exaggerated.

Yet,

Going forward with additional sales to Iran is of considerable political value. The Shah is one of the best friends we have in the Afro-Asian milieu.⁴⁴

Meyer continued by noting that the recently agreed grant aid programme for Turkey was in the regions of \$140 million, which was of great confusion to the Shah, who unlike Turkey, was asking to *buy* his military equipment with his own money, which reinforced the Shah's barbed claim made some years earlier that America treated Iran like a concubine, whilst it treated Iran's regional neighbours like wives.⁴⁵

⁴² Armin Meyer, *Quiet Diplomacy*, pp. 142-144

⁴³ Armin Meyer, *Quiet Diplomacy*, p. 144

⁴⁴ Letter from Meyer to McNamara. 14 May 1966. DNSA: IR00581

⁴⁵ Letter from Meyer to McNamara. 14 May 1966. DNSA: IR00581

Seeking a solution, Walt Rostow, who had replaced McGeorge Bundy as National Security Adviser in February 1966, noted to Johnson that 'most of us believe the Shah is foolish to spend his money this way... but since he is determined to buy arms somewhere, the best we can do is to lean on the brakes.'⁴⁶ A limited compromise deal, in line with Rostow's idea of permitting further, albeit restricted, credit sales, was fleshed out in the week following Meyer's visit.⁴⁷ Meyer dutifully broached news of the tentative deal to the Shah on 21 May, yet the deal was fairly stunted, and Meyer's anticipation that upon hearing the terms of the deal, 'the Shah may scream', turned out to be an accurate prediction.⁴⁸ The deal contained only a fraction of the F-4E Phantom jets the Shah deemed essential for his security, and was replete with long lead off times, and prohibitive research and development costs which diminished significantly the actual physical return the Shah would get for his money.

Meyer's regular meetings with the Shah gave him an unmatched insight into the Shah's mindset. As a result, he wrote an impassioned memorandum to Johnson on 23 May warning that the administration was 'about to alienate the Shah' with its 'Papa knows best' attitude, exemplified by the May compromise deal.⁴⁹ Meyer laid out a case that whilst a broadly paternalistic approach towards Iran had been appropriate in the past, it was 'altogether unrealistic in 1966' due to the

⁴⁶ Memo from Rostow to Johnson. Washington, 21 May 1966. FRUS 1964-68, Vol. XXII: 141.

⁴⁷ Memo from W. Howard Wriggins to Rostow. Washington, May 21, 1966. FRUS 1964-68, Vol. XXII: 140.

⁴⁸ See, Memo from W. Howard Wriggins to Rostow. Washington, 21 May 1966. FRUS 1964-68, Vol. XXII: 140; and for a later perspective see Letter from U. Alexis Johnson to Cyrus Vance, 6 July 1966. DOSCF, DEF 19-8, US-IRAN.

⁴⁹ Cable from Meyer to Johnson, 23 May 1966. FRUS 1964-68, Vol. XXII: 143.

political maturation of the Shah, and of Iran as a nation.⁵⁰ Meyer's persuasiveness that a more accommodating position was necessary was broadly accepted within the State Department, with the main remaining question at Foggy Bottom being one of not 'if' but 'how far we need to go to meet the Shah's demands'.⁵¹ With Meyer's memorandum in mind, Johnson attempted to ease the Shah's mindset whilst deliberations continued in Washington. In a letter to the Shah dated 20 July, Johnson explained the nature of the limits in military sales enforced by Congress, conveyed fears of advanced American technology falling into the hands of the Soviets, and reaffirmed the primary focus of defense resources on Vietnam.⁵² It was a platitude at best, and had no effect on the Shah's single-minded goal of getting what he wanted.⁵³

Kermit 'Kim' Roosevelt, Grandson of former President Theodore Roosevelt, provided the third new element that significantly influenced arms policy to Iran as he arrived back in Washington from a trip to Tehran in late July. Roosevelt was Vice President of the Gulf Oil Company and had directed the 1953 Iranian Coup in his former role within the CIA's Special Activities Division, and had maintained a close interest in Iran, and a close personal relationship with the Shah – whom the Coup effectively reinstated as Iran's ruler.⁵⁴ Roosevelt met with Vice President Hubert Humphrey's aide George Carroll on 27 July 1966, who

⁵⁰ Cable from Meyer to Johnson, 23 May 1966. FRUS 1964-68, Vol. XXII: 143.

⁵¹ Letter from U. Alexis Johnson to Cyrus Vance, 6 July 1966. DOSCF, DEF 19-8, US-IRAN.

⁵² Letter from Johnson to the Shah. Washington, 20 July 1966. FRUS 1964-68, Vol. XXII: 158.

⁵³ See Letter From Carroll to Humphrey. 27 July 1966. FRUS 1964-68, Vol. XXII: 163.

⁵⁴ See Kermit Roosevelt, *Countercoup: Struggle for the Control of Iran* (New York: McGraw Hill, 1979).

noted of Roosevelt: 'No American knows the Shah of Iran as well as does Kim'.⁵⁵ Roosevelt successfully convinced Carroll, of the 'urgency' of the 'parting of the ways' between the Shah and the Johnson administration over the arms issue, to the point that Carroll briefed Humphrey the very same day to take action on the problem.⁵⁶ Humphrey duly took the issue to McNamara the following morning asking for 'quick footwork' to break out of the impasse with the Shah.⁵⁷

One day following Humphrey's plea for quick footwork, with tension high in Washington as a result of Roosevelt's injection of fresh alarmism, Walt Rostow condensed the various existing positions within the administration in a memorandum for the President. McNamara remained predictably unreceptive, expressing the impression that the Shah, via Roosevelt, was resorting to blackmail. Dean Rusk went further, noting that a 'loosening' of American ties to the Shah was not necessarily a bad thing as increasing American commitments to the monarch had left him feeling 'a little uneasy', hence breaking suddenly from the received wisdom observed in the State Department, and the position fleshed out by Meyer.⁵⁸ Hence, there was a reasonable prospect that Roosevelt may have done more harm than good in his efforts by, in effect, polarising the debate. Rusk's turn was not shared by the bulk of his colleagues at the State Department, some of whom, led by the Deputy Assistant Secretary of State for Near Eastern Affairs, Jeffrey C. Kitchen, were lining up to persuade Rusk to petition the

⁵⁵ Letter From Carroll to Humphrey. 27 July 1966. FRUS 1964-68, Vol. XXII: 163

⁵⁶ Letter From Carroll to Humphrey. 27 July 1966. FRUS 1964-68, Vol. XXII: 163.

⁵⁷ Letter From Humphrey to McNamara. 28 July 1966. FRUS 1964-68, Vol. XXII: 164

⁵⁸ Memo From Rostow to Johnson. Washington, 29 July 1966. FRUS 1964-68, Vol. XXII: 165.

Department of Defense to take a more accommodating line with Iran, as advocated by Meyer.⁵⁹

The fourth and final element that roundly completed the reorientation of arms policy came when news reached Washington in late July via Israeli channels⁶⁰ that the Shah had accepted a Soviet offer of several squadrons of MIG-21 aircraft at favourable credit terms and at one quarter the price of the comparable American F-4Es. While Washington had been alarmed at early indicators of arms discussions between Iran and the Soviets some weeks earlier, there was no expectation at the highest level of the State Department that the Shah would actually *accept* a deal.⁶¹ News of the deal reached the British before it reached Washington as part of a curious Iranian strategy to seek British support to convince the Americans of the necessity and logic of Iran buying arms from the Soviets – to which the British refused, commenting that the deal was ‘misguided and highly dangerous’.⁶²

The British angle here provides the clearest indication that the Shah’s plans regarding the Soviet deal were a clear make or break moment for both Iran and America. The Shah clearly favoured a good relationship with America, and had a preference for American technology, but his domestic defence needs as he

⁵⁹ Memo from Jeffrey C. Deputy to U. Alexis Johnson. 18 May 1966. DOSCF. Bureau of Near Eastern and South Asian Affairs, Office of the Iran Affairs. Records Relating to Iran 1965-1975. Box 1. Folder: DEF 19-1 Military Assistance Iran 1966-67.

⁶⁰ See Telegram from the Foreign Office to the British Embassy in Tehran, 29 July 1966. The National Archives of the UK (TNA): FO 248 / 1628, File 1191.

⁶¹ See Telegram from the Foreign Office to the British Embassy in Tehran, 21 July 1966, TNA: FO 248 / 1628, File 1191.

⁶² D.A.H. Wright Minutes, ‘Arms for Iran’, 7 July 1966. TNA: FO 248 / 1628, File 1191.

envisioned them were going unmet. The attractive terms offered by the Soviets allowed the Shah a final leveraging gesture: Without a significant new credit package from America, he had a good deal on the table with the Soviets for his advanced military requirements, which he was prepared to (reluctantly) take. Together with the study group recommendations, the CIA intelligence, and the first hand accounts of Meyer and Roosevelt, the Soviet offer proved to be the final straw. Whether it was genuine, or a high-stakes piece of grand brinkmanship on the part of the Shah, the Johnson administration was forced into action. Continuing the dithering strategy and waiting for events to play out was simply too much of a gamble for Washington at this juncture.

A new arms deal for Iran was swiftly brokered in a closed meeting between Johnson, Rusk, Rostow and McNamara on 2 August.⁶³ The deal awarded Iran an additional \$200 million line of credit, broadly matching the Shah's own initial request, but coming in vastly below the study group's recommendation. The credit would be spread over 4 years at no more than \$50 million per annum with no provision for frontloading. Each annual tranche was strictly contingent on presidential approval based on a review of the economic health of Iran. Hence the compromise somewhat addressed the reservations of AID that such a high level of credit would upset economic development, and gave the Pentagon a more manageable annual figure to massage through the tight Congressional scrutiny placed on military credit sales. AID's independent recommendation was that Iran should be given only one further \$35-\$40 million credit followed by no

⁶³ Armin Meyer, *Quiet Diplomacy*, p.146.

further commitment pending further review of the economic situation in Iran, which AID was more sceptical of than any other agency. Although AID outwardly conceded to Johnson's \$200 million deal for Iran, the agency remained internally opposed – sentiment that grew substantially in the following year.⁶⁴

Townsend Hoopes, Deputy Assistant Secretary of Defense for International Affairs, was despatched to Tehran on 8 August to personally deliver the compromise deal to the Shah. Hoopes was instructed to re-state the practical reasons for the limits the administration placed on the deal – such as the annual tranches, but make those limits 'as palatable as possible' for the increasingly petulant monarch,⁶⁵ whom Armin Meyer had taken to regularly calling 'His Nibs'⁶⁶ in his Ambassadorial correspondence due to his enhanced confidence due to his dealings with the Soviets. Hoopes was instructed to convey that the purchased equipment would be delivered on an accelerated schedule, and that certain research and developments costs would be scrapped where possible. The deal was strictly conditional on the Shah's clarification of his intentions on entering an advanced arms relationship with the Soviets.⁶⁷

⁶⁴ Letter from William S. Gaud to Senator Albert Gore. 14 February 1967. DOSCF, Bureau of Near Eastern and South Asian Affairs, Office of the Iran Affairs. Records Relating to Iran 1965-1975. Box 4. Folder: LEG – Senator Symington, Senate Foreign Relations Committee.

⁶⁵ Memo from W. Howard Wriggins (NSC) to Rostow. Washington, 5 August 1966. FRUS 1964-68, Vol. XXII: 169.

⁶⁶ See letters from Armin Meyer in Tehran to Theodore L. Eliot, Jr, Country Director for Iran at the State Department; 11 February 1967, and 6 April 1967. DOSCF, Bureau of Near Eastern and South Asian Affairs, Office of the Iran Affairs. Records Relating to Iran 1965-1975. Box 1. Folder POL 2 – Political Reports – general; Iran 1967.

⁶⁷ Telegram from State to Embassy Tehran. Washington, 5 August 1966. FRUS 1964-68, Vol. XXII: 170.

The Hoopes visit went smoothly on the surface, with Meyer noting that the provision for the sale of 32 F-4Es within the package, a significant increase on the failed May deal, had 'carried the day'.⁶⁸ The Shah agreed to forbid Soviet technicians in Iran, and signalled a strong preference for the American offer in lieu of the Soviet alternatives on the table, demurring characteristically that the revised offer was 'constructive, comprehensive and expensive'.⁶⁹ Concluding his impressions of the state of affairs following a briefing from Hoopes and Armin Meyer, Rostow conveyed to Johnson that it had gone 'pretty well', and had 'gone a long way toward keeping the Shah from going overboard' by managing to 'keep the worst we had feared from happening'.⁷⁰ Hence, to utilise Rostow's earlier analogy, the August deal was symptomatic of leaning *off* the brakes just enough to placate the Shah.

The sense of relief in Washington, encapsulated in Rostow's comments lasted only *five days*. A letter arrived in Washington on 15 August from the Shah in which he thanked Johnson for sending Hoopes to restate at such length the terms of the deal, and the reasons for the restrictions. Yet, rather than express gratitude for the offer Hoopes had tabled, the Shah noted that the deal 'still falls short of meeting Iran's needs' and that 'future generations will not forgive me if I fail to pay every attention to my country's defense requirements'.⁷¹ The August 1966 deal would become symptomatic of the encounters that followed through

⁶⁸ Armin Meyer, *Quiet Diplomacy*, pp. 146.

⁶⁹ The Shah, Quoted by Rostow. Memo from Rostow to Johnson. Washington, 10 August 1966. FRUS 1964-68, Vol. XXII: 172.

⁷⁰ Memo from Rostow to Johnson. Washington, August 10, 1966. FRUS 1964-68, Vol. XXII: 172.

⁷¹ Letter from the Shah to Johnson. Tehran, 15 August 1966. FRUS 1964-68, Vol. XXII: 173.

the remainder of the Johnson administration and the early Nixon years, as time and time again, the Shah would begrudgingly accept a deal, then quickly prove unsatisfied with it and barter for more. Encapsulating the pervading American impression of the process of negotiating with the Shah, Meyer later lamented:

...trying to satisfy the Shah's demands proved to be the most difficult challenge with which we at the embassy had to cope. Within weeks after an agreement was reached, royal pressure would be exerted for additional military hardware, better prices, and speedier delivery.⁷²

While the August 1966 deal had done enough to keep Iran from signing the Soviet deal, it did not solve the on-going crisis in relations between America and Iran, which persisted into the following year.

From Nadir to Tentative Partnership: 1967-1968

The Shah's scheduled visit to Washington on 22 August 1967 was an opportunity to press his security concerns, and was regarded with high priority in Tehran. Unfortunately for the Shah, an unforeseen additional roadblock had occurred in the interim: The outbreak of war between Israel and its Arab neighbours in June 1967 - the Six Day War - had led to a series of Congressional hearings on U.S. arms policies which had called into question the entire validity of the policy of arming nations, either through aid or credit, as national policy. Johnson was thus advised prior to the Shah's visit that any future military commitments would

⁷² Armin Meyer, *Quiet Diplomacy*, p. 140.

have to be deferred due to the Congress effectively blocking any progress on new arms sales as a result of the hostility in the Middle East.⁷³

Congress was not the only obstacle to the Shah. AID had been a consistent voice against any further arms deals with Iran, causing Armin Meyer to accuse the agency of systematic 'anti-Iranism'.⁷⁴ AID's consistent guidance was that Iran should not be given any further military credit in 1967.⁷⁵ An AID report on 31 May 1967 added further weight by expressing extreme pessimism regarding Iran's balance of payments and its economic forecasts, and recommended a multi-agency delegation be despatched to Tehran to establish whether Iran could cope with taking on further debt. AID's proposal was dismissed with prejudice within the State Department, which disagreed with the entire thrust of the report.⁷⁶ Two weeks later, the State Department delivered their own, more optimistic assessment dismissing any sense of alarm, stating that relations with Iran were going through a 'transition period' with the Shah's visit an opportunity to lay the foundations for the years ahead.⁷⁷ The State Department had by this

⁷³ Memo from Saunders (NSC) to Johnson. Washington, 18 August 1967. FRUS 1964-68, Vol. XXII: 225.

⁷⁴ Letter from Armin Meyer to Theodore L. Eliot, Jr. 7 March 1967. DOSCF. Bureau of Near Eastern and South Asian Affairs, Office of the Iran Affairs. Records Relating to Iran 1965-1975. Box 4. Folder: LEG – Senator Symington, Senate Foreign Relations Committee.

⁷⁵ Letter from William S. Gaud to Senator Albert Gore. 14 February 1967. DOSCF. Bureau of Near Eastern and South Asian Affairs, Office of the Iran Affairs. Records Relating to Iran 1965-1975. Box 4. Folder: LEG – Senator Symington, Senate Foreign Relations Committee.

⁷⁶ Memo from L. Leighton to R. H. Harlan. 18 July 1967. DOSCF. Bureau of Near Eastern and South Asian Affairs, Office of the Iran Affairs. Records Relating to Iran 1965-1975. Box 1. Folder: DEF 19-1 Military Assistance Iran 1966-67.

⁷⁷ 'Topics for Discussion with the Shah in Washington, 12-14 June 1967', Paper Prepared by State For IRG Meeting of May 22, 1967. DOSCF. Bureau of Near Eastern and South Asian Affairs, Office of the Iran Affairs. Records Relating to Iran 1965-1975. Box 2. Folder: POL 15-1 Shah of Iran; Shah-Fulbright conflict.

point become the most consistent pro-Iran-arms government agency in Washington.

The Shah's two-day August visit eventually comprised of two meetings with the President, which Johnson approached as a confidence building exercise for the Shah. As Rostow noted to Johnson, 'you have nothing to negotiate but lots to talk about'.⁷⁸ The Shah also attended meetings with the Secretary of State, Dean Rusk; the Director of Central Intelligence, Richard Helms (who would later become Ambassador to Iran during the Nixon administration); and attended a 'friendly meeting'⁷⁹ with the Senate Foreign Relations Committee in which he made clear his intention to obtain arms elsewhere should the Congress stand in the way of his future purchase of American arms. Thus, the general mood in the administration was that the visit had been successful and that the Shah had left 'extremely happy'.⁸⁰ It was also felt that the Shah had left with a fuller understanding of the Congressional roadblocks, which were previously explained, insufficiently as far as the Shah was concerned, as merely 'unfortunate' representations of the workings of the American political system.⁸¹ Yet, predictably, less than two months later on 15 November, the Shah wrote to Johnson informing him that his imminent defense needs would be in the order of \$800 million for the five years following 1967 and that he needed to know

⁷⁸ Memo from Rostow to Johnson. Washington, 22 August 1967. FRUS 1964-68, Vol. XXII: 228.

⁷⁹ Telegram from the State Department to Embassy Tehran. Washington, 26 August 1967. FRUS 1964-68, Vol. XXII: 237.

⁸⁰ Memo from Saunders (NSC) to Johnson. Washington, 25 August 1967. FRUS 1964-68, Vol. XXII: 236.

⁸¹ Memcon: *The Soviet Union, Iran, the United States and the Middle East*. Participants, Ambassador Kohler & Theodore L. Eliot (State Department), Iranian Ambassador Ansary. DOSCF. Bureau of Near Eastern and South Asian Affairs, Office of the Iran Affairs. Records Relating to Iran 1965-1975. Box 1. Folder: Chron Memoranda of Conversation; Iran 1967.

whether those purchases could be made from America.⁸² The reassurance gained by his August visit temporarily lowered the sense of alarm that had been present through late 1966 and early 1967, yet the experience of 1966 made clear that the Shah would not wait indefinitely for an American response.

The Shah's next visit to Washington in June 1968 was an opportune moment for both parties to take stock of not only their divergent positions on Iran's security, but of the developments in the Middle East and Gulf region, most notably news of the British removal of its military forces east of Suez by 1971. In the words of Theodore L. Eliot, Jr. who led the Iran desk at the State Department, the British announcement of its departure from the Gulf forced Washington into a position in which it had to decide 'whether we should put so many chips in the Iranian basket when we have so many indications of Iranian irresponsibility'.⁸³ A 6 June State Department memo anticipated that tangible progress on Iranian defense needs would be the 'major topic' of the Shah's visit, separating it clearly from 1967 when the Shah had settled for broad sentiments of goodwill. The memo also noted that Moscow had once again placed a comprehensive deal on the table in late spring 1968 offering the Shah a plethora of advanced equipment, and that the Shah had twinned his Washington visit with plans for a subsequent visit to Moscow.⁸⁴ This raised the spectre, once again, that the Shah may accept the Soviet arms offer if his progress in Washington was less than satisfactory. The

⁸² Letter from the Shah to Johnson. Tehran, 15 November 1967. FRUS 1964-68, Vol. XXII, Iran.

⁸³ Letter from Theodore L. Eliot, Jr. to Armin Meyer. 15 March 1968. DOSCF. Bureau of Near Eastern and South Asian Affairs, Office of the Iran Affairs. Records Relating to Iran 1965-1975. Box 4. Folder: POL (General).

⁸⁴ Memo from Thomas L. Hughes to Rusk, 6 June 1968. DNSA: IR00670

experience of 1966 had clearly demonstrated to the Shah the power of brinkmanship, and his actions here were an unabashed showing of further use of the tactic.

A State Department background paper delivered on 8 June in preparation for the Shah's visit explored the developing relations between Iran and the Soviet Union, noting that the Shah was courting his northern neighbour in a careful way, only 'appearing' to move closer with no intention of replacing his American alliance.⁸⁵ On the other hand, whilst not doubting the bottom line pro-American orientation of Iran, the CIA once again expressed deep concerns upon learning that the Shah had been entertaining possible Soviet oil concessions in the South and West of Iran.⁸⁶

An Interdepartmental Regional Group (IRG) comprising of representatives from each of the following agencies: AID, JCS, CIA, NSC, Bureau of the Budget, Department of Defense, State Department, Arms Control and Disarmament Agency, and the United States Information Agency was tasked with discussing future arms policy options with Iran, meeting twice on 21 March and 3 April. It was concluded that the military relationship was 'vital', and anticipated that the response to the Shah's forthcoming round of military requests would shape relations with Iran for years to come.⁸⁷ The CIA delegation focused on the Shah's worries over recent advanced Soviet arms deals with several radical Arab

⁸⁵ Background Paper, Iran's Relations With Communist Countries. 8 June 1968. DNSA: IR00686

⁸⁶ CIA Intelligence Memorandum, 'The Shah of Iran and His Policies', 5 June 1967. DNSA: IR00623

⁸⁷ Record of Meetings of the Interdepartmental Regional Group for Near East and South Asia. Washington, 5 April 1968. FRUS 1964-68, Vol. XXII: 277.

nations, and increased Soviet naval activity in the Mediterranean. The JCS delegation agreed, drawing attention to the need for a more significant air force to ensure Iranian defense, more from its Arab neighbours than the Soviets – thereby concurring for the first time with the Shah’s frequent assessments of the threat of Arab nationalism. The group made a provisional recommendation that a \$100 million credit line should be offered for the existing year and put into place immediately, with provision for identical additional five yearly credit agreements, totalling \$600 million over a six year period. This recommendation was within range of the Shah’s own estimates of his defense needs, which he had earlier placed at approximately \$800 million over five years. It was hoped that an agreement could be solidified in Washington before the Shah’s visit.⁸⁸

The major opposition to the provisional conclusion of the IRG (other than the steady concerns of AID) was made by the Bureau of the Budget, which drew attention to the fact that the general climate for credit sales was unfavourable, chiefly due to Congress, and cautioned against entering into such a high level commitment with Iran.⁸⁹ This prompted a pointed disagreement with the State Department’s Iran Desk officer, Theodore L. Eliot, Jr, who responded that ‘we have already blurred our future intentions as much as we can without risk of

⁸⁸ Record of Meetings of the Interdepartmental Regional Group for Near East and South Asia. Washington, 5 April 1968. FRUS 1964-68, Vol. XXII: 277.

⁸⁹ Memo from James W. Clark to Lucius D. Battle. 9 April 1968. DOSCF. Bureau of Near Eastern and South Asian Affairs, Office of the Iran Affairs. Records Relating to Iran 1965-1975. Box 4 DEF 19-16-1 Annual Review 1968.

serious damage to our relations with Iran'.⁹⁰ Ending the uncertainty, Dean Rusk, with the majority support of the various government agencies concerned, set out a plan for a new credit line of between \$75 million and \$100 million for the current year, but cautioned against establishing a cast-iron long term five year deal in line with the recommendation of the Bureau of the Budget.⁹¹ Concluding the review process, the State Department recommended that the visit should convince the Shah that 'our present and future administrations will wish to maintain our intimate relationship with Iran', and stress that 'military cooperation with Iran is fundamental to our overall relationship'.⁹² Thus, Washington was putting its cards on the table – offering with sincerity the best deal possible - and signalling that the Shah could look to America for its needs and once and for all end its flirtation with its northern neighbour.

Johnson concurred that Rusk's proposal was sound, and that only the limited one year \$100 million deal would be offered upon arrival of the Shah, due to the difficulty of reaching consensus in Washington for a multi year deal.⁹³ The fact that a \$100 million was on the table at all was helped in part due to the departure of a frequently vocal and powerful critic of increasing arms credit sales, Robert McNamara, who had left his post of Secretary of Defense on 29 February 1968 due to emerging disagreements over the prosecution of the

⁹⁰ Memo from Theodore L. Eliot, Jr. to Messrs Battle and Rockwell. 10 April 1968. DOSCF. Bureau of Near Eastern and South Asian Affairs, Office of the Iran Affairs. Records Relating to Iran 1965-1975. Box 4 DEF 19-16-1 Annual Review 1968.

⁹¹ Memorandum from Secretary of State Rusk to President Johnson. Washington, 19 April 1968. FRUS 1964-68, Vol. XXII: 280.

⁹² Visit of the Shah of Iran, 11-12 June 1968. DNSA: IR00667

⁹³ State Department Comments on the Persian Gulf Defense Study. DOSCF. Bureau of Near Eastern and South Asian Affairs, Office of the Iran Affairs. Records Relating to Iran 1965-1975. Box 4. Folder: DEF 2-1, Threat to Iran.

Vietnam War.⁹⁴ The deal represented a significant American commitment in relative terms, as Iran's \$100 million deal only left \$90 million of credit sales for the rest of the world due to a Congressionally imposed credit ceiling of \$190 million for that fiscal year.⁹⁵

The visit itself was a measured success for the Shah. He gained approval for up to 50 US Air Force technicians to be deployed, for one year, to facilitate on-site training and support with Iran's previously purchased F-4 squadrons, which were beginning to roll off the production line.⁹⁶ Even though this was well below the 200 technicians the Shah originally asked for, placing American technicians in a position of maintaining a foreign fleet was contrary to standard policy,⁹⁷ hence underlining the significance of the gesture. The Shah was also able to secure the promise of a presidential evaluation on his desire to purchase the Northrop 530 aircraft.⁹⁸ This was noteworthy via the fact that the State Department had briefed only weeks earlier on 1 July, that the Shah's enquiry was

⁹⁴ Although his resignation was officially announced as a career change, the documentary record has shown that McNamara either resigned or was asked to tender his resignation by President Johnson over his unfulfilled desire to wind down the war in Vietnam. See David J. Rothkopf, *Running the World* (Public Affairs: New York, 2005), pp. 100-105. Additionally, when pressed on the question in a 2005 interview, McNamara noted: "Even to this day, I don't know whether I quit or was fired", see: http://www.erroldmorris.com/film/fow_transcript.html.

⁹⁵ See remarks from Henry J. Kuss, Deputy Assistant Secretary of Defense; to Mehdi Samil, Governor of the Central Bank of Iran in: Memcon: *Future US Arms Credits to Iran*. 15 December 1967. DOSCF. Bureau of Near Eastern and South Asian Affairs, Office of the Iran Affairs. Records Relating to Iran 1965-1975. Box 1. Chron Memoranda of Conversation; Iran 1967.

⁹⁶ Telegram From the Department of State to the Embassy in Iran. Washington, 26 July 1968. FRUS 1964-68, Vol. XXII: 307.

⁹⁷ State Department Briefing Memorandum (no author noted), 8 July 1968. DOSCF. Bureau of Near Eastern and South Asian Affairs, Office of the Iran Affairs. Records Relating to Iran 1965-1975. Box 4. Folder: DEF 19-1 Shah Follow-Up.

⁹⁸ Telegram From the State Department to Embassy Tehran. Washington, 26 July 1968. FRUS 1964-68, Vol. XXII: 307.

extremely premature owing to the fact that the aircraft was still in the pre-design testing phase and had not yet even been purchased by the U.S. Air Force.⁹⁹

Whilst unable to seal the five-year military credit commitment he coveted, the additional \$100 million dollar line of credit was received warmly. Johnson personally assured the Shah that further annual credit lines of similar amounts would be advocated for from his office, and a series of reviews into the possibility of escalating American assistance to Iran were quickly initiated in the days following the visit via presidential mandate. Finally, the Shah's insistence that a review was necessary of the defence of the Gulf in lieu of the British leaving was swiftly answered and another military survey team was despatched to Iran with the expectation that its report would signal the need for an increase in future credit sales.¹⁰⁰

Despite Johnson's desire to help Iran further, it was deemed unlikely that much more could be done in the administration's remaining time in office, with the best near term option being to assure the Shah that Johnson would impress upon his successor the importance of the developing relationship, and continue to lobby Congress for a more significant arms credit line for Iran.¹⁰¹ This emphasis, easily overlooked, is actually quite significant in that it aligned broadly with Nixon's outlook and established a momentum through the transition period

⁹⁹ Memo From Saunders (NSC) to Rostow. Washington, 1 July 1968. FRUS 1964-68, Vol. XXII: 302.

¹⁰⁰ State Department Memorandum for the Chairman, Joint Chiefs of Staff. 31 July, 1968. DOSCF. Bureau of Near Eastern and South Asian Affairs, Office of the Iran Affairs. Records Relating to Iran 1965-1975. Box 10. Folder: Iran/Persian Gulf 1968.

¹⁰¹ Memorandum from Saunders to Rostow. Washington, 1 July 1968. FRUS 1964-68, Vol. XXII: 302.

between the Johnson and Nixon administrations that would serve as the origins of the next evolution in U.S.-Iran relations.

Conclusion: Back from the Brink

With the positive impression imparted following the 1968 visit to Washington, the Johnson years ended much better for the Shah than they began. The visit rounded off an evolutionary progression that began in 1964 with the first credit agreement, but had its real roots in the summer of 1966 when the Johnson administration decided to end its policy of dithering over the Shah's arms requests and attempt to meet the spirit of his military needs. While the Shah's flirtation with a high level arms deal with the Soviets had been the hinge point that gained proactive American attention in 1966, by 1968 the sustained Soviet offer of arms was more of a sideshow for the Shah. He retained it only as an insurance policy as a result of the success of harnessing the Soviet spectre in winning him high level American attention in 1966. By 1968, the announcement of the departure of the British from the Gulf had moved the evolution in relations one step further. Fears of a Cold War vacuum in an unstable hot spot filled with Soviet leaning nations had added to a gradual pattern of sympathy for the Shah's plight within the State Department, and subsequently in other agencies, and convinced Johnson that the Shah was an ally of significance.

The summer of 1968 was the high point in an otherwise frustrating, and at times highly strained period of history between Iran and America in which diplomacy

had reached frequent low points, and overcome several crises. An evolving, yet fragile momentum was bequeathed to Richard Nixon, who triumphed in the presidential election of November 1968. The fact that Johnson was only able to secure a one-year credit arrangement for 1968, accompanied with only a gentlemanly promise that he would lobby his successor to allow further annual deals, created a sense of inevitability that Nixon would not have long to wait before the Shah was knocking on his door.

Richard Nixon's Revolution in U.S.-Iran Arms Sales Policy

Richard Nixon forged a path through election to both the House of Representatives and the Senate, served two terms as Vice President, and mounted unsuccessful electoral campaigns to become President in 1960, and governor of California in 1962. Thus, he was an established political operator who came into the White House with a clear desire to exert a personal driving influence in most, if not all major policy applications during his Presidency. In the foreign policy sphere, this ranged from opening up China, détente with the Soviet Union, eventually ending (albeit after escalating) the Vietnam War and significant diplomatic progress through enduring problems in the Middle East. Therefore it is certainly within the bounds of reason to claim that, 'the Nixon years are undoubtedly the most pro-active and dynamic of the Cold War

presidencies'.¹ Regarding Iran, this judgement is certainly representative of fact; although the bulk of Nixon's first term would have to pass before this would become apparent.

Nixon's arrival in the White House eventually supplied a proactive and concerted, rather than dithering and piecemeal attitude in Washington towards Iran. It completed the transformation of Iran from a client state into a major partner of America. The Shah now had a President in office that, in Nixon's own words, was both 'stronger than horseradish for him'² and 'anxious to help' Iran.³ As Henry Kissinger put it when describing the Shah,

'He was for us the rarest of leaders, an unconditional ally, and one whose understanding of the world situation enhanced our own.'⁴

In May 1972, Nixon travelled to Tehran and signed a deal with the Shah that allowed the Iranian monarch to purchase any U.S. weapons system he desired, in any quantity, short of nuclear weapons. This so-called *blank cheque* was a highly irregular move. It was a revolutionary change in both general U.S. arms sales policy and in U.S.-Iran relations. It formed the major component of a new U.S. Persian Gulf policy and became a major application of the Nixon doctrine. This chapter explores the detail of how and why this agreement came to pass and carefully accounts for the significant changes it introduced. It also examines the

¹ Asaf Siniver, *Nixon, Kissinger, and U.S. Foreign Policy Making: The Machinery of Crisis* (Cambridge: Cambridge University Press, 2008), p. 41.

² The Nixon Tapes. Oval Office Conversation 475-23, Tape 475c, 8 April 1971.

³ Telcon: Timmons/Kissinger, 7 April 1970. DNSA: KA02539.

⁴ Henry Kissinger, *The White House Years* (London: George Weidenfeld & Nicolson Ltd, 1979) p. 1261.

consequences of the post 1972 policy shift – most notably via formative signs that Congress sought to be a potential spoiler to the new pattern of relations.

While knowledge of the importance of the Tehran arms deal is widely accepted amongst scholars, no study has fully accounted for the detail or broader policy evolution that led to the arms deal. Instead, there is a tendency to acknowledge the importance of the meeting itself yet simultaneously gloss over or oversimplify it.⁵ William Bundy asserts that the Tehran meeting was characterised by Nixon ‘deciding simply’ to make a revolutionary agreement with the Shah.⁶ Hanhimäki alleges the opposite, that it was the Shah who suddenly took the initiative and ‘quickly made the most’ of Nixon’s visit to re-orient the U.S.-Iran relationship.⁷ Douglas Little chronicles the changes in Gulf policy under Nixon - yet only offers a short order explanation of the arms deal by stating that Iran was determined to assume its role as a U.S. proxy ‘sooner rather than later’.⁸ David F. Schmitz takes a similar path, attributing the policy changes towards Iran to the Nixon doctrine. Yet, he treats the 1969-1972 years without distinction, thereby implying that Nixon’s arrival in office and the advancement

⁵ Jussi Hanhimäki, *The Flawed Architect: Henry Kissinger and American Foreign Policy* (Oxford: Oxford University Press, 2004), pp. 181, 305-306. Also see Gholam Reza Afkhami, *The Life and Times of the Shah* (Berkeley: University of California Press, 2009), pp. 301-316. Afkhami makes a comparatively thorough account of general relations between Nixon and the Shah – yet also fails to give any significant detail over the 1972 visit.

⁶ William Bundy, *A Tangled Web: The Making of Foreign Policy in the Nixon Presidency* (New York: Hill and Wang, 1998), pp. 328-330.

⁷ Jussi Hanhimäki, ‘An Elusive Grand Design’, in Fredrik Logevall and Andrew Preston (eds.), *Nixon in the World: American Foreign Relations, 1969-1977* (Oxford, Oxford University Press, 2008), pp. 38-40

⁸ Douglas Little, *American Orientalism*, pp. 137-146.

of his doctrine was *the* change event, rather than other developments.⁹ Finally, various well known studies have dealt attentively to developments between Nixon and the Shah, but lacked access to the archival material that forms the source base of this chapter.¹⁰ Each of these accounts feature distortions and omissions that only a close analysis of U.S.-Iran relations, with arms diplomacy as a prime focus, can remedy.

Setting the Foreign Policy Agenda: 1969-1970

The Shah benefitted from two early developments in the Nixon administration. Firstly, the administration centralised power in the White House. This had the effect of side-lining critics from other governmental organs in Washington, including the Congress, to U.S.-Iran arms policy. This development was also important due to the fact that the Shah had banked on presidential advocacy in the past to secure various upgrades in his military credit. Secondly, the Nixon doctrine served to enhance the regional role of Iran beyond that with which prior administrations had viewed it. The shift in approach set the scene for further military growth in Iran. With these points in mind, it is necessary to briefly examine both developments before focusing on arms issues.

⁹ David F. Schmitz, *The United States and Right-Wing Dictatorships, 1965-1989* (New York: Cambridge University Press, 2006), pp. 80-82.

¹⁰ See James A. Bill, *The Eagle and the Lion*; Richard W. Cottam, *Iran and the United States*; Mark J. Gasiorowski, *U.S. Foreign Policy and the Shah*; and Barry Rubin, *Paved With Good Intentions*.

The White House Takes Control

Since Nixon had been party to the Eisenhower national security system during his tenure as Vice President, he immediately set out to draw upon elements of that system which he liked as a basis for a system of his own. This process was hammered out during the transition period in the winter of 1968, under the guiding hand of Henry Kissinger who would become Nixon's National Security Adviser. Thus, on the very day Nixon took his Presidential oath, three directives were immediately issued officially establishing, and detailing a new national security system, rebuilt 'from the ground up'.¹¹ Nixon's priority was to receive multiple options, not for the bureaucracy to expend all their effort into hammering out one recommendation, or 'papered over compromises negotiated among the agencies at a lower level',¹² as he felt had characterised the Eisenhower system. Thereby the process was a systematic one, something the President was careful to labour the importance of to his administration.¹³

Nixon initiated a system of policy reviews based on a wide range of national security issues deemed worthy of administration review. These National Security Study Memorandums (NSSM) would draw upon relevant agencies and experts before reporting multiple possible policy options to Nixon, who would then

¹¹ Henry Kissinger, *The White House Years*, p. 23.

¹² Draft Paper: *United States Foreign Policy in the 1970s*. 30 December 1969. Nixon Presidential Material, The National Archives II, College Park, Maryland (Hereafter NPM). NSC. Subject files. Box 325. Folder: The President's Annual Review of Foreign Policy, 2/8/70, Volume 1 (2 of 3).

¹³ Via Nixon's handwritten notes on a December 1969 draft of *United States Foreign Policy in the 1970's*. 30 December 1969. NPM. NSC. Subject files. Box 325. Folder: The President's Annual Review of Foreign Policy, 2/8/70, Volume 1 (2 of 3).

review said options and adopt a preferred course of action (if necessary), thus producing a corresponding National Security Decision Memorandum (NSDM), which would become administration policy. By the Spring of 1969, scores of NSSMs on a wide range of issues were underway. One of which – NSSM 66 – was a study into future policy options for the Persian Gulf. Kissinger orchestrated the entire process out of the National Security Adviser's office, which was an early, and entrenched boon to his always-growing influence in the making of foreign policy within the administration. Kissinger personally chaired the bulk of meetings, visibly underlining his personal control over the process, and acted as a gateway to the President as all finished reports were compiled, and delivered to the President via Kissinger.

The NSSM/NSDM process was a hitherto unique addition to policy planning in Washington, chiefly for the reason that it was designed to be reflective and forward thinking – indeed essentially academic in nature owing to Kissinger's scholarly background. Future problems were pre-emptively considered, and often when said problems occurred Kissinger noted that, 'we weren't surprised. We were prepared and had thought our options through in advance'.¹⁴ Whilst it is sometimes asserted that foreign policy was driven by Kissinger, in actuality this is incorrect. Nixon maintained a firm hand over the direction and emphasis of the national security mechanism, and in NSC staffer Winston Lord's words, came to

¹⁴ David J. Rothkopf, *Running the World*. P.118.

the White House with a very clear desire to run foreign policy personally, and to make it the hallmark of his Presidency.¹⁵

The new NSC system anchored control of foreign policy firmly within the White House, which became an enduring characteristic of the Nixon Administration. In doing so it immediately sidelined the traditional dominance of what Nixon dubbed the 'impossible fags'¹⁶ at the State Department. Kissinger's own experience of the State Department during his service there as an advisor in the Eisenhower administration chimed perfectly with Nixon. Therefore, from the start, Kissinger 'wanted to be his own secretary of state',¹⁷ albeit from the corridors of the White House. He set about organizing a robust NSC that could enable him to fulfil that role, something that Arthur Schlesinger dubbed 'a mini-State Department'.¹⁸ The traditional cabinet style system in which department heads debated policy was sidelined in favour of a closed system orchestrated bilaterally by Kissinger and Nixon.¹⁹ News of this system quickly drifted to the press with reports emerging mere days after Nixon's inauguration that tension was high between the White House and the State Department, the Department of Defense and the Senate Foreign Relations Committee.²⁰ Two weeks into Nixon's Presidency, the Economist published an editorial titled *Kissinger versus the State*

¹⁵ David J. Rothkopf, *Running the World*. P.127.

¹⁶ See Richard Reeves, *President Nixon: Alone in the White House* (New York: Touchstone, 2001), p. 181.

¹⁷ Jussi Hanhimaki, *The Flawed Architect*, p. 24.

¹⁸ Arthur M. Schlesinger, Jr. *The Imperial Presidency* (London: Andre Deutch, 1974), p.190.

¹⁹ Nixon's distaste for the cabinet model, and his reasons for minimising it were further clarified in his memoirs. See: Richard Nixon, *RN: The Memoirs of Richard Nixon* (New York: Simon & Schuster, 1978), p. 338.

²⁰ J. Reston, 'Mr. Nixon's First Whiff of Trouble', *The New York Times*, 9 February 1969.

Department,²¹ which inspired open allegations in Congress that Kissinger's position had downgraded the prestige and power of the office of the Secretary of State.²² Of course, this was the outwardly implicit, yet privately explicit intention all along.

The selection of William Rogers, a relative foreign policy novice, to fill the position of Secretary of State was entirely in step with Nixon's centralisation of power. Kissinger documents that from March 1969 it became standard practice to exclude Rogers and other State Department officials from state visits of dignitaries. Rogers was also systematically excluded from major policy discussions, both with foreign leaders and within the administration.²³ In that sense, Kissinger was running foreign policy at the disposal of the President, regularly receiving typed memos from Nixon directing him to get certain things done, started, or scrapped in his capacity as National Security Adviser.²⁴

By January 1971, the State Department had been bypassed in virtually all exercises of high-level foreign policy. Nixon mandated that all cables, including ambassadorial correspondence, be routed through the NSC office, and decreed that Kissinger – not the Secretary of State – would be carrying out diplomacy

²¹ *The Economist*, 6 February 1969.

²² Asaf Siniver, *Nixon, Kissinger, and U.S. Foreign Policy Making*, pp. 46-47.

²³ Henry Kissinger, *White House Years*, pp. 28-32.

²⁴ These memorandums were numerous and usually consisted of a single sided typed note to Kissinger, written from the President himself. Also, see Conrad Black, *Richard M. Nixon: A Life in Full* (New York: Public Affairs, 2007) pp. 775-780.

with foreign governments as a matter of normalcy.²⁵ Demonstrating the extent to which the State Department had been forced a period of dormancy, William Quandt, who joined the NSC in 1972, explained that by the time of his arrival, important memorandums from the State Department to the President were systematically buried under a cover note from Kissinger saying:

“We received the following memo from the State Department – see Tab A, and they recommend so and so; here is what *I* think and here is what *I* recommend,” and Nixon would read the first two pages and wouldn’t even look at the rest of the memo.²⁶

The Nixon Doctrine

Through the 1960s the Shah developed a thesis in which he believed that the Soviets were engaging in ‘wars by proxy’ in Egypt and Iraq in order to gradually encroach upon and disrupt western access to Gulf oil.²⁷ As Vietnam escalated and U.S. operations there became increasingly troubled, the Shah noted that if the entire might of the American military industrial complex could not settle Vietnam, it was not a viable model that could be repeated elsewhere. Of course, this train of thought was designed to promote the Shah’s designs for regional Iranian hegemony. Yet, the Shah’s thesis was uncannily perceptive, reminiscent of his forewarning of the imminent departure of the British east of Suez some three years before it was announced. Armin Meyer later reflected that ‘one Tehran visitor upon whom the Shah’s rationale made an historic impact was

²⁵ *White House – State Relationships*. 20 January 1971. NPM. Special Files. John D. Ehrlichman. Box 19. Folder: Foreign Policy. 1970 [1 of 2].

²⁶ Asaf Siniver, *Nixon, Kissinger, and U.S. Foreign Policy Making*, p. 48. (Emphasis in the original)

²⁷ Armin Meyer, *Quiet Diplomacy*, p.139.

former vice president Richard Nixon²⁸ who visited the Shah in 1967. Meyer's point is well taken, considering the broad focus with which Nixon would reorient American foreign policy via the Nixon doctrine. With Nixon's personal relationship with the Shah going back to 1953, added to his broad political views, it would seem the time had finally come when U.S. and Iranian perceptions over Iran's security role could begin to coalesce.

The Nixon doctrine took shape throughout various speeches and statements in mid-late 1969 before becoming solidified in the publication of a landmark review of American Foreign Policy in February 1970. Nixon personally interjected in the drafting process noting that he had been campaigning for twenty years for foreign policy primacy over domestic issues, and that it must be communicated that his doctrine was firmly in that vein, despite appearances to the contrary.²⁹ South East Asia was the catalyst for the rethink as years of escalating involvement in Vietnam without tangible results had viscerally demonstrated the weakness of military intervention, and Nixon wished to address the question of what America's role would be in the region after Vietnam.

Kissinger noted in July 1969 that it was perhaps no longer within the purview of Washington to determine the future of South East Asia, but rather it was desirable that the friendly nations of the region acted dynamically and creatively

²⁸ Armin Meyer, *Quiet Diplomacy*, p.140.

²⁹ Memo from Nixon to Kissinger, 10 February 1970. NPM. NSC. Subject Files, Box 35. Folder: The President's Annual Review of U.S. Foreign Policy Vol. 1.

to develop and maintain an amenable regional structure.³⁰ Via Kissinger's account, Nixon spontaneously took forward this line of thinking in a public meeting with the press in Guam stating that America, 'must avoid the kind of policy that will make countries in Asia so dependent on us that we are dragged into conflicts'.³¹ Dallek disagrees, noting that Nixon went into the Guam press conference with a privately preconceived and generally complete plan to seize upon global euphoria in the wake of the recent successful moon landing and redirect it towards foreign policy.³² Whichever view is correct, the Nixon doctrine soon transitioned to be a global statement of intent for the administration, supplanting the Asia centric *Guam doctrine* as the press, much to the chagrin of Nixon, originally dubbed it.

In a memorandum to Kissinger in February 1970, as various drafts of the imminent foreign policy review were discussed, Nixon noted that,

The Nixon doctrine rather than being a device to get rid of America's world role is one which is devised to make it possible for us to play a role – and play it better, more effectively than if we continued the policy of the past in which we assume such a dominant position.³³

The change in focus was a watershed for the Shah. The new doctrine was deliberately selective, focusing the bulk of American attention on major areas of immediate importance such as South East Asia and Israel. This worked together with the follow-up logic that to remedy such selectivity, promising and capable

³⁰ Henry Kissinger, *The White House Years*, p.223.

³¹ Henry Kissinger, *The White House Years*, p.224.

³² Robert Dallek, *Nixon and Kissinger: Partners in Power* (London: Penguin, 2007), pp. 142-143

³³ Memo from Nixon to Kissinger, 10 February 2010. NPM. NSC. Subject Files, Box 35. Folder: The President's Annual Review of U.S. Foreign Policy Vol. 1.

allies would be urged to make the leap towards self-sufficiency and military credit partnerships rather than relying on basic military aid and a guarantee of direct American protection. In that sense, the expectation at the State Department that the new foreign policy doctrine would lead to arms limitation in the Middle East was quickly muted.³⁴ Instead, the Shah finally found fertile ground, together with a clear political will in Washington, for the grand designs he had harboured for over a decade. Underlining the extent to which the Nixon doctrine chimed with the Shah's outlook, the final draft of the foreign policy review that was published on 18 February 1970 stated:

America cannot - and will not - conceive all the plans, design all the programs, execute all the decisions and undertake all the defense of the free nations of the world.³⁵

Developing a Post-British Framework for the Gulf

A paper was compiled four days after Nixon's inauguration by the NSC analysing the Middle Eastern situation and possible policy packages. At this point thinking towards the region was heavily dominated by reflection on Arab-Israeli hostility, which had festered since the Six Day War. The paper was speculative rather than decisive. It pointed towards three essential emphases; to protect Israel, contain any further Soviet influence in the region - which was judged to be far from its

³⁴ Memo from William Rogers to Nixon: *Suggestions on a Basic Approach for your Review of American Foreign Policy*, 24 December 1969. NPM. NSC. Subject Files, Box 35. Folder: The President's Annual Review of U.S. Foreign Policy Vol. 1.

³⁵ 'United States Foreign Policy for the 1970s: A New Strategy for Peace. A Report by President Richard Nixon to the Congress', 18 February 1970. p.5. (Emphases from the original document).

potential peak - and finally to prevent any nuclear proliferation in the area.³⁶ To replace speculation with policy, NSSM 66 was set into motion on 12 July 1969. The study, titled *Policy Toward the Persian Gulf*, was intended to form the basis of the answer the Nixon administration would have to the final withdrawal of the British military presence from the Gulf.³⁷

The NSSM 66 study group did not actually deliver its report until over one year later on 30 July 1970. The long delay was originally cited as merely unexplained.³⁸ Some years later Kissinger cleared up the question of the delay noting that Cold War concerns about Soviet expansionism were more pressing in the administration's early years than was developing a truly regional focus on the Gulf that incorporated the region's complexities - which Kissinger and his staff did not yet understand.³⁹ Without the driving momentum of Kissinger and his NSC team, the study memorandum lingered on the back burner. It also remained explicit that the British withdrawal would not take effect until the end of 1971, so there was no urgency to rush to a conclusion.

It fell to the State Department to labour over a new policy for the Gulf. NSSM 66 was an opportunity for the department's Near Eastern Affairs Bureau, led by Assistant Secretary of State, Joseph Sisco, to focus administration attention on

³⁶ 'Basic US Interests in the Middle East', 24 January 1969. DNSA: PR00387.

³⁷ Kissinger to Secretaries of State, Defense, Treasury, and the Director of Central Intelligence, 'Policy Toward the Persian Gulf', NPM. NSC Subject files. Box 327. Folder: The President's Annual Review of U.S. Foreign Policy 1971 (Agency Submissions).

³⁸ IG/NEA submitted response to NSSM 66, 30 July 1970. NPM. NSDM Working File 2. NPM. NSC Institutional 'H' Files. Records of the Staff Secretary (1969-1974). Box H-289. Folder: NSDM 92.

³⁹ See W. Taylor Fain, *American Ascendance and British Retreat*, p.182-183.

the Gulf.⁴⁰ Sisco, like all of his predecessors, had been on the receiving end of a steady stream of reports from the U.S. Embassy in Tehran going back to the 1950s detailing the Shah's increasing malaise over a lack of action on his arms requests in Washington. Although Sisco did not share the Shah's conviction that the Arab side of the Gulf would fall due to Soviet stoked Arab nationalism - leaving Iran dangerously exposed - he did understand the necessity of bringing the Shah yet closer into the American orbit.

Three policy options were eliminated at the outset in NSSM 66. The first of those - convincing Britain to reverse its decision to withdraw 'east of Suez' - was abandoned. Two reasons were cited for this: Firstly that Britain had proved unwilling to change course, and secondly that 'Iran has made clear it wants no foreign military presence in Gulf'. The second dismissed option - a dual 'hands off' policy to be agreed with the Soviet Union - was rejected due to fears it would 'dismay' moderate regimes. Finally, the idea that America could 'stand back' and let events take their course was also dismissed as it would encourage domestic radicalisation, and more importantly would hinder Saudi Arabia and Iran from playing the active role necessary, since they would be without the American support needed to assert themselves.⁴¹ The fact that Iran is directly mentioned in two out of these three options as reasons why they are unworkable, signifies the prominence of consideration of the Iranian position in the minds of the study

⁴⁰ See W. Taylor Fain, *American Ascendance and British Retreat*, p.183-184; and Sisco to MacArthur. February 19 1970. NPM. NSC Files, Country Files - Middle East. Box 601. Folder: Iran Vol 1. Jan 69-May 70 (3 of 3).

⁴¹ IG/NEA submitted response to NSSM 66, 30 July 1970. NPM. NSDM working File 2. NPM. NSC Institutional 'H' Files. Records of the Staff Secretary (1969-1974). Box H-289. Folder: NSDM 92.

group, and raises the possibility that a clear focus on Iran was a *de facto* operating principle within the study.

With the former three options dismissed, the study group outlined six remaining options, which finally gained the attention of Kissinger:

- 1) Assume the British role
- 2) Back a 'chosen instrument' (either Iran or Saudi Arabia)
- 3) Foster Saudi-Iranian cooperation
- 4) Develop significant bilateral relationships with Gulf Sheikdoms
- 5) Continue indirect bilateral relationships
- 6) Sponsor a regional security pact.

As the options were discussed, Kissinger stressed that assuming the British role was out of the question considering the Nixon doctrine. Christopher Van Hollen, Sisco's deputy, agreed.⁴² Van Hollen stressed that the third option, Saudi-Iranian cooperation, and eventually a concurrent adoption of the fourth option, a network of bilateral relations, was the preference of the State Department. The Joint Chiefs of Staff concurred.⁴³ By October 1970, the six options had been downsized to three due to a broad interdepartmental consensus forming around marrying the middle three options; backing Iran as a chosen instrument,

⁴² Minutes of Review Group Meeting. 5 June 1970. NPM. NSDM working File 2. NPM. NSC Institutional 'H' Files. Records of the Staff Secretary (1969-1974). Box H-289. Folder: NSDM 92.

⁴³ Minutes of Review Group Meeting. 5 June 1970. NPM. NSDM working File 2. NPM. NSC Institutional 'H' Files. Records of the Staff Secretary (1969-1974). Box H-289. Folder: NSDM 92.

promoting Saudi-Iranian cooperation, and forming bilateral relations with the lower Gulf States.⁴⁴

Concurrently, The CIA, delivered a National Intelligence Estimate on Iran in September 1970, which spoke highly of Iran's political stability and rapid economic growth. This formed a chorus with steady State Department reports indicating the same.⁴⁵ The report advised that Iran had fairly good relationships with all of its neighbours, excepting Iraq, and that although Saudi Arabia and Kuwait tended to regard Iran as arrogant and condescending, both were broadly acquiescent to its regional ascendancy. The report advised that the U.S. was playing a dangerous game by restricting the Shah from the military equipment he requested. This would only drive Iran to the Soviet sphere and render the Shah unreceptive to future American advice.⁴⁶ The CIA had offered a consistent assessment to this end going back to 1966 following the Shah's high stakes brinkmanship with the Johnson administration over arms denial.

Nixon finally determined in early November 1970 via NSDM 92 that a general strategy of promoting cooperation between Saudi Arabia and Iran was a 'desirable basis for maintaining stability' in the Gulf whilst at the same time,

⁴⁴ Saunders to Kissinger, 19 October 1970. NPM. NSC Institutional 'H' Files. Records of the Staff Secretary (1969-1974). Box H-289. Folder: NSDM 92.

⁴⁵ The State Department produced a semi-annual assessment of the political situation in Iran, for one such example see DNSA: IR00724

⁴⁶ 'Iran's International Position', *National Intelligence Estimate*, Number 34-70. 3 September 1970. DNSA IR00738

recognising 'the preponderance of Iranian power'.⁴⁷ Harking back to the 30 July study memorandum that outlined the six options on the table, the logic for incorporating Saudi Arabia becomes clear. That study clearly addressed Iran as the most powerful state in the region, possessing a capable and willing military force, whilst at the same time rejecting as 'unworkable in practice' any exclusive special relationship with Saudi Arabia. This was chiefly due to the 'paramount military position' of Iran, and the folly of not somehow harnessing Iran's position for American interests. Conversely, backing Iran alone as a solitary 'chosen instrument' would prove a 'final straw' for Saudi King Faisal, who was already experiencing extreme discomfort domestically over American support for Israel.⁴⁸ Thus, the U.S. risked losing Saudi Arabia from its sphere of influence if it felt that it was being ignored in lieu of its Persian neighbour.

Including Saudi Arabia in the NSDM 92 policy package was therefore, from the outset, more about finding a workable way to facilitate the close relationship with Iran that the White House (and the Shah) desired, than it was the formation of a genuinely balanced two pillars/twin pillars policy regarding the two nations. In the words of Harold Saunders, a senior staffer at the NSC, Saudi Arabia 'would be the weak link in (the) chain'.⁴⁹ Recent scholarship generally concurs that the

⁴⁷ NSDM 92, 7 November 1970. NSDM working File 2. NPM. NSC Institutional 'H' Files. Records of the Staff Secretary (1969-1974). Box H-289. Folder: NSDM 92.

⁴⁸ IG/NEA submitted response to NSSM 66, 30 July 1970. NPM. NSDM working File 2. NPM. NSC Institutional 'H' Files. Records of the Staff Secretary (1969-1974). Box H-289. Folder: NSDM 92.

⁴⁹ Saunders to Kissinger, 19 October 1970. NPM. NSC Institutional 'H' Files. Records of the Staff Secretary (1969-1974). Box H-289. Folder: NSDM 92.

ensuing pattern of relations validated Saunders' assertion.⁵⁰ There were no immediate plans for Saudi Arabia to fulfil a regional security role, and it would not be until the Carter administration that the Saudi's would receive notable upgrades to their qualitatively and quantitatively meagre military. For Nixon, there was 'no reason'⁵¹ to back Iran, and not also use American influence to encourage Saudi-Iranian cooperation, amounting to a potential win-win scenario for American interests.

Arms: Continuity, Not Change

Arms sales under the Nixon administration were initially framed by the verbal and non-binding promise given to the Shah by President Johnson in 1968 for a \$100 million credit line per annum from 1969-1973. This came on top of the existing \$50 million per annum that had been agreed in 1966, and the leftovers of the first credit deal which had been agreed in 1964. The 1964 and 1966 credit deals both expired in 1969, leaving the Shah a \$100 million annual credit from 1970 onwards – equal to where he was in 1967. In that sense, the \$100 million credit deal Johnson gave Iran in 1968 was a top-up credit to allow the Shah to accelerate his military upgrade programme in the light of regional developments.

⁵⁰ See, Kourosh Ahmadi, *Islands and International Politics in the Persian Gulf: Abu Musa and the Tunbs in Strategic Perspective* (London: Routledge, 2008), pp. 81-83; and Arshin Adib-Moghaddam, *The International Politics of the Persian Gulf: A Cultural Genealogy* (Oxford: Routledge, 2006) pp. 11-21.

⁵¹ Saunders to Kissinger, 19 October 1970. NPM. NSC Institutional 'H' Files. Records of the Staff Secretary (1969-1974). Box H-289. Folder: NSDM 92.

Yet, from 1969 onwards, there was no existing contractual credit agreement with Iran beyond Johnson's verbal promise.

Congress approved a total budget of \$296 million for credit sales in 1969, of which the Shah expected his agreed \$50 million+ from prior deals,⁵² and a second \$100 million top-up in line with the five year plan Johnson had indicated in 1968. The total \$150 million+ provision for Iran was therefore over half of the *entire* allowance set by Congress for global arms credit sales. Despite the significant credit quota that Iran was potentially set to receive, it became clear that the Shah wanted much more.

In preparation of a visit to Washington by the Shah in October 1969, a State Department briefing paper revisited the state of affairs regarding the military relationship with Iran. The paper clearly set out and contextualised the on-going importance of the arms relationship, before revisiting the increasing Congressional restrictions on credit sales, a problem exacerbated by the Shah's ever changing demands for equipment, making sales packages effectively come apart almost as soon as they were agreed as the Shah became aware of either a new threat or a new piece of equipment that he coveted. Additionally, the Shah had by now made a reliable habit of attempting to move certain items scheduled

⁵² It is unclear whether the Shah had spent the full \$200 million that was set out between 1965-1969 by this point. Hence, the maximum figure he had available *could* have been \$200 million for 1969 (\$100m from 1968 deal + \$50m from 1966 deal + \$50m from 1964 deal). However, due to the highly flexible and conditional nature of the 1964 and 1966 deals and the pattern of arms sales through 1966-1968, I have elected to be conservative and use a \$150 million figure as a realistic guesstimate for the total Iranian spend on U.S. credit for 1969. It was certainly not less than \$150 million.

for later years forward, thus inflating that year's provision beyond both Iran's set quota and the strict annual Congressional limits. The paper concluded that should a future course of action be taken that facilitated the spirit of accommodating the Shah, it would need to be done via direct Presidential insistence and perseverance. Experience had shown that this usually resulted in some way or other being found to achieve the seemingly impossible.⁵³

Prior to leaving for Washington, the Shah notified the new U.S. Ambassador to Iran, Douglas MacArthur, who had taken his post in October 1969, that he would be informing Nixon of the necessity of significantly building up the Iranian Air Force. The reason was to check Iraqi aggression and promote the 'same basic objectives' that Iran and America shared in the Gulf.⁵⁴ After meeting with Nixon, an assurance that the President would look into deploying more technicians to aid with Iran's air force was the most significant result the Shah could secure. Yet, it was one of some significance, albeit short of the Shah's expectations of departing Washington with guarantees of new high-level hardware. The U.S. was itself short of skilled Air Force technicians, and had been resorting to hiring more expensive civilian contractors to fill those positions and consequently had 'steered away' from the subject when it had been raised by the Shah at various points during 1966-1968.⁵⁵ Hence, gesturing towards sending approximately twenty of an already short stock of personnel to Iran was a bold move by Nixon,

⁵³ 'The Military Problem'. Interdepartmental Briefing Paper. 8 September 1969. DNSA: IR00725.

⁵⁴ Telegram from Embassy Tehran to the State Department. 13 October 1969. NPM. NSC Files, Country Files – Middle East. Box 601. Folder: Iran Vol 1. Jan 69 – May 70 (3 of 3).

⁵⁵ Ibid.

due to the negative feedback diverting such vital personnel would generate in Washington.⁵⁶

Upon returning to Tehran, the Shah continued to express his frustration at the lack of tangible developments in securing additional Air Force upgrades to MacArthur. The Shah noted to MacArthur that the time had finally come when the U.S. should recognise that *Iran* must determine what its own defence requirements were.⁵⁷ Therefore, despite the fanfare and expectation that Nixon's election had generated in Tehran in late 1968, the Shah found himself in exactly the same position in late 1969 as he had been one year earlier.

A joint study group was commissioned in May 1970 to assess Iran's long-term military purchase plans after news broke of an Iranian window-shopping spree which included enquiries on squadrons of French and Soviet fighter jets.⁵⁸ The matter crossed the President's desk via a memorandum from Kissinger who stated,

There seems little reason not to give the Shah whatever he wants... 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.⁵⁹

Kissinger's note was cognisant of the reality that when accounting for purchases the Shah was seeking, the total expenditure would amount to almost one billion

⁵⁶ Telecon: Henry Kissinger and Melvin Laird, October 23, 1969. DNSA: KA01427.

⁵⁷ Telegram from Embassy Tehran to the Secretary of State. 27 November 1969. FRUS, 1969-1976 Volume E-4, Documents on Iran and Iraq, 1969-1972, Document 42.

⁵⁸ Telegram from MacArthur to Sisco. 7 April 1970. NPM. NSC Files, Country Files – Middle East. Box 601. Folder: Iran Vol 1. Jan 69-May 70 (2 of 3).

⁵⁹ Kissinger to Nixon. 16 April 1970. NPM. NSC Files, Country Files – Middle East. Box 601. Folder: Iran Vol 1. Jan 69-May 70 (1 of 3).

U.S. dollars, double the existing roadmap that Johnson had loosely left in place with the Shah of five annual tranches of \$100 million each. That existing agreement with Iran already consumed 40% of all U.S. annual arms credit sales, making Iran America's largest arms customer by 1969.

The *raison d'être* of the aforementioned study group was, in MacArthur's words, to gently introduce a dose of realism to the Shah's appetites.⁶⁰ Whilst Kissinger was displaying a tendency that would come to characterise his time in office as a strong pro-Shah figure, the forces of restraint in arming Iran that dominated thinking in the 1960s were still present. As the joint study group went about its task in Tehran, the State Department's Bureau of Intelligence and Research reported separately that: 'There is no immediate military threat to Iran that would justify new inputs of military equipment'; and concluded that,

Iran should be able to maintain its security and to meet any plausible military threat after the 1971 British withdrawal from the Gulf, even at the currently projected levels of armaments based on already existing US arms commitments.⁶¹

The entire effort of setting up a joint task force was, therefore, a premeditated drive to expose the Shah to the full implications of his plans, and inspire the monarch to calm his military appetite via his own initiative. This would negate any need for direct American pressure to the same effect - which he would instinctively spurn. The fact that MacArthur, a consistent advocate of the Shah's

⁶⁰ See telegrams from Douglas MacArthur to William Rogers. 16 March 1970 (section one and two); and May 12, 1970. NPM. NSC Files, Country Files - Middle East. Box 601. Folder: Iran Vol 1. Jan 69-May 70 (2 of 3); and, telegram from Douglas MacArthur to William Rogers. 27 June 1970. NPM. NSC Files, Country Files - Middle East. Box 601. Folder: Iran Vol 2. June 1970-Dec 1970 (2 of 2).

⁶¹ 'The External Threat to Iran'. 9 June 1970. DNSA: IR00734.

military needs and whom was cognisant that relations with Iran were reaching 'some kind of crisis',⁶² was supportive of the approach was testament to broad administration agreement, to which Nixon personally concurred.⁶³ That agreement was that the Shah had to be restrained, rather than encouraged from upscaled credit sales outside the existing framework. Simply, there would be no paradigm change in military sales to Iran and the pattern observed through the Johnson years remained essentially intact at this point.

As the Shah totalled up his latest shopping list – unphased by any resistance – intense inter-departmental wrangling in Washington marred and delayed approval for the purchase of two squadrons of F-4E fighter jets in the autumn of 1970, which came on top of two squadrons already purchased by Iran in 1969. Nixon had given what the Shah regarded to be a firm commitment to the sale, which caused an additional headache among the bureaucracy. With the general climate being one of restriction through 1970, the Shah had taken to petitioning the President himself, as he had done to some success with Johnson in previous years. What the Shah did not know was that the Secretary of Defence, Melvyn Laird, had commissioned the CIA to produce a special National Intelligence Estimate to garner an up to date assessment of Iranian security needs, independent of the Shah's own impressions. The study concluded that Iran did not need the additional squadrons and was being prematurely pressured into the

⁶² Telegram from Douglas MacArthur to Joseph J. Sisco. 1 April 1970. NPM. NSC Files, Country Files – Middle East. Box 601. Folder: Iran Vol 1. Jan 69-May 70 (1 of 3).

⁶³ See letter from Richard Nixon to the Shah, delivered via telegram from William Rogers to Embassy Tehran. 30 July 1970. NPM. NSC Files, Country Files – Middle East. Box 601. Folder: Iran Vol 2. June 1970-Dec 1970 (2 of 2).

sale by the manufacturer, McDonnell-Douglas. The State Department, which was consistently more accommodating to the Shah than any other organ of government in Washington, cautiously supported the sale – noting that *some* arrangement could be ironed out to allow it. Nixon’s personal insistence that the sale continued, together with a reprimand towards McDonnell-Douglas, quelled Laird’s objections and ended the inter-departmental impasse.⁶⁴

For Iran, arms purchases required money that could *only* come from oil. The 1970 Iranian military budget of \$784 million, alone, absorbed over 80% of the entire national oil income for that year – a pattern that was typical of later years.⁶⁵ As the F-4E sale was deliberated in Washington, the Shah had been busy renegotiating his oil income to allow for upscaled future arms purchases. The Shah had been frequently pestering the consortium of oil companies present in Iran to both increase production, and increase the levies paid to Iran per barrel of oil extracted. Peter M. Flanigan, Assistant to the President for International Economic Affairs, noted that despite the Shah’s apparent satisfaction with a December 1970 oil settlement which raised production and revenues,

...we will be hearing again from the government requesting that we urge the consortium to provide additional funds.⁶⁶

⁶⁴ See, Helms to Kissinger, 18 August 1970; Memorandum for General Haig from Samuel M. Hoskinson, 28 December 1970; and Memorandums from Harold H. Saunders to Henry Kissinger, 6 November 1970; 4 November 1970; 20 November 1970; and 15 December 1970. NPM. NSC Country Files – Middle East. Box 601. Folder: Iran Vol 2, June 1970-Dec1970 (1 of 2).

⁶⁵ Iran Fact Sheet. 7 October 1970. DOSCF POL 1 Iran. Box 9.

⁶⁶ Flanigan to Nixon. 1 December 1970. NPM. NSC Country Files – Middle East. Box 601. Folder: Iran Vol 2, June 1970-Dec 1970 (1 of 2).

Flanigan's point was borne out of awareness that the Shah had become unswervable in his perception of a dramatically upscaled military as a matter of national security. This could only be realised by either the quantity of oil extracted annually increasing, market price increasing, the Iranian share of profits from extracted oil increasing, or a combination of all three.

In its first two years, the administration had 'adopted a low profile' on credit sales, following an approach of merely seeing through previously agreed credit agreements rather than adopting new ones, not wishing to challenge Congressional resistance on this issue.⁶⁷ A course correction was effected on 21 April 1971 as Nixon sent two bills simultaneously to the Congress; the International Development and Humanitarian Assistance Act, and the International Security Assistance Act, of which the latter dealt with reforming both Foreign Military Sales (FMS) and Military Assistance Programs (MAP). Nixon pre-empted the delivery of these bills with a Presidential Directive on 25 March, which placed control of all credit sales and foreign aid with the Secretaries of State and Defence, acting under the direction of the President. Reviewing these developments, a joint policy memorandum from the departments of Defence and State noted that,

Where grant aid recipients demonstrate a capacity to meet defense requirements out of their own resources, they will be directed, step by step, to turn to credit programs and other channels to purchase military end-items.⁶⁸

⁶⁷ Laird to Nixon, 9 April 1971. DOSCF DEF 19 Iran. Box 5.

⁶⁸ 'Joint State-Defense Policy Memorandum on Military Assistance and Arms Transfers', 12 May 1971. DOSCF DEF 19 Iran. Box 5.

To this point, Congress had exercised tight oversight over annual credit sales and military aid, a role that had no place in Nixon's plans. The Senate quickly moved to form a Select Committee on National Security Policy as part of a concerted effort to check the increasing power of the Executive. Hence, Nixon had a battle on his hands, of which MAP was the primary focus. MAP directed taxpayer money to external countries, money that was in demand for domestic programmes. MAP spending had been a long standing bugbear for the Congress, which had duly exercised its power by reducing the 1969 and 1970 administration requests by 39.7% and 33.1% respectively. Prior to Nixon's moves in March and April of 1971 to focus military spending decisions squarely upon the Executive, Congress had agreed a comparably equitable 11.8% reduction in the administration's 1971 MAP request, appreciating the administration's fiscally conservative request, which at \$2.2 billion was 18.5% lower than the previous year. Yet, reaction to Nixon's attempt to remove Congress from oversight of military spending led to Congress chopping 26.5% off the proposed 1972 budget for MAP, signalling the clear intent, and ability, of Capitol Hill to remain involved.⁶⁹ Fortunately for Nixon (and something that would prove significant in time regarding Iran), comparably less scrutiny was directed toward the revised structure for credit sales, which opened up a comparative degree of manoeuvrability for the Executive.

⁶⁹ Edward A. Kolodziej, 'Congress and Foreign Policy: The Nixon Years', *Proceedings of the Academy of Political Science*, 32: 1 (1975) p. 175.

The U.S. Ambassador to Iran, Douglas MacArthur, drew attention to the Shah's continued press for a full U.S.-Iran arms policy review as he visited Washington to brief a multiple agency group on 8 April 1971. MacArthur recommended that the administration should cede to more of the Shah's requests for arms, but importantly without going so far as to give him a 'blank check'.⁷⁰ MacArthur's attention was primarily focused upon facilitating the Shah's wish to acquire C-130 tanker aircraft, and to replace the bulk of Iran's over 100 F-5A and F-5B fighter aircraft fleet which it had received the majority of during the 1960s as part of its military aid programme, with newer F-5Es. This would involve considerable expense, chiefly due to the volume of the sale. The proposals had been rebounding through various agencies in Washington since early 1970, and continued to garner indecision into the final months of 1971.⁷¹

The difficult process of upgrading the Shah's Air Force was exacerbated further by indecision on the part of the Shah who remained uncommitted to a specific model, moonlighting between various alternatives, including the prohibitively expensive and state of the art F-15 which was still in development, and if chosen would be an upgrade of several orders of magnitude technologically. Iranian Embassy Secretary, John H. Rouse Jr. sent a series of letters to Robert L. Dowell at the Iran Desk in the State Department requesting guidance on the F-15 to facilitate further discussion with the Shah. Replying, Dowell stressed that just two F-15 squadrons totaling 30 craft, less than a third of the fleet the Shah was

⁷⁰ Memcon, 'Political-Military Affairs/Iran'. 8 April 1971. DOSCF POL Iran. Box 2377.

⁷¹ Rouse to Dowell, 17 November 1971. DOSCF DEF 12-5. Box 5.

looking to replace, would cost approximately \$600 million. Dowell sarcastically added a footnote to his reply, apologising for the high price and confirming that the amount was in Dollars, *not* Rials. The Shah did not share the joke when informed of the price, reacting furiously that America had priced itself out of the market. Understandably, at this point Washington was reticent to encourage the Shah to move beyond the F-5E. Finance issues aside, the F-15 was a generational upgrade in military power that could spark an arms race in the Soviet aligned nations of the region. Additionally, the advanced nature of the craft was beyond Iranian capability to operate and/or absorb. Under Air Force instruction the Tehran Embassy was issued with guidance to discourage any further Iranian enquiries into the F-15.⁷²

The fact that the Shah had in good faith enquired about a craft as advanced as the F-15 was a clear sign of a revolution in his appetite for technology, rather than an evolution. In hindsight, it was also the point at which the Nixon administration began to realize that a similar revolution was necessary in Washington. Failing such a change, American influence over the Shah would be at best diluted as he entered into a military relationship with a competitor, or at worst lost as he turned to the Soviets for his advanced hardware. With credit sales to Iran still locked into a restrictive yearly ceiling, and the Shah's appetites and requests ballooning, an impasse was fast approaching. To put the situation in perspective, if Iran was to eventually skip the F-5E and opt for the F-15, the existing credit

⁷² See Letters between Rouse and Dowell, 11 May 1971; 1 June 1971; 2 July 1971; and 14 July 1971. DOSCF DEF 12-5 Iran. Box 5.

ceiling would only allow for 6 or 7 aircraft – not even half a squadron. Simply, nothing short of a fundamental change in how Washington dealt with arms sales would allow the Shah to fulfil his military designs, and also fulfil the general role that the Nixon doctrine and NSDM 92 when viewed together identified for Iran.

The Tehran Arms Deal

On the surface, 1971 was a triumphant year for the Shah. He had secured a new oil deal, demonstrated Iranian military strength by occupying the Gulf islands of Abu Musa and Tunbs, and had staged a grand celebration of the 2500th anniversary of the Persian Empire at Persepolis, which was well attended by world leaders, though noticeably absent the American president. The outward sense of achievement meant little to the Shah, absent the crown jewel of a peerless military power and hegemonic role within the Gulf.

The Shah brought matters to a head during a visit by Senator Stewart Symington to Tehran in January 1972. The Senator, who maintained a close interest in arms sales via his role in the Foreign Relations Committee, had requested the visit to assess personally Iran's status as America's largest military credit recipient. Whereas Congress had demonstrated a sustained caution towards military sales in general, there was no particular ill will towards the Shah at this point on Capitol Hill, although that did begin to manifest in the following years. Symington was delivered a lengthy summary of Iran's regional security concerns: Iraq's continuing Soviet sponsored military build up, the increasing importance of Gulf

oil, the 'appalling vulnerability' of Afghanistan and Pakistan - and of course the centrepiece logic that due to the British departure, these problems required upscaled military credit to Iran.⁷³ In a watershed moment, via a misplaced gesture of kinship, Symington noted that he would like to see the Shah in Washington again; to which the Shah 'stonily' replied that he thought it was about time the President visited Iran. MacArthur cabled back a personal warning to the State Department that the Shah, having been snubbed a high level visit on multiple occasions over recent years, was in a deep malaise, consumed with suspicion that America did not regard Iran with much importance.⁷⁴ A Presidential visit to Tehran was swiftly timetabled for late May.

Meanwhile, Iran had diversified its arms portfolio and by 1972 was regularly purchasing almost half of its defence equipment from non-U.S. sources, including a broadening arms relationship with the Soviets.⁷⁵ Hence, the Shah continued to keep his options open, maintaining the pressure on Nixon to deliver good news when he arrived in Tehran. In one such show, he arranged a visit to Britain in late June to follow Nixon's visit, and made it clear to the British that the visit was to be characterised by defence discussions and that he expected demonstrations 'on any British defence equipment in the development phase that might be of

⁷³ MacArthur to Rogers. 5 January 1972. NPM. NSC Country Files - Middle East. Box 602. Folder: Iran Vol 4. Sep 1971 - April 73 (3 of 3). Also see Embassy Tehran to the State Department, 25 February 1972. Foreign Relations of the United States 1969-1976, Documents on Iran-Iraq, 1969-1972 (Hereafter FRUS), Volume E-4, Document 167.

⁷⁴ MacArthur to Sisco and Rogers. 5 January 1972. NPM. NSC Country Files - Middle East. Box 602. Folder: Iran Vol 4. Sep 1971 - April 73 (3 of 3).

⁷⁵ CIA Intelligence Memorandum 'ER IM 72-79', May 1972. FRUS Vol. E-4: 181.

interest to Iran.⁷⁶ The British were eager and ready to facilitate the Shah, interpreting a potential upscale in business as 'very desirable'.⁷⁷ Military relations between the Shah and the British had begun to take shape by 1971 with modest naval sales, a Chieftain tank contract, and low-level training initiatives.⁷⁸

Clearly interpreting the signals, the Nixon administration was mindful that arms would dominate all discussion, and the pressure was on to secure Iran's investment in the American relationship. As the administration prepared for the visit, it remained explicit that Nixon would be inundated with requests for a plethora of America's most advanced military equipment, and would need to give an attractive answer. This would include requests for laser guided bombs, state-of-the-art F-14 and F-15 fighters, and Maverick air-to-ground missiles. Nixon was briefed by the Department of Defense to adopt a compromise approach, rejecting any commitment on the laser bombs due to the US military preferring to retain exclusivity over their use, and to reject any commitment on the F-14s and F-15s due to priority going to 'NATO or other allies and additional requirements of our own'. However, it was recommended that he approve the Maverick missiles together with the full allocation of F-4s and F-5s requested. He was also briefed to reassure the Shah that despite deep Congressional resistance, the administration would continue to push for an availability of U.S Army technical

⁷⁶ HJL Suffield Memorandum (Head of Defence Sales), 19 April 1972. The National Archives of the UK (TNA). DEFE 24/1901, E.180/4.

⁷⁷ Ibid.

⁷⁸ The British military were helping to train Iranian commandos, and assisting in the establishment of an Iranian National Defence University. See: Memorandum of Understanding between the Government of Iran and the Government of the United Kingdom. 29 Dec 1971. TNA. DEFE 24/1901, E.177

assistance on the ground in Iran to assist with the integration of its American military equipment.⁷⁹ Hence, the Pentagon wished to effectively retain the restrictionist approach to Iran, allowing him a limited number of replacement jets, yet effectively denying the Shah a qualitative upgrade in his fleet.

The State Department also took the opportunity to deliver a lengthy briefing paper to Nixon. State recalled the Shah's 'deep concern' about the growth of Soviet influence in the region. However, rather than respond with a more sober counterpoint as had been the case in the past, the State Department recommended that Nixon concur with the Shah's analysis and stress that America fully intends to support its friends in the area 'with financial and military assistance and advisors' and express gratification that Iran was ready and willing to play the leading role in regional security. The paper took a much more permissive line on technology transfers than the briefing delivered by Department of Defense, supporting the sale of laser guided bombs, and offering the F-14 and F-15 once they had been fully incorporated into the American military. The overall thesis proffered by the State Department was that experience had shown that the Shah responded best when a full and frank disclosure was made to him, and when he was treated as an equal. Anything less led to the feeding of his characteristic paranoia and suspicion. Therefore,

⁷⁹ Department of Defense Briefing Papers for the President's Discussions in Iran. 18 May 1972. DNSA: IR00773.

adopting a line akin to that advised by the Pentagon would only repeat past mistakes.⁸⁰

The position of the State Department, while consolidating its traditional position of being broadly sympathetic to the Shah, was also amplified by increased Soviet penetration in the Middle East, and the on-going internal weakness of Afghanistan. India and Pakistan, whom had been in a protracted conflict over East Pakistan, had gone to war in December 1971. Reflecting Cold War geopolitics, the Soviet Union had provided both political and material support to India, whilst America (and Iran) backed Pakistan, though only in a tokenistic sense. Pakistan's humiliating defeat in just thirteen days caused widespread fears that the Soviets would gain traction and move south, hence validating the Shah's long held thesis of tangible Soviet designs in the Middle East. Making matters worse, the Soviets had a friendship treaty with Egypt and 15000 troops on Egyptian soil; and had signed a similar accord with Iraq in April 1972, with substantial deliveries of advanced weaponry following. As Kissinger put it, American friends in the region were being encircled and a failure to match the influx of Soviet arms 'would have accelerated the demoralization of moderate forces in the Middle East and speeded up the radicalization of the area'.⁸¹ Though the Pentagon did recognise that the regional situation was evolving, their own intelligence had reported steadily that a systematic deployment in line with the pre-existing credit understanding, rather than a rapid introduction of complex

⁸⁰ Memorandum for the President: 'Issues – Talking Points for the Visit to Iran'. May 1972. DNSA: IR00767.

⁸¹ Henry Kissinger. *The White House Years*. pp. 1263-1264.

high-tech equipment, remained the most prudent course.⁸² The Pentagon was also understandably sensitive to placing such a plethora of cutting edge American military equipment such as the F-15 mere miles from the Soviet border. Regardless of how good an ally the Shah was, Iran would still be too weak to successfully repel aggression from the north and prevent sensitive U.S. technology from falling into Soviet hands.

Nixon, with Kissinger by his side, finally landed in Tehran in the afternoon of May 30. The visit came on the back of a triumphant, week long, high-level summit in Moscow where Nixon and Brezhnev had made further developments in Strategic Arms Limitation Talks (SALT), agreed what was known as the *Basic Principles of Relations* between the two superpowers, and signed the Anti-Ballistic Missile Treaty; a high watermark for Nixon's détente initiative. On the back of an unexpected visit to China three months earlier, Nixon had now completed two major, and quite radical foreign policy initiatives, which opened up space for the sentiments put into motion in NSDM 92 to finally gain some momentum. Quite simply, the timing of the visit to Tehran was no accident, both due to the aforementioned, and due to the fact that it had been recognised that the Shah had waited long enough for a dedicated hearing.

Nixon and Kissinger talked candidly with the Shah across a laundry list of regional concerns, allowing him the time and space to indulge himself. The

⁸² Gary Sick. *All Fall Down: America's Tragic Encounter With Iran* (New York: Penguin, 1986), p. 16.

discussions ranged from Nixon's consent for setting up Iran as a proxy to get arms into Pakistan to shore it up against India; to the Shah's perceived lack of any effect of détente on general Soviet intentions on the Gulf – which remained sinister; to the growing importance of Middle Eastern oil.⁸³ With the broader issues in check, discussions moved to the main order of business - arms. Nixon followed the general guidance recommended by the State Department and agreed, in the face of the Pentagon's reluctance, to a specific commitment to sell the Shah both the F-14 and F-15 as soon as they were ready for production. Deepening the commitment further, Nixon pledged to assign an increased number of uniformed military technicians to Iran, and agreed to the sale of laser guided bombs.⁸⁴ The latter caused Laird to scrawl 'wow!' upon his memorandum from Kissinger notifying him of the sale.⁸⁵ As the meetings drew to a close, Nixon looked the Shah in the eye and said, 'protect me',⁸⁶ candidly voicing the Nixon-doctrine styled role he expected Iran to play upon receipt of its military upgrade.

Not only had Nixon agreed to the significant sales outlined above, against the recommendations of his own military, and which would already smash any annual credit ceilings with Iran many times over; he also made a more fundamental commitment to the Shah. Nixon gave the Shah a personal assurance that no one in Washington would second-guess his needs. Hence, Nixon gave the Shah what Douglas MacArthur had previously cautioned against; a *blank cheque*

⁸³ Memcon: Meeting of the Shah, Richard Nixon and Henry Kissinger. 30 May 1972. Tehran, Iran. DNSA: KT00512.

⁸⁴ Kissinger to Rogers and Laird (State Department copy). 15 June 1972. DNSA: IR00776.

⁸⁵ Kissinger to Rogers and Laird. (Department of Defense copy) 15 June 1972. DNSA: IR00776.

⁸⁶ Memorandum of Conversation (Nixon, Kissinger and the Shah). Tehran, 31 May 1972. FRUS Vol. E-4: 201.

to indulge himself in any American technology he was willing to pay for in good faith, short of nuclear weapons.⁸⁷ Within formal meetings that lasted no longer than two and a half hours,⁸⁸ the Shah had gained the ultimate prize that had eluded him for two and a half decades. On that summer evening in Tehran, a truly new paradigm in the relationship between Iran and America had been established.

As many observers have noted and history has taught, the fact that a President decrees something is not often enough for it to transcend resistance from the myriad of governmental organs in Washington. Hence, the real interest in the Tehran arms deal is not just that it happened, but also in *how* it became a reality. Mere days prior to the Tehran visit, Nixon reprimanded Kissinger and his deputy, Al Haig, noting his disgust with the 'consistent failure to carry out orders' through the various agencies of government. Nixon noted that he expected that from that point onward, Kissinger and Haig would 'ride the departments hard' to the effect that if any deviation in the President's orders was identified, Nixon would waste no time disciplining rank and file civil servants, but instead indiscriminately remove 'the man at the top'.⁸⁹ With Nixon's pugnaciousness filtering through, executive policy became a matter for implementation, not debate, rendering any likely opposition moot via widespread fear that one's job may be forfeit.⁹⁰ Referencing the former, in late July, Jack C. Miklos, the State

⁸⁷ Kissinger to Rogers and Laird. 25 July 1972. DNSA: IR00782.

⁸⁸ Gary Sick, *All Fall Down*, p. 15.

⁸⁹ Nixon to Kissinger and Haig, 19 May 1972. NPM. NSC Subject Files. Box 341. Folder: HAK/President Memos 1971 (1 of 1).

⁹⁰ Barry Rubin. *Paved With Good Intentions*, pp. 134-135.

Department's Country Director for Iran, noted the State Department's satisfaction with the promptness that Kissinger had issued 'everyone his marching orders' to facilitate the various agreements reached in Tehran.⁹¹ Nixon had succeeded by sheer force of will to push his paradigm change for Iranian military relations into reality, and had done so in less than eight weeks, with his knuckle wrapping for Kissinger and Haig having been a timely, and effective injection of presidential willpower.

The final piece of policy in reshaping the arms relationship with Iran was put in place via NSDM 186. The foundations that NSDM 92 laid down were general rather than specific, in the sense that they indicated a broad strategy for the Gulf, centred on a potentially strong Iran. What NSDM 92 failed to do was answer the lingering arms credit purchase question, which was at the heart of enabling the aforementioned. NSDM 186 directly addressed this issue. Thus, NSDM 92 + Nixon's directive taking control of credit sales from Congress + the Tehran agreement, and NSDM 186 together shaped a comprehensive, and wholly new American strategy towards Iran. NSDM 186 was the result of Presidential approval of a report delivered on 12 July 1972 by a NSC led Under Secretaries' Committee, which had been directed to commence the report in November 1970 following the conclusion of the review into American policy in the Gulf via NSDM 92. Nixon, in line with the recommendations laid out in the report, directed that the provision of military equipment to friendly states of the Gulf would be provided in 'reasonable amounts' via both commercial/private channels, and

⁹¹ Miklos to Heck. 26 July 1972. DNSA: IR00784.

direct government sales via the Foreign Military Sales Act, and tailored to 'meet their security needs'.⁹² This was a considerable evolution in tone and emphasis from that of the Johnson administration, which had sought to keep a tight leash on the sale of arms and impress what *it* thought was the security needs of the country in question, whilst generally reacting to events without any dedicated strategy. Nixon's revised approach was effectively indicating the reverse, and was a plan for 'an active and imaginative direct role'⁹³ in the geopolitical contours of the region.

NSDM 186 therefore ended any speculation over what the future role of arms sales in the Persian Gulf would be. As Kissinger noted in a memorandum to Nixon, 'the basic decision is whether to supply or not', with concerns not primarily being upon arbitrary quotas imposed by Congress, but rather in 'making sure that our sales are understood by our friends and are consistent with the broad regional cooperation we are encouraging'.⁹⁴ For the Shah, this was the final reassurance he needed, even though the policy was not directed primarily towards Iran and rather towards the smaller states of the region. Personal assurances on enhanced arms sales delivered by Nixon on his visit to Tehran were now broadly permissible in law, via presidential directive and consistent with policy via NSDM 186. And, it would mark the beginning of a tidal wave of Iranian purchases. Reflecting on the game changing nature of Nixon's

⁹² Kissinger to the Secretary of State, Secretary of Defense and the Chairman of the NSC Under Secretaries' Committee, 18 August 1972. NPM. NSC Institutional ("H") Files. Records of the Staff Secretary (1969-1974). Box H-292. Folder, NSDM 186.

⁹³ *ibid.*

⁹⁴ Kissinger to Nixon, 14 August 1972. NPM. NSC Institutional ("H") Files. Records of the Staff Secretary (1969-1974). Box H-292. Folder, NSDM 186.

policy on arms sales, Gary Sick, who would go on to serve in the NSC from 1974-1981 as the principal aide for Persian Gulf affairs later remarked:

There was no precedent in U.S. history for an order directly from the President to the national security bureaucracy instructing it to rely on the judgement of a foreign leader in making decisions on arms transfers.⁹⁵

Nixon's ability to march the various organs of government into line was impressive. Though, more impressive was his ability to ensure Congress was unable to mount any effective opposition. In Senator Frank Church's words, Congress had been reduced to 'impotence' in the early 1970s with Nixon acting as a thinly masked 'autocrat supreme'.⁹⁶ Nixon's antagonism towards Congress over a wide range of policy issues left Capitol Hill temporarily disorientated and disorganised with respect to fulfilling any oversight role of note in arms policy toward Iran. In fact, Congress was not even informed of the revolutionary shift in arms policy that had occurred in Tehran, with the full nature of what transpired not being understood until years later. The introduction of the controversial April 1971 presidential directive on credit sales and military aid had served its purpose, for the short term, of removing Congress from the equation. As a result, Nixon felt no hesitancy in discarding the Congressionally imposed annual credit sales ceilings to make way for the vital component of his foreign policy doctrine – dramatically increased military sales to selected allies.

⁹⁵ Gary Sick. *All Fall Down*, p. 22.

⁹⁶ Remarks of Senator Frank Church in the U.S. Senate, 3 June 1970. Frank Church Papers. Series 2.2, Box 39, Folder 10.

Although the future would prove foreboding for Nixon's Presidency, and for the Shah, 1972 would prove a high water mark for both leaders. The Tehran arms agreement of May 1972 quite literally fulfilled, to the letter, the long standing desires of the Shah to assess for himself the defence needs Iran required, and to buy those defences with a preferential American credit agreement. For Nixon, the deal with the Shah was the capstone on an evolving strategic rethink that solved the post 1968 U.S. Persian Gulf policy question and put the Nixon doctrine into effect in the Gulf. It rounded off an impressive list of foreign policy achievements made in his first term.

The extent of the floodgates that Nixon had opened was dramatic. The Shah embarked on a titanic shopping spree, ordering close to \$3.5 billion in military hardware between July and November 1972.⁹⁷ That figure was more than the *entire* annual American bill for military assistance to *all* other nations. Yet, the Shah was only getting started. In early November 1972 the Shah made a major speech in which he set out an intention to increase Iran's naval striking power 'several times over', and extend Iran's defensive frontiers beyond the Gulf into the Indian Ocean.⁹⁸ The nature of the Shah's behaviour, and the continued flood of purchases into 1973, as the Shah moved from building up his Air Force to establishing a modern Navy, confirmed without any doubt that the Tehran agreement of May 1972 was not just a noteworthy single event. The arms relationship that was initiated in Tehran, and by extension the security

⁹⁷ Heck to Miklos. 11 November 1972. DNSA: IR00790.

⁹⁸ Telegram from Embassy Tehran to the State Department, 7 November 1972. DOSCF Pol 15-1 Iran Box 2379.

relationship that it served, became a characteristic on-going feature of U.S-Iran relations.

The Downfall of Nixon, and the Rise of Congress

As 1973 got underway, the western media began to learn of and report on the abnormally large military sales between Iran and the U.S. that had taken place in mid-late 1972.⁹⁹ The fallout from this first centred on the American Embassy in Tehran, whose officials found themselves fielding difficult questions from their Soviet, British and French counterparts who were alarmed at news of Iran's sudden build-up.¹⁰⁰ A reference telegram was prepared for the Embassy by the State Department, which instructed the various interested parties that the Shah's purchases were part of a long term strategy, and that 'not one penny' of military aid from Washington was involved.¹⁰¹ Regional neighbours were also expressing concern over the extent of Iran's newly enhanced strength, and that as a result the Shah, buoyed by a new U.S. arms partnership, was proceeding upon an unmasked 'ego trip' in his foreign relations.¹⁰² Since the U.S. was now inexorably tied to Iranian regional ascendancy the administration felt Iran's behaviour was counterproductive to U.S. regional influence. Richard Helms, who became U.S.

⁹⁹ For prominent examples see 'Shah Will Buy \$2-Billion in U.S. Arms Over the Next Several Years', *The New York Times*, 22 February 1973; and 'Iranian Orders for U.S Arms Hit \$2.5 Billion in 18 months', *The Washington Post*, 25 February 1973.

¹⁰⁰ Telegram from the American Embassy Tehran, to the American Embassy Delhi, 5 March 1973. NPM. NSC Files, Country Files – Middle East. Box 602. Folder: Iran Vol 4. Sep 1971-April 73.

¹⁰¹ See Telegram from the American Embassy Tehran, to the American Embassy Delhi, 5 March 1973. NPM. NSC Files, Country Files – Middle East. Box 602. Folder: Iran Vol 4. Sep 1971-April 73.

¹⁰² Letter from Andrew I. Killgore (Political Counselor, American Embassy, Tehran), to Jack C. Miklos. 27 January 1973. DOSCF POL 1 Iran. Box 9.

Ambassador to Iran in March 1973 following his departure as Director of the CIA, was directed to attempt to persuade Iran to tone down its condescending attitude towards its Arab neighbours.¹⁰³

Relations between Saudi Arabia and Iran had continued to prove difficult, and the injection of the advanced military equipment into Iran in 1972 – done without consultation with any of Iran’s regional counterparts – caused significant alarm in Riyadh. In a letter dated 4 April 1973, Jack C. Miklos, Country Director for Iran at the State Department, asked Helms to continue ongoing efforts to push Iran into cooperation rather than continued confrontation with its neighbours and noted,

I wonder whether it helps for Iran to repeatedly remind one and all that it has arrived and that it is not prepared to take any guff from anyone.¹⁰⁴

Miklos’ statement, although clearly one of frustration, confirms the internal satisfaction within the administration that Iran was now *the* prime power in the Gulf. The Soviets concurred, as the State Department reported in April, forecasting that due to Iraq proving to be an ineffective Soviet beachhead, Iran would doubtless fall under a concerted propaganda offensive from Moscow to attempt to ‘wean’ the new dominant power in the region away from western influence.¹⁰⁵ Preparing for this eventuality, an on-going study memorandum,

¹⁰³ Letter from Jack C. Miklos to Richard Helms, 4 April 1973. DOSCF POL Iran, Persian Gulf 1973. Box 8.

¹⁰⁴ Letter from Jack C. Miklos to Richard Helms, 4 April 1973. DOSCF POL Iran, Persian Gulf 1973. Box 8.

¹⁰⁵ ‘The U.S., the USSR, and the Gulf’, survey paper prepared for NEA, 4 April 1973. DOSCF POL Iran, United States. Box 8.

NSSM 188, was refocused by Kissinger that same month to incorporate a fresh study of Soviet intentions in the region.¹⁰⁶

By the early spring of 1973 the Embassy in Tehran had finally managed to properly account for the totality of the Shah's recent purchases on American credit, bringing an internal sense of scope to the ongoing developments. This was encapsulated in an Iran Country Assessment, delivered from the Embassy to the Secretary of State on 6 April 1973. The assessment concurs largely with guesstimates made by the Embassy in November 1972, that Iran had purchased north of \$3 billion of arms in late 1972 on American credit. Those sales comprised of: 500 helicopters, 700 tanks and artillery units, six squadrons of F-4Es and eight squadrons of F-5Es; between two and four naval destroyers (two confirmed and two under negotiation), six batteries of HAWK missiles, and a fleet of aerial refuelling tankers. Also in the pipeline was the sale of state-of-the-art F-14 and F-15 fighters, both equipped with Maverick missiles, pending the satisfactory adoption of both craft by the Pentagon - as had been agreed in principle by Nixon in Tehran. When adding the advanced F-14 / F-15 to his fleet, the Shah would have in his own words, not merely 'air superiority' over his regional neighbours, but 'air supremacy'.¹⁰⁷

¹⁰⁶ See Memorandum From Richard T. Kennedy to Henry Kissinger, 2 May 1973. NPM. NSC Institutional "H" Files Study Memorandums (1969-1974). Box: H-201. Folder: NSSM-188

¹⁰⁷ Memorandum of Conversation (Memcon): The Shah, Ardeshir Zahedi (Ambassador of Iran), Richard Helms, Henry Kissinger, Harold H. Saunders, 27 July 1973. NPM. NSC. Presidential HAK Memcons. Box 1027. Folder: April-Nov 1973.

The new equipment gave the Shah a significantly upgraded and expanded capability that reached far beyond Iran's borders – fully in line with his plans for an Iranian regional security role. To accompany his new equipment the Shah initiated a manpower increase to 300,000 servicemen by 1976, double the number that Kennedy had attempted to enforce on him ten years earlier.¹⁰⁸ Further, he commissioned a wide range of military infrastructure developments, which moved beyond the mere construction and modernisation of domestic bases, to the development of offshore naval facilities, such as a modern naval service base on the Gulf of Oman. In line with the aforementioned, the Embassy was quite right to stress that Iran was not just 'a valued friend', but also an 'important customer'.¹⁰⁹ The level of the arms sales did not go unnoticed. The British frequently approached the State Department asking to be briefed. In the words of Tony A. Reeve at the British Embassy in Washington:

We have detected in recent months a certain reluctance among officials in the State Department to be absolutely frank about arms sales¹¹⁰

While some of this reluctance can be attributed to the lack of accounting and coordination as the sales flooded in, it was evident that the Nixon administration regarded its new arms relationship with Iran as a private and privileged one.

¹⁰⁸ For all the statistics in this paragraph see Telegram from Embassy Tehran to the State Department (Sections 1 and 2), 6 April 1973. DOSCF POL 1: Iran. Box 2378; and, 'U.S. Arms Sales to Iran', State Department & Defense Department Briefing Paper, 17 March 1973. DOSCF DEF 1 Policy: Iran. Box 10.

¹⁰⁹ Telegram from Embassy Tehran to the State Department, 6 April 1973. DOSCF POL 1: Iran. Box 2378.

¹¹⁰ Memorandum from Tony A. Reeve (British Embassy Washington) to P R H Wright (Middle East Department FCO), 7 August 1973. TNA. FCO 8 / 2051.

Additionally, in early 1973, between 600 and 900 U.S. military technicians were earmarked for dispatch to Iran.¹¹¹ Considering the difficulty President Johnson had faced in merely allocating 50 technicians in 1968, this was a significant upgrade both qualitatively and quantitatively. The state of affairs with Iran in the first half of 1973 was thus remarkable, especially considering where affairs lay just twelve months prior. The White House appeared satisfied that Iran had been, in a sense, settled: The Nixon doctrine had been applied to Iran, and the structure to facilitate it had been put in place via arms sales and enhanced military training and support. Following on from this logic, an impression began to circulate that Iran was no longer seen as an area of primary importance for the administration. Ambassador Helms drew this issue to the fore on 10 May, expressing alarm that in the latest annual Foreign Policy Report by the administration, Iran had been 'generally ignored', before setting out a laudatory list of reasons why Iran was an 'epic' success story deserving of continued attention and reaffirmation.¹¹² Addressing Helms' calls, a state visit for the Shah from 24-26 July was scheduled as an opportunity with which to reassure the Shah that Iran had not moved off Washington's radar.¹¹³

When war again broke out between Israel and the Arab states of Egypt and Syria on 6 October 1973 – the so-called Yom Kippur War – the overtones of

¹¹¹ See Telegram from Embassy Tehran to the State Department, 'Political Assessment Report for Iran', 9 January 1973. DOSCF POL 1: Iran. Box 2378 - which states 900 engineers were to be dispatched; and 'U.S. Arms Sales to Iran', State Department & Defense Department Briefing Paper, 17 March 1973. DOSCF DEF 1 Policy: Iran. Box 10 – which states a number of 600 engineers. The figure of 600 appears to be correct as no further mention of 900 can be found on record.

¹¹² Letter from Richard Helms to Harold Saunders, 10 May 1973. DOSCF POL 2: Iran. Box 9.

¹¹³ Memorandum from Kenneth Rush (Acting Secretary of State) to Richard Nixon, 20 July 1973. DNSA: IR00827.

superpower conflict hung heavily over proceedings. Via *Operation Nickel Grass* Nixon airlifted weapons and military supplies to Israel – both during hostilities and after they had ended - and Moscow similarly resupplied Syria and Egypt. In Kissinger's words, 'If we had allowed a victory of Soviet arms over American arms, the whole balance of power would have shifted'.¹¹⁴ The fallout from the conflict, and widespread Arab anger over the pro-active American assistance to Israel led to an Arab boycott of oil to America, and a series of production cuts that continued from the immediate aftermath of the war until March 1974. Although the severity and the extent of the boycott was an unprecedented event, pressure towards higher oil prices had already been mounting. The Shah was a leading voice of this line, siding with his OPEC counterparts who believed that oil was undervalued, with the producing nations being exploited as a result. The problem was exacerbated due to the falls in the value of the dollar post 1970 due to inflation and excess printing of money, together with a trade deficit in the American economy. Nixon's unilateral cancelling of the direct convertibility of the dollar into gold in August 1971 collapsed the Bretton Woods system and acted as a further catalyst. Consequently, as oil was purchased on the world market in U.S. dollars, its price had been dropping in real terms for the producer nations for some years.¹¹⁵

¹¹⁴ Minutes of Bipartisan Leadership Meeting, 27 November 1973. NPM. NSC. Presidential HAK Memcons. Box 1027. Folder April-Nov 1973. -

¹¹⁵ See Telegram from Embassy Tehran to the State Department, 23 December 1973. DNSA: IR00844; and 'Shah's Remarks to Delegates to Tehran OPEC Meeting'. DNSA: IR00846. Also see Daniel Yergin, *The Prize: The Epic Quest for Oil, Money and Power* (London: Simon & Schuster, 1991), pp. 591-612.

By early 1974, with the boycott serving as a catalyst by underlining the power of the producing nations, the price of oil had settled at a price pattern almost four times what it had been in October 1973.¹¹⁶ Whilst the price rise was good news for the Shah, who practically went overnight from a net borrower to the Middle East's largest lender,¹¹⁷ the effects on America were sobering. On top of the logistical military supply problem that the embargo presented – such as the U.S. having no fuel for its B-52 fleets in Southeast Asia,¹¹⁸ the effects of the boycott and price shocks were an exacerbating element against a background of a stock market crash in the U.S. that had begun in early 1973, and an on-going period of heightened domestic inflationary pressures.¹¹⁹ By early 1974 the American economy had slid into recession.

Perhaps surprisingly, the Nixon administration was largely passive towards the higher oil prices. In diplomatic contact with the producing nations the issue was rarely broached in anger, with efforts instead focused on ensuring the reliability of supply. Consequently, the public facing political discourse dwelled on energy conservation and alternative energy sources. Accounting for this, Kissinger later noted in his memoirs that a price explosion was inevitable in the early 1970s due

¹¹⁶ See: Roy Licklider, 'The Power of Oil: The Arab Oil Weapon and the Netherlands, the United Kingdom, Canada, Japan, and the United States', *International Studies Quarterly*, 32 (1988), pp. 205-226; and Karen R. Merrill, *The Oil Crisis of 1973-1974: A Brief History with Documents* (New York: Bedford St. Martin's, 2007).

¹¹⁷ CIA Intelligence Memorandum: 'Iran: The Shah's Lending Binge', December 1974. DNSA: IR00918

¹¹⁸ Remark by James Schlesinger (Secretary of Defense), Memorandum of Conversation between Schlesinger, Kissinger, Brent Scowcroft (Deputy National Security Adviser) and Admiral Moorer (Chairman of the JCS), The White House, 29 November 1973. Gerald R. Ford Library (Hereafter GFL) National Security Adviser (NSA) Memcons, Box 2.

¹¹⁹ See: E. Philip Davis, 'Comparing Bear Markets – 1973 and 2000', *National Institute Economic Review*, 183: 1 (January 2003), pp. 78-89.

to market conditions and the nature of political developments in the producing nations. Therefore, as the embargo unfolded, diplomatic relations and strategic concerns (such as with the Shah) were more important than prices.¹²⁰ There were figures within the administration, predominantly Treasury Secretary William Simon, who were intent on 'breaking' the Shah over oil prices (as Defence Secretary James Schlesinger reflected upon in August 1974). Yet, this was regarded as 'crazy' by both Schlesinger and Kissinger (again in Schlesinger's words) and Simon's views made him a marginal figure.¹²¹ As the winter of 1973-1974 ended, the worst of the crisis appeared to be over. The embargo was lifted, prices had stabilised (albeit at their new higher level), and Kissinger's shuttle diplomacy in the Middle East had reduced the regional pressure between Israel and the Arab states to below boiling point.

The oil shocks of the 1970s have been widely studied. For the purposes of this study the importance lies solely in the end result, i.e. that the prices increased - *not* in debate over the underlying causes of the price changes, or the economic motivations of the parties involved. The bottom line is that the price shocks effectively quadrupled the wealth and the purchasing power of the Shah, which enabled another qualitative and quantitative leap in his military development.

¹²⁰ See Henry Kissinger, *Years of Upheaval* (Boston: Little, Brown and Company, 1982), pp. 858-966; and, 'Energy: Countering the Oil Cartel', *Time*, 25 November 1974. Also see: Tore T. Petersen, *Richard Nixon, Great Britain and the Anglo-American Alignment in the Persian Gulf and Arabian Peninsula: Making Allies out of Clients* (Brighton: Sussex Academic Press, 2009), pp. 29-47; Richard C. Thornton, *The Nixon-Kissinger Years: The Reshaping Of American Foreign Policy* (St Paul: Paragon, 2001), pp. 302-313; and Daniel Yergin, *The Prize*, pp. 613-644.

¹²¹ Memorandum of Conversation between Kissinger, Schlesinger, and Scowcroft. The Pentagon, 2 August 1974. GFL. NSA Memcons. Box 4. Also see, Andrew Scott Cooper, 'Showdown at Doha: The Secret Oil Deal That Helped Sink the Shah of Iran', *Middle East Journal*, 62: 4 (Autumn 2008) pp. 567-592.

Through the crisis of 1973-1974, the Shah had not lost focus on his military upgrades and had continued to pursue pending deals and also advance new purchase enquiries. Despite being a chief protagonist in the oil price shocks, the Shah was able to stand by the fact that he did not partake in the blockade, nor the production cuts - unlike other regional American allies such as Saudi Arabia. Hence, relations with America emerged relatively unscathed. An order for thirty F-14s which been discussed in January 1974 was supplanted in June by a request for an additional fifty - making a total of eighty jets at \$1.8 billion dollars - a figure that would increase significantly when missiles to equip the jets were added.¹²² Hence, the Shah was both flexing his new financial muscle, and yet again demonstrating his by now endemic ability to constantly alter, amend and dramatically ramp up prior agreements.

Whilst the Shah's initial interest in the F-14 in mid-1972 had been instrumental in raising the spirits of Grumman, the financially troubled F-14 manufacturer, the final deal was an order of magnitude higher in importance. In July 1973 the Senate had removed \$495.5 million in funding for the F-14 due to dissatisfaction over a contract dispute between Grumman and the U.S. Navy and the prohibitive cost of the state of the art jet. The Congressional action, in the words of Richard Helms, 'took the bowels' out of the programme.¹²³ Congress directed the Navy to seek a cheaper alternative to the F-14, leaving Grumman on the verge of financial

¹²² Telegram from Richard Helms to Henry Kissinger and Joseph J Sisco, 11 June 1974. NPM. NSC Files, Country files - Middle East. Box 603. Folder: Iran Vol 6.

¹²³ Memorandum of Conversation (Memcon): The Shah, Ardeshir Zahedi (Ambassador of Iran), Richard Helms, Henry Kissinger, Harold H. Saunders, 27 July 1973. NPM. NSC. Presidential HAK Memcons. Box 1027. Folder: April-Nov 1973.

ruin. The Shah's steady interest in securing the sale was instrumental in allowing the F-14 to survive the Congressional intervention and eventually enter into service. When the sale was finalised on 10 June 1974, the Shah also agreed to an equal stake shared with the Department of Defense to financially shore up Grumman.¹²⁴ The Shah thereby found himself saviour of both a highly advanced piece of commissioned American U.S. Navy equipment, *and* its manufacturer – a very rare position for a foreign leader to hold.

As part of the multi billion dollar F-14 sale, the Shah agreed to forgo purchase of the F-15. This was met with consternation by McDonnell Douglas, the F-15 manufacturer, who rallied Congress – chiefly a sympathetic Senator Symington – to schedule hearings on the F-14 affair with the accusation that the Navy and the Department of Defense was acting in concert with a foreign power with impropriety to save a private company.¹²⁵ Symington's investigation revealed that the U.S. Navy (who had commissioned the F-14) had realised in mid 1973 that the F-14 programme was effectively bankrupt, and rather than go back to an unsympathetic Congress to plead one final time for funding, had despatched representatives to Tehran in the Autumn to secure an order from the Shah to inject the necessary capital into the programme. Concurrently, a Navy Admiral in the Department of Defense had purposefully embargoed a letter to the Shah from McDonnell Douglas, for approximately six months, which detailed the price and

¹²⁴ See: Telegram from Richard Helms to Henry Kissinger and Joseph J Sisco, 11 June 1974. NPM. NSC Files, Country files – Middle East. Box 603. Folder: Iran Vol 6; and, Memorandum from George Foster and Charles Cromwell to Senator Stennis, 28 May 1974. Stewart W. Symington Papers. Box 274.

¹²⁵ Telegram from Richard Helms to Henry Kissinger and Joseph J Sisco, 11 June 1974. NPM. NSC Files, Country files – Middle East. Box 603. Folder: Iran Vol 6.

near readiness of the F-15 (which was developed for the U.S. Air Force). This sleight of hand provided an opportunistic window for the F-14 sale to be sealed.¹²⁶ Hence, the Navy had effectively stolen the sale and secured the future of its own jet by banking on the impatience of the Shah – which was as reliable as ever.

Although shrewd Navy tricks were certainly present in securing the F-14 sale for Iran, there was at least a tacit cabinet level consensus that Iran bypassing the F-15 was not a major problem. Going back to late 1973, the Israeli's had noted that the F-14 was incompatible with their needs – and had made every indication that they wished to purchase the F-15s instead.¹²⁷ When considering that Israel did indeed successfully purchase two squadrons of F-15s in 1974, and there was a sustained interest from the Saudi's in the mid 1970s for the F-15, the export deals for the F-14 and F-15 across the various purchasers worked out fairly equitably for all parties in the end.

1974 also heralded an economic cooperation agreement, and an intelligence sharing agreement signed between Iran and America. Thus, relations between the two nations had deepened to incorporate potential joint ventures in industrial, scientific and technological development – including assistance for

¹²⁶ See: Letter to Stewart Symington from Jim Redway (Via , 27 June 1974. Stewart W. Symington Papers. Box 274; and, Letter to William P. Clements, Jr (Deputy Secretary of Defense) from Stewart Symington, 22 July 1974. Stewart W. Symington Papers. Box 274.

¹²⁷ Remark by Kissinger, Memorandum of Conversation between Kissinger, Schlesinger, Wickham (Assistant to Schlesinger) and Scowcroft, 5 September 1973, The Pentagon. GFL. NSA Memcons, Box 2.

formative development of an independent Iranian nuclear power industry.¹²⁸ Kissinger largely controlled these developments. By late 1973 Kissinger was concurrently National Security Adviser *and* Secretary of State, cementing an impressive rise in stature. In Kissinger's own words, insulating national security from the damaging impact of Watergate had necessitated his adoption of a quasi-presidential authority over foreign policy during Nixon's last year, something that was broadly accepted by the executive and the Congress.¹²⁹ Despite heading the State Department, Kissinger's conduct changed little from the closed shop decision-making process based around his small White House NSC. This led to alarm within the staffers at the State Department's Near Eastern Affairs division, who lamented that increasingly complex relations with Iran were developing with both 'little feedback', and little knowledge from the State Department and other relevant organs of government.¹³⁰

Kissinger's rise in stature, buoyed by his impressive shuttle diplomacy in the aftermath of the 1973 Arab-Israeli war and his ability to remain aloof from the Watergate affair, was mirrored in reverse by the steady fall in Nixon's popularity and power. Whilst Nixon had been in a unique position of strength in 1972, less than two years later Congress, with public opinion in tow, had turned on him with full force. Although Nixon's departure was a high-watermark triumph for

¹²⁸ See: Memorandum from Joseph J. Sisco to Henry Kissinger, 27 April 1974. DNSA: PR01243; Letter from Richard Helms to Abbas Ali Khalatbary (Iranian Minister for Foreign Affairs), 28 May 1974. DNSA: IR 00867; and Letter from Abbas Ali Khalatbary to Richard Helms, 6 June 1974. DNSA: IR 00872.9

¹²⁹ Henry Kissinger, *Years of Renewal*, p. 189, p. 1060, and pp. 1073-1074.

¹³⁰ 'Country Directorate Memorandum', Prepared by NEA/IRN (Iranian Department of the State Department), 18 June 1974. DNSA: IR00874.

Congress, the momentum bringing Capitol Hill back to a position of power was already well established. The overturn of Nixon's veto of the War Powers Act in November 1973 was of particular note, building on momentum established by a set of amendments made by Senators Cooper and Church in 1970 – completing the return of Congress from, in Church's words, 'impotence'.¹³¹ Via the eventual passing of the War Powers Act, Congress reasserted its oversight role over the exercise of war and the deployment of armed personnel, a power that had laid dormant for over one hundred years.¹³² By late 1973 Congress had inflicted a serious wound to the imperial Presidency and had settled into a pattern of regularly attacking Nixon on all fronts – from subpoenaing him for audio tapes to verify statements he had made denying knowledge of the Watergate burglary – to investigating and publicising tax irregularities in his personal finances.¹³³

As Nixon's power waned, the House of Representatives' Committee on Foreign Affairs took a close interest in arms policies, calling a series of hearings throughout mid-late 1973. Regarding the Gulf, the Committee had heretofore been largely concerned with economic issues, frequently steering a set of hearings on U.S. interests in the Gulf throughout 1972 toward questions of future oil supply.¹³⁴ Hence, a change in focus to arms in a series of hearings in 1973 is noteworthy. Summarising the prevailing sentiment following a major 1973

¹³¹ Remarks of Senator Frank Church in the U.S. Senate, 3 June 1970. Frank Church Papers. Series 2.2, Box 39, Folder 10.

¹³² Edward A. Kolodziej, 'Congress and Foreign Policy: The Nixon Years', p. 169.

¹³³ Robert Dallek, *Nixon and Kissinger*, pp. 572-574.

¹³⁴ See, 'U.S. Interests in and Policy Toward the Persian Gulf', Hearings before the Subcommittee on the Near East of the Committee on Foreign Affairs. 2 February; 7 June; 8 August; and 15 August 1972. U.S. Government Printing Office, Washington 1972.

hearing, Chairman Lee H. Hamilton noted that the rationale behind the Nixon administration's policy of arming regional surrogates such as Iran and Saudi Arabia was no more than a disproportionate easy option in lieu of a mature multifaceted political strategy. The departments of State and Defense, who were represented at the Assistant Secretary level, were unable to convince the Committee of the logic behind the large arms sales of 1972, and the general thrust of the Nixon doctrine. The final report concluded that the extent of arms sold versus the measured Soviet threat to the region was akin to, paraphrasing the report, using a sledgehammer to crack a nut.¹³⁵ A third set of hearings called in the summer of 1974 once again dealt heavily, yet patiently, into probing the extent of arms sales to Iran and reinforced what had now become a constant voice of apprehension within the Committee.¹³⁶

In summary, by 1974, the Committee had done its due diligence and had gathered extensive testimony allowing its members to better understand the scope of military sales, and the logic via which the administration had accounted for them. Because of these efforts, there remained a large gulf between the executive and the Congress over arms sales. That gulf was characterised by a lingering, and now better informed, impression within Congress that the rationale for Nixon's military policies was not convincing, nor complete in and of itself.

¹³⁵ See, 'New Perspectives on the Persian Gulf', Hearings before the Subcommittee on the Near East and South Asia of the Committee on Foreign Affairs. 6 June; 17, 23, 24 July; and 28 November 1973. U.S. Government Printing Office, Washington 1973.

¹³⁶ 'The Persian Gulf, 1974: Money, Politics, Arms, and Power', Hearings before the Subcommittee on the Near East and South Asia of the Committee on Foreign Affairs. 30 July; 5, 7, 12 August 1974. U.S. Government Printing Office, Washington 1975.

Congress passed a bill in mid 1974 requiring the executive to publicly release data totalling the full extent of military sales. This revealed for the first time the extent of the dramatic sales to Iran. Fulfilling the Congressional mandate, a full review of Iran's credit purchases was conducted in July 1974 by the Pentagon's Military Assistance Advisory Group in Tehran (MAAG). The document added up everything that Iran had purchased since its Foreign Military Sales (FMS) credit purchase agreement had begun exactly ten years earlier, in July 1964 – and incorporated the multi billion dollar sales of 1972-1974. The list makes for quite a read, detailing Iran's entire arsenal purchased from the U.S. of 80 F-14s; 221 F-4s; 169 F-5E/Fs; 501 Helicopters; 1735 military trucks; over 800 tanks and artillery units; 27 tanker aircraft; 4 naval destroyers; 20 naval patrol craft; 37 Hawk batteries; many thousands of Maverick, Sparrow and Sidewinder missiles ... and the list goes on.¹³⁷ Note; the list contains purchased equipment – some of which had not yet been delivered/manufactured, such as Iran's F-14s. The document also listed the various technologies that Iran was pursuing outside of those already purchased – most notably a programme for Iran to coproduce 200 Bell Model 215 helicopters, and an enquiry into the highly advanced Airborne Warning and Control System (AWACS) which was a highly mobile next generation radar system in the prototype testing phase. The list demonstrated that a multi-billion annual sales pattern was almost certain to become a normalcy. Whereas coproduction would fast become an issue of note within the Ford years, the AWACS deal was not fully finalised until 1977 (see Chapter Six).

¹³⁷ Confidential Department of Defense Report: 'Total FMS – Inception of Program Through FY 1974', July 1974 (no exact date given). GFL. Martin R. Hoffman Papers 1971-1977. Subject File, Iran. Box 19. Folder: Iran Military Sales and Assistance, 1972-1975.

With some \$7.4 billion dollars of military purchases on the ledger in 1974 – the vast majority of which was purchased after 1972 – the existing figure of credit purchases to date was so massive that there was a tactful sensibility that keeping the Shah’s *future* shopping list - most notably AWACS - away from prying eyes both within critical areas of the executive, and most importantly the Congress, was paramount. All such reporting – including the end of year reports of Iran’s military status filed annually by the Pentagon’s Military Affairs Advisory Group in Tehran which went into much more details than the quantitative lists and annual totals provided to Congress - were labelled to be held ‘close hold’ and were highly classified on a strict need to know basis.¹³⁸ The dramatic extent of the multi-billion figures, and the disproportionate allocation to Iran, which alone comprised almost half of the entire 1974 total foreign credit sales of \$8.26 billion – dwarfing any other nation, rallied Congress towards an ever-rising scrutiny of arms.

1974 was a watermark year for the Congress, not only had it ousted Nixon and built significantly on the momentum established in 1973, but it also reclaimed more influence via the implementation of yet more oversight powers. The passing of the Congressional Budget and Impoundment Control Act in June 1974 established an independent budget office at the disposal of the Congress to rival the expertise of the President’s Office of Management and Budget (the successor to the Bureau of the Budget), and established a phased and substantive oversight

¹³⁸ See letter from Charles M. East Jr., (US Army Chief of Staff) to the Director of the Defense Security Assistance Agency, 9 July 1974. GFL. Martin R. Hoffman Papers 1971-1977. Subject File, Iran. Box 19. Folder: Iran Military Sales and Assistance, 1972-1975.

over the entire appropriations and budgeting process.¹³⁹ By measure of the Act, the Congress now had more time and appropriate resources – including budget committees in both Houses - to exercise a meaningful budget authority over the executive. Further, as the Act's title implies, the Congress concurrently sought to dampen what had become a frequent bone of contention in the Nixon years – misuse of presidential impoundment of appropriated funds. Whilst this practice was not an uncommon occurrence, Nixon's use of impoundment had been a qualitative and quantitative departure from precedent.¹⁴⁰ His frequent politically inspired and confrontational use of the tactic had led to a serious consideration by the House Judiciary Committee as grounds for possible impeachment through late 1973 and 1974:

Nixon impounded larger amounts of funds, ignored explicit expressions of intent by Congress that funds be spent, tried to terminate entire programs rather than just selected points, systematically attempted to withhold funds from programs not included in the president's budget, and asserted formal constitutional power to impound.¹⁴¹

Donald Rumsfeld, who had served in Nixon's cabinet and was Ford's first Chief of Staff in 1974 before becoming Secretary of Defense in October 1975, pertinently encapsulated the mood in Washington during 1974 by reflecting that, 'executive authority under Nixon had come to appear, both externally and internally, illegitimate.'¹⁴² Dealing with a resurgent Congress, operating at a historical

¹³⁹ See, Joseph J. Hogan, 'Ten Years After: The U.S. Congressional Budget and Impoundment Control Act of 1974', *Public Administration* 63: 2 (June 1985), 133-149; and Harvey G. Zeidenstein, 'The Reassertion of Congressional Power: New Curbs on the President', *Political Science Quarterly*, 93: 3 (1978), pp. 401-405.

¹⁴⁰ See, Virginia A. McMurtry, 'The Impoundment Control Act of 1974: Restraining or Reviving Presidential Power?', *Public Budgeting and Finance*, 17 (1997), pp. 39-61

¹⁴¹ Virginia A. McMurtry, 'The Impoundment Control Act of 1974', p.40.

¹⁴² A. James Reichley, *Conservatives in an Age of Change*, p. 295.

apogee in its oversight and scrutiny role, was a hangover from the Nixon era which would become a characteristic feature of Ford's short two and a half year term in office, and something that would endure into Carter's tenure.

Conclusion: Revolution, Not Without Consequences

The Nixon years started off slowly with respect to Iran. For the bulk of 1969-mid 1972 developments appeared largely evolutionary. However, this masked the revolutionary turn Nixon was engineering in both Iran-arms policy and U.S. Gulf policy. It would not be until the Tehran meeting with the Shah in May 1972 that the full extent of the picture would become apparent. At that point, the various pieces slotted together. The Nixon doctrine, the changes to the Foreign Military Sales procedure that Nixon had engineered, and NSDMs 92 and 186 finally clicked together into a coherent package following the Tehran arms deal. Hence, when Nixon gestured 'protect me' to the Shah in that fateful Tehran meeting, he was certain that the mechanisms to facilitate that eventuality were falling into place.

Whilst Nixon's fate was sealed by mid-1974, the changes he personally initiated in U.S.-Iran policy endured. The paradigm changing post 1972 credit sales relationship was not just a grand experiment of the Nixon doctrine. It swiftly became its greatest success story as Iran rapidly developed into a regional powerhouse through the 1970s, largely fulfilling the role Nixon envisioned. By removing U.S. firewalls over the Shah's credit purchases and reconciling the

decades-long divergent perceptions over the role Iran should play in regional security, Nixon institutionalised a new received wisdom in U.S. policy that successive administrations would not seek to unseat.

Whilst the executive had clearly demonstrated its ability to entrench Nixon's revolutionary post 1972 Iran relationship and suppress all resistance within that branch of government, Congress remained a potential moderating force. The proximity of Watergate diluted the Congressional focus on Iran through 1972-1974. Yet, the trend towards a revitalised and empowered Congress was well underway by 1974. And, there was a clear and rising current of criticism on Capitol Hill for the extraordinary level of arms being sold to Iran. This was only fuelled further by the secretive, imperial, nature of the Nixon administration in its exercise of policy. Hence, although the period detailed in this chapter was *the* notable peak in the entire military sales relationship between Iran and the U.S. thus far, it created a hangover of equal, yet slow burning, proportions. That hangover would gradually manifest through the presidency of Gerald R. Ford and endure through the remainder of the 1970s, as it became ever more challenging for the executive to facilitate Iran's annual multi billion dollar military purchases.

Gerald Ford and Iran: Continuity in a Testing Climate

The developments with Iran in the early 1970s were a standout legacy bequeathed by Richard Nixon that shaped the terrain which Gerald R. Ford had to navigate. Continuing the investigation of the U.S.-Iran arms relationship in the Ford years is no easy task. The relatively small amount of historiography on the period largely ignores foreign policy. This follows Ford's own example in his memoirs where foreign policy is only discussed briefly and infrequently. Further, within that literature, Iran is barely mentioned at all. On the other hand, studies that address Iran throughout the 1970s often only mention Ford in passing, or completely ignore the administration's two and a half years in office, moving seamlessly in their analysis between Nixon and Ford's successor - Jimmy Carter.¹

¹ For a representative example see: Gholam Reza Afkhami, *The Life and Times of the Shah* (Berkeley: University of California Press, 2009); James A. Bill, *The Eagle and the Lion*; Richard Cottam, *Iran and the United States*; Douglas Little, *American Orientalism*; and David F. Schmitz, *The United States and Right Wing Dictatorships* - who all relegate the Ford administration to an infrequent footnote throughout their respective books. Also see

This pattern is evident due to the fact that during the short tenure of the Ford administration, no new doctrines or grand visions were produced. Foreign policy essentially continued without distinction from that of the Nixon administration.² Additionally, the system by which foreign policy was determined, as detailed in Chapter Four, was broadly retained – as was Kissinger’s dominant role.³

Whilst the extant literature has largely missed Iran during the Ford years, there is much that needs to be said. Between 1974 and 1976, significant developments in the U.S.-Iran arms relationship were made. It is largely a story of continuity from the legacy bestowed by Nixon – but it is also a story of a deepening, and an increasingly complex, relationship. That deepening presented a series of significant challenges for the Ford administration to navigate. Additionally, moving seamlessly between Nixon’s 1972 Iran-arms revolution and Jimmy Carter’s highly eventful dealings with Iran neglects an essential period of the maturation of the Congressional opposition to arms sales. Although that opposition did not fully materialise during the Ford years, by 1976 the Congress had manoeuvred itself into a position in which it was informed, willing, and potentially able to play an active role in U.S.-Iran arms policy.

Michael A. Palmer, *Guardians of the Gulf: A History of America’s Expanding Role in the Persian Gulf* (New York: Simon and Schuster, 1992), pp. 85-112; Steven A. Yetiv, *The Absence of Grand Strategy: The United States in the Persian Gulf, 1972-2005* (Baltimore: The Johns Hopkins University Press, 2008), pp. 28-42.

² See John Robert Greene, *The Presidency of Gerald R. Ford* (Kansas: University Press of Kansas, 1995), pp. 190-193; George C. Herring, *From Colony to Superpower: U.S. Foreign Relations Since 1776* (Oxford: Oxford University Press, 2008), pp. 814-818; and Yanek Mieczkowski, *Gerald Ford and the Challenges of the 1970s* (Kentucky: University Press of Kentucky, 2005).

³ See Henry Kissinger, *Years of Renewal* (New York: Touchstone, 1999), pp. 170-172.

Finding Iran in the Ford Years

Two main areas characterised relations between Iran and the Ford administration during its first year in office: Firstly, the Shah wished to domestically produce a range of military equipment spanning missiles, helicopters, and lightweight fighter jets. Iranian production was beset with difficulties that would test relations on both sides. Secondly, the Shah and the Ford administration entered discussions over an Iranian nuclear energy programme. The Shah's nuclear energy intentions were, at best, inopportune during a period of heightened nuclear sensitivity. At worst, his energy programme was a thinly veiled precursor to an Iranian nuclear weapons programme. Domestic arms production and a nuclear programme were very much symbolic of the maturation and deepening of Iran's development. In that sense, the Ford administration became a steward of Nixon's legacy – attempting to deepen and consolidate what had been put in place with Iran in 1972. Yet, the nuclear issue sorely tested the limits of the sole condition of Nixon's *blank cheque* - that nuclear arms and associated technology transfers were forbidden.

Coproduction

Ford wasted no time in making sure that his administration's Iran policy got off on the right foot. Two days into his presidency he sent the Shah a letter

reassuring that the past policies of close relations would continue.⁴ Ambassador Helms reported back two days later from the American Embassy in Tehran that the reassuring gesture had generated a positive response from the Shah, proving 'right on target in tone and timeliness'.⁵ With a presidential assurance from Ford that all was well, the Shah turned to his next prize acquisition: *Coproduction*. The coproduction of military equipment, otherwise known as in-country production, was an agreement in which the purchaser country would assist in the assembly of its purchased equipment in tandem with locally deployed contractors of the manufacturer. Coproduction was not uncommon; going back to 1956 there were over 60 U.S. government approved coproduction agreements with various nations.⁶ The development gave the Shah the prestige of being able to proclaim that Iran was graduating in its development into becoming a technologically advanced manufacturer.

The first coproduction agreement with Iran was provisionally set out in a memorandum of understanding on 8 October 1974 (although deliberations continued thereafter) for coproduction of 97 Bell Model 215 helicopters. The arrangement was for the Department of Defense, the manufacturer (Bell), and the government of Iran to cooperate on the production and assembly of all of the 97 units Iran had purchased.⁷ The Bell deal was advanced as a placating move in

⁴ Telegram from Kissinger to Helms, 11 August 1974. GFL. Country File, Iran (4). Box 13.

⁵ Telegram from Helms to Kissinger, 13 August 1974. GFL. Country File, Iran-State Department Telegrams. Box 14.

⁶ See 'Arms Transfer Policy: Report to Congress', Committee on Foreign Relations: Congressional Research Service, Washington D.C., 1977, p. 23.

⁷ 'Memorandum of Arrangement Between the Ministry of War of the Imperial Government of Iran, and the Department of Defense of the United States of America Relating to the Procurement

Washington to deter the Shah from his attempts stretching back to the spring of 1974 to secure a coproduction deal for TOW and Maverick missiles. In both cases the Pentagon had determined that Iran did not have the domestic skillsets or infrastructure to facilitate manufacture. Hence, the Shah had become increasingly irate at existing plans that had amounted to no more than the insult of merely 'putting a few screws in place' rather than the genuine coproduction arrangements he wished for.⁸

The Shah's coproduction ambitions were not restricted to missiles and helicopters. The Shah also wanted to build a fleet of C-5B military transport aircraft. However, Lockheed had closed down production of the craft in 1973 following the fulfilment of the C-5 contract to the U.S. military. With a coproduction arrangement deemed unsuitable by Lockheed, the contractor negotiated a counter-proposal in early November 1974 in which Iran would bankroll the re-opening of the C-5 production lines in America to the tune of \$192 million. Iran would then order sixteen C-5s at a total programme cost of just over \$1 billion. As part of the proposal (which remained unsigned by either party at this point), Iran would receive significant multi-million dollar royalties on any C-5s purchased by other nations from Lockheed, due to the Iranian investment in restarting the C-5 programme.⁹

of the Model 215 Helicopters.' GFL. Martin R. Hoffman Papers 1971-1977. Subject File, Iran. Box 19. Folder: Iran Military Sales and Assistance, 1972-1975.

⁸ Telegram from Embassy Tehran to the State Department, 10 September 1974. GFL. Country File, Iran-State Department Telegrams. Box 14.

⁹ Letter from A. Carl Kotchian (President of Lockheed Aircraft Corporation) to General Hasan Toufanian (Iranian Vice Minister of War), 2 November 1974. Martin R. Hoffman Papers 1971-1977. Subject File, Iran. Box 19. Folder: Iran Military Sales and Assistance, 1972-1975.

In what may seem an extreme leap, whilst the negotiations were underway over the Bell helicopters and the C-5s, the Shah expressed a wish to coproduce the next generation prototype lightweight fighter jet (which would eventually become the F-16 when commissioned by the U.S. military). The move would allow the Shah a to field a capable lower cost compliment to its F-14 fleet. The fact that the F-16 was under a provisional contract to be coproduced by certain European NATO partners only served to fuel the Shah's expectations further. U.S. Ambassador to Iran, Richard Helms, reported on the matter in September 1974. He noted that whilst he expected the reply from the Pentagon to be a firm 'no', there were enduring political and military reasons to come to some sort of agreement. Of these reasons the most notable was the familiarly echoed threat that Iran could take up a rival initiative with another country if the Shah felt he was being undermined.¹⁰ The threat of brinkmanship had now seemingly been transubstantiated into preventive Embassy action, rather than allowing the Shah to revert to the strategy himself as he did frequently in the 1960s.

Helms' case was heard by Kissinger. In early 1975 Kissinger directed the Department of Defense to conduct a new exploratory study into the capability of Iran to produce a range of American missiles. The study was carried out as a benchmark of Iran's producer status and capability to factor into any future attempt by the Shah to coproduce truly advanced equipment, such as the F-16 and various missiles. It outlined that the likely low production rate and

¹⁰ Telegram from Helms to the State Department, 23 September 1974. GFL. Country File, Iran- State Department Telegrams. Box 14.

underdeveloped state of Iran's industrial capabilities would amount to a prohibitively high cost per unit manufactured. This would defeat the purpose of the entire venture. Hence, it was hoped that the Shah would be satisfied with the issue of any coproduction beyond the Bell helicopter being rested for the near future.¹¹ However, the Shah had already expressed to Kissinger when he visited Tehran in early 1974 that higher initial costs of production were not a barrier to his wishes to coproduce missiles.¹² For that reason, he was unperturbed by the recommendations of the American study and continued to press for progress.¹³ Via dogged persistence, the Shah eventually secured the Ford administration's consent to coproduce TOW and Maverick missiles by early 1975. Yet, negotiations with the manufacturers over price continued to stall the deal. Price problems also led to the Shah's eventual cancellation of the Bell coproduction deal raising confusion over his earlier statement that costs were not an issue.¹⁴

The coproduction saga demonstrates the strong will that the Ford administration shared with its predecessor to relegate doubts of Iranian capability in lieu of wider strategic objectives. Keeping relations with the Shah in the best possible light was, in the end, paramount. Strategic concerns remained the key driver in arms policy. It remains ironic that the only reason the coproduction agreements stalled in mid 1975 was not via the lack of will in Washington or Tehran, but

¹¹ Telegram from Helms to Kissinger, 2 March 1975. GFL. Country File, Iran-State Department Telegrams. Box 14.

¹² 'Meeting and Luncheon Discussion With Schlesinger.' (Unedited Draft Notes) 25 November 1974. GFL. Martin R. Hoffman Papers 1971-1977. Subject File, Iran. Box 19. Folder: Iran Military Sales and Assistance, 1972-1975.

¹³ Letter From Ardeshir Zahedi to Ford, 24 June 1975. GFL. Presidential Country files, Iran, Box 13.

¹⁴ Memorandum From Sidney Sober to Kissinger, 9 May 1975. GFL. Edward J. Savage Files, 1974-1975. Box 3.

rather due to the prices the various manufacturers had placed on coproducing in Iran. Those prices were prohibitive for the very reasons the U.S. study into Iranian coproduction study had highlighted – namely Iran’s lack of skilled manpower and insufficient infrastructure: Hence those factors necessitated that any prospective coproduction required significant levels of imported manpower and technology. The reality seemed lost upon the Shah who continually balked at the prices quoted to him and demanded new estimates from different suppliers – who would inevitably reach similar pricing conclusions.¹⁵

Iranian Nuclear Ambiguity

After the oil embargo and the price shocks of late 1973 and early 1974, interest in alternative sources of energy surged worldwide, of which nuclear energy seemed the most viable. As a signatory of the March 1970 Treaty on the Nonproliferation of Nuclear Weapons (NPT), the U.S. as a nuclear weapons nation was bound to not transfer nuclear weapons, nor assist other countries in developing their own nuclear weapons programmes. Concurrently, Iran as a non-nuclear signatory of the treaty was bound not to either receive or develop nuclear arms. The treaty sought to channel nuclear technology into civilian uses, and to recognise the destabilizing effect of further proliferation on the international community. Hence, Iran was keen to attain its NPT treaty rights to

¹⁵ See: Memorandum From Sidney Sober to Kissinger: President’s Briefing Memorandum for the Shah’s Visit, 9 May 1975. GFL. Edward J. Savage Files, 1974-1975. Box 3.

share in 'the fullest possible exchange of scientific information'¹⁶ with nuclear states such as the U.S. and France. The Shah vigorously pursued a nuclear energy cooperation deal with the U.S. though 1974-1976. With the Tehran agreement of May 1972 to mind, the only condition that Nixon had imposed on the Shah was that nuclear weapons were forbidden, recalling the obligations both nations had as signatories of the NPT. For that reason, it is perhaps surprising that through this period the Shah harboured covert designs for an Iranian nuclear deterrent. In that sense, his energy programme was the foundation upon which that deterrent would be built.

A National Intelligence Estimate on nuclear proliferation from August 1974 noted that Iran was 'at least' a decade away from a nuclear weapons programme – should they choose to develop one once their as yet uncommissioned civilian nuclear apparatus had matured.¹⁷ Iran was not a prime focus of that particular study. Yet, its mention was due in part to a diplomatic incident caused by remarks that the Shah had made to a French journalist working for *Les Informations* in late June 1974 following India's controversial first nuclear test, which had been done outside the bounds of the NPT. When asked if Iran would one day possess a nuclear weapon like India, the Shah replied; 'certainly, and

¹⁶ J Samuel Walker, Nuclear Power and Nonproliferation: The Controversy over Nuclear Exports, 1974-1980', *Diplomatic History*, 25: 2 (Spring 2001), 215-478. p. 217

¹⁷ Special National Intelligence Estimate: Prospects for Further Proliferation of Nuclear Weapons, 23 August 1974. Via the *The National Security Archive (NSA)*
<<http://www.gwu.edu/~nsarchiv/nukevault/ebb268/index.htm>> Accessed 14 October 2011.

sooner than is believed.¹⁸ The Shah denied he had made those statements just one day later, after his words raised high-level attention in an understandably sensitive Washington.¹⁹ Helms attempted to draw a line under the misunderstanding, reporting on 1 July that the Shah was 'very upset' at the international furore his words had caused, and noted that the Shah had denied that the offending interview with the *Les Informations* journalist had even taken place and had reaffirmed Iran's policy not to acquire nuclear weapons.²⁰

Denying that an on the record interview had even occurred was a rather desperate defence. It was almost certainly a case of the Shah attempting to manipulate his way out of a quagmire with the Americans. The fact that Helms accepted this explanation without any critique is also another sign of the increasingly advocate-type role Helms was playing for the Shah. This had been evidenced with prior ambassadors – though Helms took the relationship much further. Together with Kissinger in the State Department, the two men resembled something of a vigorously pro-Shah double act, and Helms could rest assured that his cables would receive the highest level of attention. Any benefit of the doubt for the Shah's dubious account of the nuclear statement would be

¹⁸ Telegram from the American Embassy in Paris to the State Department, 24 June 1974. NSA <<http://www.gwu.edu/~nsarchiv/nukevault/ebb268/index.htm>> Accessed 14 October 2011.

¹⁹ Telegram from the American Embassy in Paris to the State Department, 25 June 1974. NSA <<http://www.gwu.edu/~nsarchiv/nukevault/ebb268/index.htm>> Accessed 14 October 2011.

²⁰ Telegram from Helms to Kissinger, 1 July 1974. NSA <<http://www.gwu.edu/~nsarchiv/nukevault/ebb268/index.htm>> Accessed 14 October 2011.

warranted if this were but one isolated example. Yet, this was only the first of what would become a recurrent strand of duplicity in Iran's nuclear pursuits.

The ambiguity over the Shah's nuclear ambitions took a further, and dramatic, twist in January 1975. News came to Kissinger via the Secretary General of the Office of the President of France, Pierre Brousalette, that France had come 'under some pressure' to sell Iran nuclear powered French-built submarines. Adding further mystery, the 'people from Tehran' as Brousalette named the sources, had tried to secure French permissiveness on the reassurance that America had *already* gestured that they were prepared to countenance selling nuclear submarines to Iran. Kissinger responded to Brousalette in a state of disbelief, repeatedly remarking that any such rumour was 'inconceivable' and that he was '99.9% sure' it was incorrect.²¹ The rumour was indeed an Iranian fabrication, and the clearest signal yet that the Shah's military appetite went beyond the spirit of Nixon's agreement.

When adding the submarine issue to the June 1974 nuclear fiasco, it seems relatively clear that the Shah had a very thinly masked, and as yet wholly unrequited ambition for Iran to become a true nuclear power. No documentary record can be found of the nuclear submarine issue ever being broached directly with the Shah – signalling that perhaps the administration felt it better to let the issue pass without risking a diplomatic incident with a valued ally. The Shah's Minister of Court Asadollah Alam later shed light on the matter, recording his

²¹ Telecon: Kissinger and Pierre Brousalette. 8 January 1975. DNSA: KA13128.

impression in his diary of 29 November 1975 that the Shah's future designs 'though he denies it, probably includes our manufacturing of a nuclear deterrent.'²² Where Alam was speculative, Dr. Akbar Etemad, the Shah's chief atomic energy adviser through this period, was more certain. Etemad reflected in 2008 that his experiences in developing Iran's nuclear portfolio in the 1970s had left him convinced that the Shah's ultimate ambition was to build nuclear weapons. This was chiefly due to the regional pressures caused by the documented proliferation efforts of Iran's neighbours; India, Israel and Pakistan.²³ Etemad's contribution to the debate leaves little doubt that although the Shah had no tangible short term plans to build nuclear weapons in the mid 1970s, he very much saw an Iranian deterrent as the next logical step in his military development.

The observations of Alam and Etemad also give a new perspective to the confusion within the Pentagon in the first half of 1975 over the Shah's wish to purchase six battalions of Lance surface-to-surface missiles.²⁴ Lance missiles were only cost effective when used with a nuclear payload. Much more suitable (and cheaper) alternatives were available to the Shah for conventional payloads. The request was denied due to the nuclear connotations of the Lance violating the Nixon agreement with the Shah, and further that it would raise the ire of

²² Ayatollah Alam, *The Shah and I: The Confidential Diary of Iran* (New York: St. Martin's Press, 2008) p. 453.

²³ Maziar Bahari – Interview with Akbar Etemad: 'The shah's plan was to build bombs', *New Statesman*, 11 September 2008. Available at: <<http://www.newstatesman.com/asia/2008/09/iran-nuclear-shah-west>> [accessed 9 November 2011].

²⁴ See Memorandum From Sidney Sober to Kissinger, 9 May 1975. GFL. Edward J. Savage Files, 1974-1975. Box 3.

Congress. The rebuttal served as a rare example of the Shah having an arms request denied post 1972. Bearing in mind the Shah's frugality and hard bargaining over coproduction pricing it does seem highly irregular that he would elect for the Lance for any other reason than to open up a proliferation option.

The nuclear ambiguity of the Shah did not stop the ever-deepening relationship between Iran and America, and rather surprisingly it did *not* prevent a new development between the two nations over nuclear energy. Momentarily returning to early 1974, the Shah announced at that point that he wished to embark on a major nuclear energy programme, of which he intended to purchase six to eight reactors from American contractors with a similar amount coming from European sources such as France and Germany. The project was designed to allow for Iran's petrochemical wealth to be reserved for export, with the nuclear capacity eventually fulfilling domestic electricity needs. This was welcome news to the Ford administration, as American state production of enriched nuclear fuel for both domestic needs and export had reached full capacity. This resulted in a desire for further production to come from a private sector consortium that had thus far proved an elusive goal due to prohibitive multi billion dollar start-up costs. Whilst certain existing nuclear energy net purchasers such as Japan, Germany and France had expressed an interest in matching an investment by an American business consortium, all parties had declined to make a firm commitment due to the vast sums involved. Iran stepped into the breach in the early spring of 1975 and laid out a proposal to purchase a

30% stake in the venture – in effect putting its money and support on the table where all the other parties had proved reluctant.²⁵ In response, the Ford administration attempted to entertain the Shah's request in such a way as to balance non-proliferation concerns with (as ever) maintaining good relations with the Shah, whilst at the same time pushing for the agreement due to its positive ramifications for the American economy.²⁶

With formal negotiations underway over the nuclear energy deal in the spring of 1975 in response to Iran's apparently good faith offer, Kissinger presented a status report to Ford on 4 March 1975. The report noted that business with Iran was 'going very well' with a tentative \$12.5 billion dollar programme of non-military purchases on the ledger for the coming five years.²⁷ Considering the fact that this programme included six billion dollars in nuclear energy development and five billion dollars in the construction of port facilities in Iran, Kissinger's chosen words were something of an understatement. In addition, a deal was also being discussed for Iran to sell 500,000 barrels per day of oil to America, below OPEC prices, of which the proceeds would be funnelled directly into a fund to use for purchases of military equipment. This was another rebirth of the longstanding, and as yet unconsummated, desire that the Shah had to pay for his arms via an oil-barter agreement. Underlining the potential win-win scenario for America, Kissinger noted that, 'the money will never leave the United States',

²⁵ Memorandum From David Elliott to Kissinger, 2 March 1975. GFL. Presidential Country Files, India-Iran. Box 12.

²⁶ See, William Burr, 'A Brief History of U.S.-Iranian Nuclear Negotiations', *Bulletin of the Atomic Scientists*, 65: 1 (January/February 2009), 21-34. p. 23.

²⁷ Memorandum of Conversation between Ford, Kissinger and Scowcroft, 4 March 1975. DNSA: KT01515.

winning Ford's strong approval for both schemes.²⁸ Both Kissinger and Ford felt that the deals were both economically and politically advantageous due to the positive implications for American business in what had become a tough economic period. Hence, a strong top-level push was made for both proposals.

Despite the excitement, the multi-billion party soon became a long drawn out hangover. Broad opposition to the oil-barter deal came swiftly from across the administration. Opposition from the Council of Economic Advisers, the Departments of Defense and State, and the Office of Management and Budget was condensed for Kissinger in an NSC memorandum:

For 500,000 barrels of oil per day out of our total consumption of roughly 18,000,000 bpd you are, in short, running a major policy and personal risk by advocating this proposal. The profound changes called for in the way the US does business and conducts its financial relations holds virtually no hope that the plan could succeed and will expose you to the worst sort of criticism.²⁹

With high bureaucratic hurdles to clear over the prospect of an oil deal with Iran, Kissinger instead put his focus on the (seemingly) more achievable nuclear cooperation package. He ordered an interdepartmental study via NSSM 219 on 14 March 1975 to fully investigate the proposal, and to better anticipate possible roadblocks to the deal. The study was chaired by the NSC and was comprised of the Department of State, the Department of Defense, the Energy Research and Development Administration, and the Arms Control and Disarmament Agency.

²⁸ Memorandum of Conversation between Ford, Kissinger and Scowcroft, 4 March 1975. DNSA: KT01515.

²⁹ Memorandum From Robert Hormats and Robert Oakley to Kissinger, 6 June 1975. GFL. Presidential Country Files, Iran, Box 13. For the continued problems over this deal see: Memorandum From Robert Hormats to Scowcroft, 14 January 1976. GFL. Presidential Country Files, Iran, Box 13.

Each were given only five days to prepare their reports due to the express wish of both Kissinger and Ford to announce the deal publicly as soon as possible. The general considerations of the study were primarily the broader rationale and impact of cooperating with Iran, the effects of the deal on non-proliferation policy elsewhere, and the outlook for Congressional support or resistance to the proposed cooperation.³⁰

The crux of the problem at the core of NSSM 219 was a dilemma over the fact that the negotiations with Iran had so far been conducted under the pretext of more rigorous controls over the use of reprocessed plutonium than had been standard practice in American deals with other nations heretofore. Spent fuel from nuclear energy generating reactors had the potential to be reprocessed into weapons grade material. For that reason, the U.S. was growing sensitive to any possibility that American supplied fuel or reactors may be used to build nuclear weapons. This problem had become acute not just via the Indian example, but also via an agreement Germany had broached with Brazil to sell it a fully operational and independent energy programme, including domestic reprocessing – after which Brazil swiftly announced that they would concurrently begin experimentation with nuclear weapons.

Put simply, a new proliferation alarmism was present in Washington. With this concern in mind the negotiations with Iran were conducted with the pre-set

³⁰ NSSM 219: 'U.S. – Iran Agreement on Cooperation in Civil Uses of Atomic Energy', 14 March 1975. Available at: <http://www.ford.utexas.edu/library/document/nsdmnssm/nssm219a.htm> [accessed 14 October 2011].

provision that Iran would not have full control over the complete fuel cycle and would have to relinquish independence to either a multilateral conglomerate of parties, and/or allow direct American oversight in Iran's operation of any reprocessing. The reason for the restrictive line with Iran, an otherwise close and trusted ally, was cloaked outwardly as the setting of a new, more responsible precedent in nuclear policy. In reality it was due to the changing mood on Capitol Hill in response to the recent global proliferation trends, and the impending probability that even the most stringent of arrangements would receive a tough hearing in Congress.³¹ Understandably - not withstanding the Shah's characteristic ego and pride - this was not going to be an easy sell for the Americans. True to form, the Shah expressed in early March that whilst he was eager to advance a deal, the direction of the negotiations was discriminatory. In his mind, as Iran was a member of the NPT, it was entitled to benefit from the sharing of nuclear technology for civilian purposes.³² As the administration prepared to receive the Shah for a visit to Washington in May, there was a heightened sense of urgency in reaching some constructive position before his arrival.

Delivering its draft report for NSSM 219, the State Department noted that the conflicting pressures over the nuclear issue were coming to a head prematurely due to the Shah's impending visit. It signalled that a hiatus would be potentially constructive in allowing both sides to reflect upon their positions. Kissinger

³¹ Report of the NSSM 219 Working Group, 19 April 1975. GFL. NSC Institutional Files, 1974-1977. Box 59.

³² Report of the NSSM 219 Working Group, 19 April 1975. GFL. NSC Institutional Files, 1974-1977. Box 59.

returned the draft report to the Deputy Secretary of State, Robert S. Ingersoll, with a handwritten cover note of, 'don't break off', followed by the word 'urgent' (which was underlined).³³ Kissinger's point clearly articulated the priority with which the nuclear negotiations should continue, and underlined yet again the by now familiar pattern of successive American administrations desiring to have an offer of some kind on the table for the Shah when he visited. By 1975 such visits had increasingly becoming shopping trips consisting of the Shah's personal intervention to consolidate tentative deals, and/or the exploration of new purchase opportunities. Kissinger, who had now taken to signing NSDMs himself - whereas in the Nixon era it had been a Presidential affair - signed NSDM 292 on 22 April, which transferred the agreed positions fleshed out in the NSSM 219 study into policy. That policy would shape the on-going negotiations by crucially holding Iran to the idea of requiring American approval for any reprocessing of U.S. supplied fuel, which the administration hoped Iran would consent to carrying out in a multilaterally controlled site, rather than in a strictly Iranian site.³⁴ It was a compromise Kissinger reluctantly accepted as a necessary benchmark due to the mood in Washington.

Unfortunately for both sides, the nuclear cooperation agreement would be resolved neither before, nor during the Shah's visit – nor indeed during the remainder of the Ford administration. As the Shah embarked on his trip, Ford was briefed by Kissinger to dwell instead on discussion of the Shah's other

³³ See: 'Department of State Response to NSSM 219', and Kissinger's cover notes on the document. GFL. NSC Institutional Files, 1974-1977. Box 59.

³⁴ NSDM 292: U.S.-Iran Nuclear Cooperation, 22 April 1975. GFL. NSC Institutional Files, 1974-1977. Box 59.

presently unconsummated major initiative to covertly agree fixed price oil transfers with America below the OPEC price in return for military equipment.³⁵ While a strong advocate for the Shah, Kissinger recognised the ongoing volatility over the nuclear issue. The position adopted by the administration via NSDM 292 was not compatible with the Shah's position, and it would take time and concerted effort to massage the two sides toward an agreement. While there remained little prospect of the oil deal ever even reaching even a preliminary planning stage, the Shah was heavily invested in the idea and talk of it with Ford would allow the discussions to remain outwardly gratifying.

Following the Shah's visit to Washington, the Ford administration remained resolute on holding some level of veto over aspects of nuclear production and reprocessing due to the political sensitivity in the international and domestic policy arenas. Accordingly, the Shah maintained his line that Iran was entitled to independence in its operation of the nuclear plants. Ambiguity also remained present in accounting for Iran's nuclear ambitions, which proved troubling for Jack C. Miklos, who had left the State Department's Iran Desk in 1974 to become Deputy Chief of Mission in the American Embassy in Tehran. Miklos reported on 17 July that the 23,000 megawatts electricity generating capacity that Iran's planned reactors would produce when operational was vastly beyond any and all projections of Iranian domestic energy needs in the foreseeable future. This revelation led Miklos to point out that the Shah's motives were 'not entirely clear'

³⁵ Memorandum of Conversation between Ford, Kissinger and Scowcroft, 15 May 1975. DNSA: KT01623.

and were at least in part motivated by a desire to develop a nuclear proliferation option.³⁶ Adding to Miklos' concerns, enabling a foreign nation to amass a surplus supply of nuclear fuel ran contrary to American policy of simply meeting foreign requirements and no more.³⁷ Hence, the positions of the Shah and the Ford administration over nuclear power were undergoing significant drift.

Negotiations over reprocessing continued fruitlessly into the winter of 1975 and throughout 1976 without any clear sign of a mutually acceptable compromise from either side. The U.S. was prepared to compromise to an extent, but remained insistent on the terms of NSDM 292 under the watchful eye of Congress; and the Shah continued to harden in his perception that America was treating Iran unfairly - contrary to the spirit of the NPT.³⁸ Kissinger personally led a negotiation team to Iran in August 1976, yet still failed to reach a compromise on what had become mutually incompatible positions. When news of Kissinger's latest attempt at a U.S. concession reached the Department of Defense via a memorandum titled: 'Nuclear Energy Discussion', an unnamed official sarcastically retitled it, 'OR - How we gave the farm away'.³⁹ The same unnamed official doodled a picture of the Shah trampling over a caricature of

³⁶ See William Burr, 'A Brief History of U.S.-Iranian Nuclear Negotiations', pp. 24-25.

³⁷ These concerns were expressed at the outset of negotiations in March 1975. See Memorandum From David Elliott to Kissinger, 2 March 1975. GFL. Presidential Country Files, India-Iran. Box 12.

³⁸ See 'Summary of Discussion between Dwight J. Porter and Mr. Akbar Etemad, President, Iran Atomic Energy Organization, Vienna, September 22 and 23'. GFL. NSC Institutional Files, 1974-1977. Box 59; 'Nuclear Agreement With Iran: Summary of the Problem', 20 November 1975. NSC Institutional Files, 1974-1977. Box 59; and Memorandum from Donald Rumsfeld to Scowcroft, 4 December 1975. GFL. NSC Institutional Files, 1974-1977. Box 59.

³⁹ Telegram from Embassy Tehran to the State Department (Department of Defense copy), 3 August 1976. <<http://www.gwu.edu/~nsarchiv/nukevault/ebb268/doc22.pdf>> [accessed 1 November 2011].

Uncle Sam who uttered the words (via a speech bubble) 'OH – please walk all over me'.⁴⁰ Adding to the discrepancy, Kissinger later remarked in January 1977 at a meeting of the General Advisory Committee on Arms Control and Disarmament, that 'heaven and earth' should be moved to curb any further proliferation.⁴¹ With the aforementioned in mind, Kissinger's remarks made to a reporter in 2005 that the negotiations on nuclear power with Iran were based entirely on commercial principles, and that there was never an issue of proliferation seem highly questionable.⁴²

A Revisionist Trend?

As the various arms developments unfolded during 1974 and 1975, there was a noteworthy undercurrent developing. This was initiated by concerns at the Department of Defense over the ever-closer American military involvement in Iran. Through the same period, Congress had made significant developments towards taking an active and independent position on arms sales to Iran. Backtracking to consider the origins and effects of this revisionist impulse both within the administration, and in Congress, provides a fascinating angle on the evolution of the Iran-arms issue. Both act as a vehicle through which to place the

⁴⁰ Telegram from Embassy Tehran to the State Department (Department of Defense copy), 3 August 1976. <<http://www.gwu.edu/~nsarchiv/nukevault/ebb268/doc22.pdf>> [accessed 1 November 2011].

⁴¹ Memorandum of Conversation: 'Secretary's Meeting with the General Advisory Committee on Arms Control and Disarmament', 6 January 1977. <<http://www.gwu.edu/~nsarchiv/nukevault/ebb268/doc24.pdf>> [accessed 1 November 2011].

⁴² Dafna Linzer, 'Past Arguments Don't Square With Current Iran Policy', *The Washington Post*, 27 March 2005 <http://www.washingtonpost.com/wp-dyn/articles/A3983-2005Mar26.html> [accessed 19 October 2011].

various developments in the Ford administration into context and draw upon the overall trend of continuity in U.S.-Iran arms policy during the Ford administration.

The Congressional Challenge

Ford had been a member of the House of Representatives for 23 years prior to his Vice Presidency – eight of those as Minority Leader. His heart was in the Congress, as both Ford himself and many commentators and historians have remarked.⁴³ With Nixon removed from power it appeared that Congress would be more receptive to Ford as a former colleague. However, Congress set upon opposing Ford's various early economic, domestic taxation, and benefits bills – even to the extent of overturning several presidential vetoes – an experience that caused Ford deep personal upset.⁴⁴ Therefore, as a once popular and leading member of the House of Representatives, having Congress prove such a crippling obstacle in virtually every exercise of government was a disorienting challenge for Ford.

Building on the momentum that had been established through the various hearings on Iran arms policy during 1973 and 1974 by the House Committee on Foreign Affairs, the Senate Foreign Relations Committee despatched Senators J.

⁴³ See A. James Reichley, *Conservatives in an Age of Change*, pp. 281-283; and Brent Scowcroft, 'Ford as President and His Foreign Policy', in *The Ford Presidency: Twenty-Two Intimate Perspectives of Gerald R. Ford*, ed. By Kenneth W. Thompson (Boston: University Press of America, 1988), pp. 310-311.

⁴⁴ Gerald R. Ford, *A Time to Heal*, pp. 119-222.

Norvill Jones and George W Ashworth to Tehran in late October 1974 to conduct a report. The Senators embarked without any prior disclosure to the Embassy in Tehran as to the exact nature of their trip.⁴⁵ The State Department learned of the trip the very same day Ambassador Helms did, receiving an eleven point memorandum noting that the Senators would be conducting a comprehensive investigation of U.S.-Iran policy, ranging from the ability of Iran to absorb sophisticated American equipment; the wisdom of the ever increasing number of U.S armed personnel and contractors in Iran; and concerns over potentially illegal transfers of American equipment from Iran to other nations such as Oman and Pakistan.⁴⁶ Helms quickly acted, targeting a letter to Senator Symington, whom he suspected to be the anti-Iran ringleader in the Committee, stressing the positive impact Iranian arms sales were having on the troubled American economy. Helms wrote:

The idea that the United States should beat up on Iran because of high crude oil prices is childish and short-sighted. Are we not a capitalist country which depends on proceeds from industry to provide the taxes to pay for salaries in the Congressional Branch as well as the Executive?⁴⁷

Two weeks later, discussing the matter at a meeting in the State Department with Scowcroft and Schlesinger, Kissinger reaffirmed Helms' case:

⁴⁵ Letter from Helms to John H. Maury, 31 October 1974. Martin R. Hoffman Papers 1971-1977. Subject File, Iran. Box 19. Folder: Iran Military Sales and Assistance, 1972-1975.

⁴⁶ 'Visit of J. Norvill Jones and George W. Ashworth' (paper marked as 'State POL', no other identifiers. This seems to be a facsimile sent from the State Department to Martin Hoffman – General Counsel, Department of Defense), 31 October 1974. Martin R. Hoffman Papers 1971-1977. Subject File, Iran. Box 19. Folder: Iran Military Sales and Assistance, 1972-1975.

⁴⁷ See, Letter from Helms to John H. Maury, 31 October 1974. Martin R. Hoffman Papers 1971-1977. Subject File, Iran. Box 19. Folder: Iran Military Sales and Assistance, 1972-1975.

The Shah is the one guy who has a strategic conception. He is with us on everything but oil and there he only wants money – and he could put \$10 billion into the U.S.⁴⁸

Upon their return to Washington, various concerns raised by the two Senators in their draft report caused the Foreign Relations Committee, spearheaded by Senator Fulbright, to press the Ford Administration hard for access to classified documents on the landmark 1972 arms sales agreed between the Shah and Nixon, including the tentative discussions of the sale of Laser-guided bombs and the F-14 / F-15.⁴⁹ The request by Fulbright came on top of a similar request from Congressman Clarence D. Long, who had asked for permission via a letter to Kissinger on 16 October 1974 to conduct research on classified material on U.S arms sales to Iran.⁵⁰ Kissinger's NSC staff, together with his Deputy Secretary at the State Department – Robert S. Ingersoll – recommended in mid December that the documents be made available to both Fulbright and Long, with an NSC staff officer made available to explain any queries the Congressional staff raised upon consulting the documents.⁵¹ Kissinger flatly denied this request on 13 December, noting on a memorandum that he preferred to purposefully stall the issue, and ignore the requests - presumably hoping that the issue would pass.⁵² In the internal discussion within the NSC the main areas of sensitivity revolved around

⁴⁸ Memorandum of Conversation between Kissinger, Schlesinger and Scowcroft, 14 November 1974. GFL. NSA Memcons, Scowcroft File.

⁴⁹ The documents at the forefront of the Congressional enquiries were two memoranda, dated June 15 1972, and July 25 1972; both titled 'Follow-up on the President's Talk with the Shah of Iran'. Fulbright made his request via letter to Kissinger on 12 November 1974. See, GFL. Presidential Country Files, India-Iran. Box 12.

⁵⁰ Letter from Clarence D. Long to Kissinger, 16 October 1974. GFL. Presidential Country Files, India-Iran. Box 12.

⁵¹ Memorandum for Kissinger from Richard T. Kennedy and Robert B. Oakley, 13 December 1974. GFL. Presidential Country Files, India-Iran. Box 12.

⁵² See Kissinger's handwritten notes on: Memorandum for Kissinger from Richard T. Kennedy and Robert B. Oakley, 13 December 1974. GFL. Presidential Country Files, India-Iran. Box 12.

the *blank cheque* on arms sales that Nixon had issued to the Shah, which was detailed explicitly on one of the documents Fulbright had requested. As this fact had been purposefully withheld from Congress, and from the public, speculation had taken hold in lieu of full disclosure of the facts. For that reason, Kissinger's sensitivity was understandable.⁵³

Kissinger's opposition to Congressional meddling in foreign policy is well documented – something he had regularly voiced publicly throughout 1974 and 1975. In late January 1975 in a speech he reaffirmed that Congress was 'not well suited to the detailed supervision of the day-to-day conduct of diplomacy.'⁵⁴ Unfortunately for Kissinger, the trend was clearly moving toward Congress exercising the full extent of its constitutional oversight role, in the spirit of Senator Church's idiom that the modern Congress should not *conduct* foreign policy - but that it should actively help in *making* it.⁵⁵ Hence, Kissinger's denial of access to the Iran-arms papers in December 1974 did not end the matter. It caused frequent back and forth acrimony throughout the remainder of the Ford years as Kissinger continued to fend off further Congressional attempts to access classified arms documents.⁵⁶

⁵³ See Memorandum to Kissinger from Ingersoll, 5 December 1974. GFL. Presidential Country Files, India-Iran. Box 12.

⁵⁴ Henry Kissinger, quoted from speech to World Affairs Council in late January 1975, in *The Bulletin*, 25 January 1975. Available via Google News Archive <<http://news.google.com/newspapers?nid=1243&dat=19750125&id=r2RYAAAIBAJ&sjid=xvcDAAAIBAJ&pg=1357,1195995>> [accessed 12 October 2011].

⁵⁵ David F. Schmitz, 'Senator Frank Church, The Ford Administration, and the Challenges of Post-Vietnam Foreign Policy', *Peace & Change*, 21: 4 (438-463), p. 443.

⁵⁶ See NSC Memorandum: 'Congressional Requests for 1972 Memoranda on Arms Sales to Iran', 10 February 1975. GFL. Presidential Country Files, India-Iran. Box 12; and Memorandum From Jeanne W. Davis to Philip W. Buchen, 9 June 1975. GFL. White House Central Files, Subject File, Box 23: FO 3-2 / CO 55 – CO 70.

In the final days of 1974 Ford's difficulties with Congress amplified via the passing of the Foreign Assistance Act. The Act contained an amendment added by Senators Nelson and Bingham that mandated that any arms sale in excess of \$25 million dollars would need to be approved by Congress.⁵⁷ Via the Act, Congress would receive notification of such sales and over a period of twenty days decide to authorise, or block the transfer. Blocking could only occur by concurrent resolution from both Houses of Congress. Therefore, if one House passed the sale, it would proceed. The Nelson-Bingham amendment would have major ramifications for arms policy, and would (if exercised) effectively kill the *blank cheque* policy towards Iran.

Now armed with new powers, Congress continued to seek its own perspective. Another team was despatched to Iran, Kuwait and Saudi Arabia on 22 May 1975 to investigate arms sales. The ensuing report was largely passive, and did not recommend any clear action – instead lamenting that there appeared to be no discernable policy on arms supplies - rather an ad-hoc approach that lacked coordination and oversight.⁵⁸ These conclusions reaffirmed earlier perceptions by the Congress that they did not understand the logic with which the administration was carrying out its arms sales policy towards Iran. Yet, it is already clear through the examination undertaken in Chapter Four that there

⁵⁷ Gerald Ford, 'Statement on Signing the Foreign Assistance Act of 1974', 30 December 1974. *The American Presidency Project* <<http://www.presidency.ucsb.edu/ws/index.php?pid=4660#axzz1f2NEDtPT>> [accessed 12 October 2011].

⁵⁸ Committee on International Relations Report: 'United States Arms Sales to the Persian Gulf: Report of a Study Mission to Iran, Kuwait and Saudi Arabia, May 22-31, 1975', 19 January 1976. U.S. Government Printing Office, Washington D.C.

was a very purposeful logic in place for arms sales to the Gulf nations after 1972. One can only surmise that Kissinger's continued denial of cooperation with the Congress, principally via his withholding of the arms documents that had been frequently requested, had limited the scope of their understanding.

The extent of the secrecy within the executive going back to 1972 had thus far arrested the efforts of the Congress to come to terms with the policy orientation towards Iran and the Gulf. To that effect, the hearings that followed through June and July 1975 were called with the purpose of finally providing the Congress with that very understanding. During the first series of hearings, officials at the deputy and under secretary levels from the Departments of State and Defense were despatched to further placate the Congress with limited disclosures.⁵⁹ Unsatisfied with that testimony, the Committee on Foreign Relations bypassed any possibility of being fobbed off by lower level administration officials and summoned Kissinger directly as part of a series of further hearings.⁶⁰ Kissinger duly answered the summons to testify before the Senate Foreign Relations Committee on 25 July 1975 where preliminary discussion of Iran's AWACS air surveillance equipment raised significant questions, consuming 'considerable time'.⁶¹ Kissinger cabled a message to the Shah via the Embassy in Tehran following his testimony admitting that the new mood on Capitol Hill was making

⁵⁹ 'The Persian Gulf, 1975: The Continuing Debate on Arms Sales, Hearings before the Special Subcommittee on Investigations of the Committee on International Relations: June 10,18,24, and July 29 1975'. U.S. Government Printing Office, Washington D.C.

⁶⁰ 'Foreign Assistance Authorization: Arms Sales Issues – Hearings before the Subcommittee on Foreign Assistance of the Committee on Foreign Relations, June 17 and 18, November 19 and 21, and December 4 and 5, 1975.

⁶¹ Telegram from Kissinger to Helms, 25 July 1975. GFL. Country File, Iran (4). Box 13.

for a 'difficult situation' – but that the administration remained steadfast in allowing Iran to determine its own defence needs. Kissinger reassured that he 'would continue to work hard on the matter.'⁶²

The high level of scrutiny within the Congress did not stop the flow of military purchases. A comparatively lower order pair of sales of 222 Harpoon anti-ship missiles, and 39 (non coproduced) Bell utility helicopters totalling \$207 million were approved in August 1975.⁶³ In the following three months further sales of over \$70 million were agreed, including ground radar equipment and a pair of P-3F surveillance aircraft.⁶⁴ Hence, despite the high level of scrutiny, Congress was remaining outwardly cooperative to the regular flow of arms to Iran, and was not yet wielding its veto power over arms sales packages in excess of \$25 million.

The Schlesinger Challenge

Regular concerns within the Department of Defense over the level of arms being sold to Iran surfaced in late 1973. They were first evident at the staffer level, before becoming closely aligned to the Secretary of Defense, James Schlesinger. Schlesinger commissioned a wide ranging Department of Defense led study into Iran arms policies in early 1975. Yet, the study was never fully consummated during the life of the administration. Schlesinger took the earliest opportunity to

⁶² Telegram from Kissinger to Helms, 25 July 1975. GFL. Country File, Iran (4). Box 13.

⁶³ See Memorandums From Clinton E. Granger to Scowcroft, 19 and 26 August 1975. GFL. Presidential Country Files, Iran. Box 13.

⁶⁴ See Memorandums From Clinton E. Granger to Scowcroft, 9 September and 31 October 1975. GFL. Presidential Country Files, Iran. Box 13.

summarise its draft findings direct to the President in early May 1975 via a cautionary memorandum. He warned that there was significant doubt over whether the open ended military commitment to Iran was in America's best interests due to a growing divergence of U.S. policies and Iranian behaviour.⁶⁵ Schlesinger reported that Iran's defence spending had risen to 15.2% of GDP and experienced a fifteen-fold increase in expenditure between 1968-1975. With that context in mind, Schlesinger set out two major problem areas. Firstly:

The lack of training or even trainable Iranian manpower... plus delays in the huge construction programs required to provide supporting facilities for the weapons and equipment being obtained from abroad.

And secondly:

Frankly, the US itself would find it extremely difficult to handle expansion programs of this size and speed; *the Iranians cannot do it*. The military supply system is a shambles. There is no delegation of authority, military pay and housing lags behind the civil sector, incompetence and corruption are endemic, and there is no prospect that the Iranian forces will be in respectable fighting shape for years to come.⁶⁶

American personnel deployed in Iran, both military and civilian (which itself was comprised of large numbers of ex U.S. servicemen) was on target to grow to 17,000 in 1976, a rise of over 40% from 1975 levels. The study predicted that numbers would rise to 76,000 in 1980 - a number that would pose 'a significant drain' on American military and technical resources.⁶⁷ The outlook for U.S. Iran relations in the latter half of the 1970s was therefore – according to Schlesinger -

⁶⁵ Memorandum from Schlesinger to Ford: 'DOD Activities and Interests in Iran', 5 May 1975. DNSA: PR01303.

⁶⁶ Memorandum from Schlesinger to Ford: 'DOD Activities and Interests in Iran', 5 May 1975. DNSA: PR01303. [emphasis author's]

⁶⁷ Memorandum from Schlesinger to Ford: 'DOD Activities and Interests in Iran', 5 May 1975. DNSA: PR01303.

not the rosy picture that Kissinger and Nixon had envisioned earlier in the decade. The nuclear impasse was ongoing, oil price tensions were still present, and there was a very real possibility that Nixon's blank cheque would have to be withdrawn entirely due to both Congressional pressures and the implications of Iran provoking its Arab neighbours yet further via its disproportionate military build up. Schlesinger requested that his appraisal of the Iran situation be used as the basis for a NSSM on Iran to better envision the challenges that lay ahead. Two weeks later, Kissinger responded by initiating NSSM 223, which called for a long-term review of the logic and purpose of U.S. policy on arms transfers *in general*, not a detailed study of U.S.-Iran arms policy.⁶⁸ In that sense, Kissinger's total control over the NSSM process allowed him to redirect and dilute Schlesinger's concerns in order to insulate Iran and the agreements made in May 1972 – of which Kissinger remained a steadfast advocate.

Schlesinger's position on Iran seemed at odds with his established reputation as a relative military hawk who advocated an enhanced build-up of American military power and a harder line on détente with the Soviet Union.⁶⁹ The latter was vocalised via the so called 'Schlesinger doctrine' which recommended a deepened and expanded American nuclear deterrence posture to facilitate a more substantial commitment to U.S. allies in sensitive areas, particularly

⁶⁸ NSSM 223: Review of U.S. Policy on Arms Transfers, 19 May 1975.

<<http://www.ford.utexas.edu/library/document/nsdmnssm/nssm223a.htm>> [accessed 19 October 2011].

⁶⁹ See John Robert Greene, *The Presidency of Gerald R. Ford*, pp. 121-122; and Henry Kissinger, *Years of Renewal*, pp. 176-180. For a direct incident where Schlesinger's détente opinions caused friction in the White House see: Memorandum From Scowcroft to Kissinger, 15 April 1975. GFL. NSA, Presidential Agency File. Box 7.

Europe.⁷⁰ Further confusing the picture, during the Yom Kippur War Schlesinger had supported the American airlifts of arms to Israel, due to the fact that it demonstrated that the U.S. had no intention of abandoning its allies in the Middle East.⁷¹ Adding a further layer of mysteriousness into the Schlesinger Iran-arms warning, the draft report on Iran that Schlesinger had referred to in May was somewhat different in its conclusions than Schlesinger had presented to Ford – as evidenced when it was finally published in full on 5 August 1975. The study actually concluded that continuation of the U.S. military relationship with Iran was important, with no major changes advisable beyond a revision of ‘certain practical problems’ which could be remedied by better implementation, oversight and planning by both the U.S. military and Iran.⁷² Hence, Schlesinger had pre-emptively politicised the report in an attempt to influence Ford and counter Kissinger’s steadfast pro-Shah advocacy.

Despite his larger strategic concerns, Schlesinger’s position on Iran was actually a constant. From the outset of his tenure at the Pentagon in July 1973 he had expressed disquiet at the U.S. arms relationship with the Shah, an impression that only deepened following each of several meetings he had held with the Shah during 1973-1975. Although Schlesinger always lent Iran ‘a sympathetic ear’,⁷³ to quote the Shah himself, Schlesinger believed that the extent of the arms relationship with Iran was irresponsible and disproportionate, and would erode

⁷⁰ See, David S. Yost, ‘The US Debate on NATO Nuclear Deterrence’, *International Affairs*, 87: 6 (2011), 1401-1438; p. 1405.

⁷¹ See Douglas Little, *American Orientalism*, pp. 106-107.

⁷² ‘DOD Activities and Interests in Iran’, 5 August 1975. DNSA: IR00980.

⁷³ Asadollah Alam, *The Shah and I*, p. 450.

the international prestige of the Department of Defense as a reliable military partner.⁷⁴ Acting on his concerns, Schlesinger despatched a former colleague and retired Army colonel, Richard Hallock, to Tehran in September 1973 to act as his unofficial eyes on the ground. Much to Schlesinger's disapproval Hallock simultaneously accepted a multi-million dollar consultancy contract with the Shah. This placed Hallock in a position in which he was essentially advocating for the Shah on military matters whilst also working as an independent advisor for the Pentagon. Worse still, Hallock was *also* consulting for various arms suppliers.⁷⁵ As a result, Schlesinger did not get the independent advice he had anticipated as Hallock essentially joined the pro-Iran arms camp, and in doing so used his inside knowledge of the U.S. military procurement system to bargain for millions of dollars worth of discounts for the Shah's prospective purchases.⁷⁶

Hallock supplemented his own advisory role by bringing in more independent military experts to assist the Iranians; thereby balancing against the official Pentagon staffed American Military Affairs Advisory Group. General Toufanian, the longstanding Iranian Vice-Minister of War for Armaments later described Hallock as 'a force at the Pentagon resembling Oliver North in the White House in later years.'⁷⁷ Whilst the Iranians were understandably very happy with Hallock,

⁷⁴ See Gary Sick, *All Fall Down*, pp. 17-18. (Sick and Schlesinger both served in the Carter administration, and Sick based his observations on personal encounters with Schlesinger over the subject of Iran in 1978).

⁷⁵ See, Gholam Reza Afkhami, *The Life and Times of the Shah*, pp. 314-315; Gary Sick, *All Fall Down*, pp. 17-21.

⁷⁶ Mohammed Reza Pahlavi, *Answer to History* (New York: Stein and Day, 1980), 197.

⁷⁷ Gholam Reza Afkhami, *The Life and Times of the Shah*, p. 214.

the Defense Department's Criminal Division dismissed him in mid-1975, which raised the alarm of the Congress who investigated Hallock the following year.⁷⁸

The Hallock affair was but the latest in a familiar pattern of American diplomats, advisers, politicians, and officials arriving in Iran and quickly succumbing to what can only be described as *Tehranitis*. *Tehranitis* can be best described as a fictional, yet all too real, affliction that struck those present with a noticeably disproportionate pro-Shah disposition. The cause of this strange affliction may have been personal political gain, the distortion effect caused by Cold War geopolitics, greed, infatuation, awe for the Shah's personality and grand designs – or a blend of any of the aforementioned. Successive American Ambassadors to Iran exhibited strong signs of the affliction. Armin Meyer and Douglas MacArthur established the trend as previous chapters have demonstrated. Both became consistent advocates for the Shah during their time in Tehran. Richard Helms became the most vocal pro-Shah Ambassador of all, taking his cues from the Nixon-Kissinger encounter in Tehran in May 1972, which effectively established *Tehranitis* as U.S. national policy via the highly unusual military relationship it initiated.

Whilst Schlesinger, a senior administration figure notable for his lack of *Tehranitis*, had succeeded in opening up a review of U.S.-arms policies - NSSM 223 was not completed until 4 June 1976. This was almost *one year* behind

⁷⁸ See the 'Iran Hallock, Richard' folder, GFL. Martin R. Hoffman Papers, 1971-1977. Subject File. Box 18. Also see *Barry Rubin, Paved With Good Intentions*, pp. 164-165.

schedule. The glacial pace was a product of Kissinger's control over the NSSM process, ensuring that the relationship with Shah – which had his unwavering personal advocacy - was not interrupted.⁷⁹ In the interim, much had changed in the administration. Schlesinger had become increasingly adversarial with Kissinger,⁸⁰ and had never been popular with Ford who was uncomfortable with Schlesinger's professorial, often arrogant, personality and the disruption his rivalry with Kissinger was causing within the administration.⁸¹ As Ford described to Kissinger,

Jim's fight is not with you but with me. He thinks I am stupid, and he believes you are running me, which he resents. This conflict will not end until I either fire Jim or make him believe *he* is running me.⁸² [emphasis in original]

Ford eventually fired Schlesinger and replaced him with his trusted aide and personal friend Donald Rumsfeld in November 1975, and at the same time promoted Brent Scowcroft to the position of National Security Adviser, rather than have him continue to deputise for Kissinger. The reshuffle was an attempt by Ford to put his own stamp on his foreign policy machine, and in Scowcroft's case, to deflect persistent accusations that Kissinger's power had become excessive.⁸³ In reality, Kissinger retained his influence in the White House and his mastery over the exercise of foreign policy, and relied on Scowcroft as a

⁷⁹ Gary Sick, *All Fall Down*, pp. 17-21.

⁸⁰ Henry Kissinger, *Years of Renewal*, pp. 178-181.

⁸¹ Gerald R. Ford, *A Time To Heal*, pp 324-325.

⁸² Henry Kissinger, *Years of Renewal*, pp. 181-182. [emphasis in original]

⁸³ David Rothkopf, *Running the World*, p. 153.

trusted ally who ran the NSC as a coordination mechanism, rather than as a proactive policy entrepreneur as it had been during Kissinger's tenure.⁸⁴

The Outcome: The Endurance of the Post-1972 U.S.-Iran Relationship

When NSSM 223 did finally arrive, it set out a Department of Defense position that did not reflect Schlesinger's alarmism, and had evolved yet further from the August 1975 study on Iran. Iran's arms absorption and integration problems were addressed, but mention of Iran was infrequent due to Kissinger's refocusing of the study to be broad rather than particular. With that factor in mind, as America's largest arms customer, it is fair to assume that the general recommendations made in NSSM 223 are representative of the desired state of affairs with Iran. Although it would be inaccurate to accuse Rumsfeld of being prey to Tehranitis, he did not generally share Schlesinger's alarmism. Rumsfeld led the Department of Defense to conclude via its report for NSSM 223 that the case for a policy change on arms was 'exaggerated'.⁸⁵ Instead, the Department advocated for what it called a 'tuning' of existing processes to incorporate clearer guidelines for sales and a more active Interdepartmental oversight of arms transfers.⁸⁶ There is a peppering of discrepancies in the extant literature over this issue. This occurs with an often-held assumption - based solely upon

⁸⁴ See, Ivo H. Daalder and I. M. Destler, *In the Shadow of the Oval Office: Profiles of the National Security Advisers and the Presidents They Served – From JFK to George W. Bush* (New York: Simon and Schuster, 2009), pp. 90-91; 259-261; David Rothkopf, *Running the World*, pp. 19-20.

⁸⁵ NSSM 223 – Review of US Policy on Arms Transfers, 4 June 1976. DNSA: 01394

⁸⁶ NSSM 223 – Review of US Policy on Arms Transfers, 4 June 1976. DNSA: 01394

observational accounts - that Rumsfeld maintained Schlesinger's concerns, reflected by a consensus within the Department of Defense.⁸⁷ Whilst this may be true in the sense that the Pentagon was not blinkered to the problems in Iran, the results of NSSM 223 speak clearly enough to render these judgements inaccurate on the whole.

The real lingering voice for caution in the Department of Defense following Schlesinger's departure was Deputy Secretary of Defense Robert Ellsworth, who (ironically) was appointed by Rumsfeld. In February 1976 Ellsworth had petitioned a gamut of senior defence-oriented administration officials that,

It is absolutely essential that Iranian requests, and the scope and character of our own potential involvement, be rigorously examined to insure that we and the Iranians both understand the ramifications of any given case or project.

He continued,

In today's environment it is all the more important that DOD consideration of Iranian requests be most thorough and that we avoid any advocacy role on the part of U.S. officials associated with Iranian programs.⁸⁸

Ellsworth's efforts earned him the accusation, via Kissinger, of being part of a 'viciously anti-Iranian' cabal. That cabal also featured the Treasury Secretary William Simon, who had built up a reputation following the oil shocks of speaking out publicly and privately against the Shah. Yet, he never gained any

⁸⁷ See, Andrew Scott Cooper, 'Showdown at Doha', pp. 580-581; and Richard T. Sale, 'Arms Quarrels Strain US-Iran Ties,' *The Washington Post*, May 13, 1977.

⁸⁸ 'DOD Activities and Interests in Iran', 24 February 1976. Memorandum from Robert Ellsworth, addressed to: The Secretaries of the Military Departments, the Chairman of the JCS, the Director of Defense Research and Engineering, the Assistant Secretaries of Defense (and their assistants), the U.S. Defense Representative to Iran, the Director of Telecommunications and Command and Control Systems, and the Directors of Defense Agencies. DNSA: IR01020.

traction for his position due to the pro-Shah disposition at the highest level.⁸⁹ In the end, regarding the Department of Defense saga in this issue, Kissinger's influence over Ford was sufficient to impress upon the President the importance of maintaining the status quo with Iran. In turn, Ford made it at least implicitly clear to Rumsfeld on several occasions, and explicitly clear on at least one occasion, the emphasis *he* would like the Department of Defense to stress on Iran.⁹⁰ Although Rumsfeld proved sympathetic in the Iran case, he was not completely passive to Ford's wishes on the whole. He was largely held responsible by Ford for the failure of the SALT talks in mid-1976 due to his frequent objections to Kissinger and Ford's position – although the disagreement was purely professional and the friendship endured.⁹¹

Whilst Rumsfeld was able to quell Ellsworth, the State Department and the Arms Control and Disarmament Agency (ACDA) made a case via NSSM 223 that arms policies in certain cases needed clear changes to reflect the need for increased caution in military sales. The positions advocated for were far short of any dramatic change in policy and represented a desire for more oversight rather than a serious rethink. Both agencies pushed for the creation of a new arms transfer policy board representing each department and agency involved in arms transfers. This would come complete with a supporting coordinating group to

⁸⁹ Memorandum of Conversation between Kissinger, Ford and Scowcroft, 3 August 1976. GFL. NSA, Memoranda of Conversations, Box 20.

⁹⁰ Ford continually expressed agreement with Kissinger's position on the Shah. As late as August 1976, Ford continued to personally interject into Iran discussions by contacting Rumsfeld directly to express his wishes. See: Memorandum of Conversation between Kissinger, Ford and Scowcroft, 3 August 1976. GFL. NSA, Memoranda of Conversations, Box 20.

⁹¹ Rumsfeld's memoirs detail the extent of the close personal friendship he enjoyed with Ford before, during, and after the Ford Presidency: Donald Rumsfeld, *Known and Unknown*, pp. 161-240. Ford's memoirs reveal much the same.

institutionalise both the exercise of, and the subsequent oversight of, all arms transfers – including commercial sales and coproduction agreements.⁹²

Despite the calls from the State Department and the ACDA for change beyond ‘tuning’, the NSSM study inspired no great administration attention. It lingered in ‘bureaucratic limbo’ as the Presidential election season got underway in mid-1976.⁹³ In that sense, Kissinger’s delaying and refocusing of the study, together with his persuasiveness in conversation with Ford, had succeeded in taking the issue of a revision in Iran-arms policies off the agenda. This was despite the outwardly confusing result of Kissinger’s own State Department actually advocating for a structural change in policy of sorts. In that sense it can be inferred that as the recommendations were general, not specific to Iran - Kissinger, with Ford’s support, would have acted to exempt or privilege Iran from any such interdepartmental oversight *if* the study had been consolidated into a corresponding NSDM policy pronouncement. Yet, it never was.

Ford’s personal approval - on Kissinger and Rumsfeld’s recommendation – that Iran be permitted a \$3.8 billion purchase contract for 160 F-16s in September 1976 serves as clear confirmation of the President’s disposition.⁹⁴ The F-16s were due to gradually replace the Shah’s F-4 and F-5 fleets. Ford’s approval for

⁹² NSSM 223: ‘Review of US Policy on Arms Transfers, 4 June 1976. DNSA: 01394

⁹³ See Barry Rubin, *Paved With Good Intentions*, pp. 170-171; Gary Sick, *All Fall Down*, pp. 20-21; and Memorandums between Robert B. Oakley and Scowcroft, 13 August 1976. GFL. Presidential Country Files For the Middle East and South Asia, Box 2. NSSM 223 was still being discussed at working group level in December 1976, see: Memorandum From Scowcroft to Kissinger, Rumsfeld, George Bush, and the Director of the Arms Control and Disarmament Agency, 9 December 1976. GFL. NSC Institutional Files 1974-1977. Box 35.

⁹⁴ See Memorandum From Jeanne W. Davis to Jon Howe, 13 September 1976. GFL. White House Central Files. Box 25. Subject File CO 68 Iran.

the large purchase was assured to raise a red flag on Capitol Hill. In March 1976 Congress had exercised its new statutory powers to hold up a comparatively minor sale of C-130 transport aircraft to Egypt. This subsequently raised alarm in Tehran that Iran may be next in the Congressional firing line.⁹⁵ By the summer of 1976 it had become apparent to the Kissinger that there was a clear 'anti-arms-sales binge on the Hill'.⁹⁶ This sentiment was driven not just by the concern within the Congress over arms sales that had been building since 1973. Inaccurate reporting in the press sparked Congressional alarm over a new \$10 billion arms agreement with Iran, as part of a larger \$50 billion commercial deal.⁹⁷ The \$10 billion figure was comprised of credit re-payments, due over the coming five years. Hence, it was for deals *already done*, such as the F-14. The remaining \$40 billion was largely accountable to the as-yet unsigned and contentious nuclear deal – and various other formative arms deals and infrastructure projects.⁹⁸ The nature of the media rumours sent the Shah into a fit of paranoia that certain interests, including (strangely) Israel, was lobbying against Iran in Washington and leaking false information. He ordered an investigation to be led by his minister of court, Asadollah Alam.⁹⁹

⁹⁵ Telegram from Helms to the State Department, 29 March 1976. GFL. Country File, Iran-State Department Telegrams. Box 14.

⁹⁶ Henry Kissinger: Memorandum of Conversation between Ford, Kissinger and Scowcroft, 13 August 1976. GFL. NSA, Memoranda of Conversations, Box 20.

⁹⁷ 'U.S. Support of Shah of Iran Reinforced By New Pledges During Kissinger's Visit', *The Wall Street Journal*, 9 August 1976.

⁹⁸ Telegram from Helms to the State Department, 26 August 1976. GFL. Country File, Iran-State Department Telegrams. Box 14.

⁹⁹ Telegram from Helms to the State Department, 25 September 1976. GFL. Country File, Iran-State Department Telegrams. Box 14. Also see Asadollah Alam, *The Shah and I*, pp. 504, 515-516.

With the high sensitivity in mind, the official Congressional notification of the F-16 sale was rescheduled from August to late September so that deliberations would not be possible until early 1977 - due to Congress adjourning for the election season. This was a Kissinger backed scheme. The hope was that the Congress may be more favourable post-election should the results strengthen the position of Ford and/or the Republican Party.¹⁰⁰ With \$570 million in additional sales to Iran of spare parts, artillery, ammunition, and missiles already being prepared to send to Congress before the cut off date adding the F-16 would diminish the likelihood of those comparatively small sales successfully clearing any scrutiny.¹⁰¹

A media offensive by the Shah amplified news of the F-16 sale in late 1976 in which he gave numerous interviews and speeches regarding his military plans. Both Houses of Congress sought to utilise what remaining time was available before the November election to debate the implications of the sale. The debate became quickly overshadowed by the Shah's own public admission that an initial sale of 160 F-16s would be followed with a large F-18 order and 140 more F-16s. The background to these debates reflected a time of high strain over arms sales

¹⁰⁰ For the gradual decision making process on this issue, see: Memorandum From Robert B. Oakley to Scowcroft, 14 August 1976. GFL. Presidential Country Files For the Middle East and South Asia. Box 2; State Department Action Memorandum, 13 August 1976. GFL. Presidential Country Files For the Middle East and South Asia, Box 2; Memorandum From Robert J. McCloskey and Alfred L. Atherton to Kissinger, 18 August, 1976. GFL. Presidential Country Files For the Middle East and South Asia. Box 2; and, Telegram from Helms to the State Department, 26 August 1976. GFL. Country File, Iran-State Department Telegrams. Box 14.

¹⁰¹ See Memorandum From Clinton E. Granger to Scowcroft, 13 August, 1976. GFL. Presidential Country Files For the Middle East and South Asia. Box 2; Memorandum from Clinton E. Granger to William G. Hyland, 19 August 1976. GFL. Presidential Country Files For the Middle East and South Asia. Box 2; and Telegram from Kissinger to Helms, 24 August 1976. DNSA: IR01080.

between the Congress and the Ford administration. In a 16 September hearing of the Subcommittee on Foreign Assistance of the Senate Committee on Foreign Relations, Senator Hubert H. Humphrey delivered an angry riposte toward the Executive:

Today I regret to report that the performance of the Departments of Defense and State in responding to our requests for information during this crucial period has been deplorable.¹⁰²

The problem was an old one. Namely, Kissinger's continued refusal to authorise the release of various arms documents that the Congress had requested. Humphrey noted that the material that was begrudgingly sent was 'of a highly superficial nature and cannot be regarded as a serious response to the committee's inquiries', before adding; 'the requests cannot be pushed aside, voided. That day is over.'¹⁰³

Congressional frustrations (setting Kissinger's manoeuvres aside) were stirred by two underlying problems with the current state of affairs. This was exemplified by what Humphrey described as a culture of treating arms sales 'as if we were selling televisions and refrigerators and washing machines.'¹⁰⁴ Firstly, Congress clearly desired a fuller consultation role in examining arms deals *before* they were agreed and simply rubberstamped under the twenty-day system.

¹⁰² Statement by Senator Humphrey, 16 September 1976. 'U.S. Arms Sales Policy: Hearings before the Committee on Foreign Relations and the Subcommittee on Foreign Assistance, September 16, 21, and 24, 1976'. U.S. Government Printing Office, Washington D.C.

¹⁰³ Statement by Senator Humphrey, 16 September 1976. 'U.S. Arms Sales Policy: Hearings before the Committee on Foreign Relations and the Subcommittee on Foreign Assistance, September 16, 21, and 24, 1976'. U.S. Government Printing Office, Washington D.C.

¹⁰⁴ Statement by Senator Humphrey, 16 September 1976. 'U.S. Arms Sales Policy: Hearings before the Committee on Foreign Relations and the Subcommittee on Foreign Assistance, September 16, 21, and 24, 1976'. U.S. Government Printing Office, Washington D.C.

Senator Clifford P. Case addressed this problem acutely, using Iran as an example:

We are not really going to be able to review something if the Shah of Iran has already been told he is going to get it 3 or 4 years ago and if he has made all his own plans and staked his prestige in part on the promise that he is going to get it. Our relations with Iran are going to suffer if we exercise effectively what the public expects us to exercise; namely, a normal oversight function.¹⁰⁵

Secondly, a thinly veiled administration desire to neuter the effectiveness of the Congressional oversight on arms had led to abuse of the process in the form of not only withholding requests for documents, but also via the dumping of multiple arms sales all at once. Forty such arms sale notifications totalling \$6 billion dollars were sent to the Congress for approval in the first days of September 1976 alone. It was practically impossible for Congress to assess these properly. Hence, as the Ford administration entered its twilight, there was a sense that the story of increasing Congressional oversight over arms sales had not yet reached its end point.

Congress was not the only place where frustration with Iran's F-16 purchase was evident. There was also a basic uncertainty over the actual cost of the deal, which caused further stalling throughout September. In an exploratory meeting with the Shah in the summer of 1976, General Dynamics – the manufacturer of the F-16 – had estimated that the 300 F-16s that the Shah required would cost Iran \$2.14 billion. Yet, by the time that the Pentagon had formally assessed and costed

¹⁰⁵ Testimony of Senator Case, 16 September 1976. 'U.S. Arms Sales Policy: Hearings before the Committee on Foreign Relations and the Subcommittee on Foreign Assistance, September 16, 21, and 24, 1976'. U.S. Government Printing Office, Washington D.C.

the programme under the Foreign Military Sales credit framework, the price had spiralled to \$3.8 billion for just 160 jets. Getting to the bottom of the 'muddle', National Security Staffer Clinton E. Granger sought answers from the Pentagon. He then explained to Scowcroft that the original estimate did not take into account start up costs, spares, inflation, support and infrastructure costs. Additionally, it contained various other 'erroneous assumptions' that did not account for modifications and variables that the sale would necessitate - such as the alteration of certain classified technology that was removed from export models.¹⁰⁶ Scowcroft returned Clifford's memorandum with the annotated header: 'Incredible! And unacceptable', before adding in a further annotation, 'how can this be?'¹⁰⁷

Reacting to what was essentially a three-fold increase in the original price of the F-16, the Shah was understandably mystified. Additionally, he was presented with evidence from an unnamed British source who claimed that the price rises were a deliberate Pentagon strategy to overcharge Iran in order to, as Alam paraphrased, 'appropriate what little remains of our oil revenue'.¹⁰⁸ Alam's comment was related to the fact that the Shah's original plan was to part-pay for the F-16 via an oil barter agreement - an idea that had been on the table for over a year in one capacity or another. The oil for arms deal remained frustratingly out of reach in Washington, despite strong advocacy from Kissinger, due to the

¹⁰⁶ Memorandum From Clinton E. Granger to Scowcroft, 3 September 1976. GFL. Presidential Country Files, Iran, Box 13.

¹⁰⁷ See Scowcroft's handwritten annotations on the return copy of: Memorandum From Clinton E. Granger to Scowcroft, 3 September 1976. GFL. Presidential Country Files, Iran, Box 13.

¹⁰⁸ Asadollah Alam, *The Shah and I*, pp. 506-507.

same coordination and implementation difficulties that were pointed out when the idea was first raised.¹⁰⁹ Inflation and rises in development and manufacturing costs had already led to over \$1 billion in price increases of other equipment Iran had previously commissioned.¹¹⁰ Such occurrences were part and parcel of the procurement process and were somewhat built into contracts. Yet, the Shah did have a legitimate concern that increases were beginning to spiral beyond mutually accepted projections. The National Security Adviser, Brent Scowcroft had previously raised the issue of the unacceptability over the lack of influence the Pentagon had over producer price increases in November 1975. At that time he had suggested that Rumsfeld devise a system to anticipate future price problems and communicate those clearly to the Shah, and thereby reduce friction when prices did go up.¹¹¹ Clearly, this system was not yet working satisfactorily.

By mid-September 1976 the signs were clear that although the administration was apologetic over the F-16 price discrepancy, the final price was accurate. With no other option short of scuppering the deal, the Shah's overriding desire to complete the next phase of his grand military strategy led him to accept a credit purchase for the full revised \$3.8 billion F-16 deal on 13 September.¹¹² Any inkling that the threefold increase in cost would lead to some future restraint

¹⁰⁹ See Memorandum From Frank Zarb to Ford, 13 January 1976. GFL. Presidential Country Files, Iran, Box 13.

¹¹⁰ See the folder 'Lightweight Fighters' in: GFL. Martin R Hoffman Papers 1971-1977. Subject File, Iran - Sparrow. Box 20; and, Memorandum from Clinton E. Granger to Scowcroft, 21 January 1976. GFL. Presidential Country Files, Iran, Box 13.

¹¹¹ Memorandum from Scowcroft to Rumsfeld, 24 November 1975. GFL. Presidential Country Files, Iran, Box 13.

¹¹² Memorandum From Clinton E. Granger to Scowcroft, 13 September 1976. GFL. Presidential Country Files, Iran, Box 13.

was quickly dashed as the Shah ordered 140 more F-16s on 1 October, making up his original figure of 300 (all of which would have to be passed through the Congress and rubber stamped by whichever candidate won the Presidential election).¹¹³ On the same day he also formally requested 250 F-18Ls, with a provisional price for that deal alone in the regions of \$5-6 billion.¹¹⁴ The F-18L was a multirole fighter jet adapted for land use for export customers only. It was derived from the Navy's F-18a programme that had been developed as a more substantial alternative to the F-16 lightweight fighter, which the Navy had regarded as insufficient for its needs. Once again, the Shah envisioned payment for the F-18 in long term oil barter arrangements - an idea he seemed persistent in raising from the dead, despite such an arrangement remaining highly unlikely, as Scowcroft reaffirmed in late October.¹¹⁵

When adding the multiple hundreds of F-16s and F-18s (should those additional sales go ahead) to the 80 F-14s the Shah had already received, the Shah was in the process of appropriating one of the most advanced air forces in the world in just a few short years. The fact that these deals remained pending due to the 1976 Presidential election is beside the point. The climate for multi-billion dollar annual arms sales was still in place throughout the Ford years - in spite of the various obstacles. That the Shah felt he could confidently advance plans for the

¹¹³ Point Paper: 'Chronology of F-18L Program For Iran', undated. GFL. Presidential Country Files, Iran, Box 13.

¹¹⁴ Point Paper: 'Chronology of F-18L Program For Iran', undated. GFL. Presidential Country Files, Iran, Box 13.

¹¹⁵ Memorandum From Scowcroft to Ford, 27 October 1976. GFL. GFL. NSA, Presidential Agency File. Box 9.

next step in his military revolution beyond the F-14, F-4 and F-5 is testimony to this fact.

Conclusion: Continuity and Deepening

The period of 1974-1976 was one of continuity and deepening regarding the American arms relationship with Iran. Granted, there were roadblocks in evidence with Congress that were not present in 1972-1973. Yet, the Ford administration had decisively and purposefully nurtured Nixon's Iran arms revolution into an established fixture of U.S. policy rather than allow it to become a temporary aberration. Additionally, Foreign Military Sales in general remained buoyant and growing in the Ford years. \$12.7 billion of total FMS transactions were made in the 1976 federal year. This broke all previous annual records in spite of the growing revisionism on Capitol Hill, which had yet to put any qualitative or quantitative brake of note on arms sales.¹¹⁶ Rumsfeld's appointment as Secretary of Defense, was the tokenistic end of what had essentially been a small Iran-arms revisionist junket in the Ford administration led by Schlesinger (who was sacked by Ford), Simon (who was marginalised by Kissinger), and Ellsworth (who was overruled by Rumsfeld).

What had tangibly changed in the Ford years was the demise of the imperial styled executive power that had allowed Nixon to force his will by sheer blunt

¹¹⁶ Memorandum From Robert B. Plowden, Jr., to Bud McFarlane, 26 October 1976. GFL. NSA, Presidential Agency File. Box 9.

force in such issues as the unprecedented 1972 Tehran arms deal. This transition was accompanied by the rise of the Congress to a position where it exercised a clear mandate to play a role in controlling arms sales via its new ability to approve or reject all sales over \$25 million. That power, *if utilised* with clear purpose, would render the May 1972 Tehran agreement dead. The mood on Capitol Hill reflected a turning national sentiment towards arms sales, which Jimmy Carter who triumphed in the election of 1976 also shared. With that in mind, it is no surprise that the Shah reacted to Carter's election as President with deep apprehension.¹¹⁷ The evolving role of Congress did not inspire any change in policy orientation from within the Ford administration over Iranian arms sales. It simply introduced a new challenge to overcome. By the end of 1976 it was still not yet clear what pattern of behaviour the Congress would adopt *vis-à-vis* interjecting in arms sales to Iran. And, it is worth pointing out that *all* Iranian sales passed to Congress thus far had been approved. Hence, regarding Congress, the omens were not exactly foreboding for the Shah.

From 1968, unswerving advocacy at the highest level of the executive had been the Shah's trump card. As the Carter transition team got to work building its anti arms, pro human rights campaign rhetoric into a presidential programme, the Shah faced the very real prospect that this privilege would be lost. Hence, the Shah's now familiar ability to determine the quality and quantity of his arms purchases may not just be curtailed by an ascendant Congress – but by an unsympathetic administration who may prove unwilling to advocate for him as

¹¹⁷ Gary Sick, *All Fall Down*, pp. 25-26; and Asadollah Alam, *The Shah and I*, pp. 524-526.

the Johnson, Nixon and Ford administrations had done. Therefore although 1974-1976 had been a period of continuity and deepening in the U.S-Iran arms relationship – the prospect lingered that the relationship had reached its natural peak during the Ford years. With several multi-billion dollar arms deals on the table awaiting Carter’s entry into office, a hinge point appeared to be fast approaching.

Jimmy Carter and U.S.-Iran Arms Sales

Although events in Iran would come to engulf Carter's Presidency by late 1979, it was a matter of little sustained interest during 1977-1978. Carter's programme for foreign policy was dominated by his efforts to transition the themes of his 1976 campaign into policy: notably human rights and arms control. As those fell into place in mid 1977, attention turned towards normalisation with China, Middle East peace, and the on-going SALT talks. In a wider sense Carter also entered office with a desire to establish a North/South mindset in U.S. politics with more attention focused on the developing world. In late November 1978, when National Security Adviser, Zbigniew Brzezinski, briefed Carter on the 'foreign policy and national security priorities for 1979' - Iran was not even on the agenda despite the rapidly unfolding crisis that would eventually end in the Iranian revolution just a few weeks later.¹

¹ See Memorandum from Brzezinski to Walter Mondale, 20 November 1978; and Memorandum from Rick Inderfurth to Brzezinski and David Aaron, 20 November 1978. Jimmy Carter Library (hereafter JCL). National Security Affairs, Brzezinski Material, Subject File. Box 50. Folder: Presidential Priorities, 11/78.

Carter's personal and administrative responses to the political events within Iran during his presidency are well laboured in the literature. Those issues have consumed the bulk of scholarly and journalistic analysis regarding Carter and Iran.² It was a highly eventful period in which the administration has been criticised for a slow and indecisive reaction to the Shah's gradual downfall. Further, the hostage crisis and the failures of U.S. intelligence to predict the downfall of the Shah became hot topics of discussion both at the time, and in hindsight. These issues are not of direct concern to this thesis, and will only be dealt with where they cross paths with arms issues.

The main purpose of this chapter is to establish the continuity and change in arms policy towards Iran between Carter's entry into office and the dark days of November 1979 - when all arms agreements were terminated and the area of focus within this thesis ends. Several themes are noticeable within that three-year period. Firstly, arms sales to Iran did not stop as a result of the administration's anti-arms sales mantra. They actually increased to such an extent that 1977 was a record-breaking year for arms sales to Iran. Secondly, as events spiralled towards crisis within Iran in 1978, arms sales again looked to be going upward rather than downward despite the warning signs over the Shah's political health. Thirdly, as Iran descended into a volatile post-Shah regime in

² For a representative example see: David Farber, *Taken Hostage: The Iran Hostage Crisis and America's First Encounter With Radical Islam* (Princeton: Princeton University Press, 2006); David Patrick Houghton, *US Foreign Policy and the Iran Hostage Crisis* (Cambridge: Cambridge University Press, 2001); Feredoun Hoveyda, *The Shah and the Ayatollah: Iranian Mythology and Islamic Revolution* (Westport: Praeger, 2003); Hamilton Jordan, *Crisis: The Last Year of the Carter Presidency* (London: G.P. Putnam's Sons, 1982); Gary Sick, *October Surprise: America's Hostages in Iran and the Election of Ronald Reagan* (London: I.B. Tauris, 1992); William H. Sullivan, *Mission to Iran* (New York: W. W. Norton, 1981); and Kurt Waldheim, *In the Eye of the Storm* (London: Adler & Adler, 1985).

February 1979, Carter attempted to maintain an arms relationship with Iran. Each of the aforementioned themes are surprising when viewed with respect to Carter's electioneering rhetoric and his early months in office. For that reason, this chapter will first place this apparent incongruity into context. That focus draws on accounting for the policy pragmatism of Carter in his dealings with Iran.

The Carter Foreign Policy System

The structural changes in foreign policymaking that Carter introduced were fairly modest. Yet, briefly contextualising those changes is necessary. The NSSM/NSDM system of the Nixon/Ford administrations, which had centralised power around the President and Kissinger, was replaced with a system of Policy Review Committees (PRC). A parallel Special Coordination Committee (SCC) dealt with broader national security crisis management and intelligence issues. Whilst the PRC had rotating leadership, the SCC was always chaired by the NSC and led by Brzezinski.³ For both committees, completed reports and recommendations were delivered to Carter, who would then adopt a Presidential Directive (PD). PDs replaced NSDMs. Brzezinski was able to somewhat leverage himself in the foreign policy process. Like Kissinger before him, he was able to position himself to compile all SCC and PRC briefings for the President. This led to the natural editing of those documents to better reflect his preferred positions. This was a frequent point of displeasure for Carter's Secretary of State, Cyrus

³ Zbigniew Brzezinski, *Power and Principle*, pp. 61-64.

Vance. Vance lamented that it was a critical mistake to allow Brzezinski to exercise such power, and his department's positions were often misrepresented at Brzezinski's hand.⁴

Despite the influence Brzezinski enjoyed, the roles of Vance and the Secretary of Defense, Harold Brown, were designed in principle to form an equally weighted foreign policy triumvirate. Since the trump card for the Shah in the Nixon/Ford years had been the centralisation of power within the executive over arms policy, Carter's team approach indicated that once again decisions would be subject to wider scrutiny. In reality, Carter's team approach was flawed from the beginning. Within Carter's team there was a stark divergence of opinion that he was never able to convincingly plot or convey to the American public. That division lay at the very heart of matters, in the personal outlooks of Vance and Brzezinski. Vance was largely optimistic about the Cold War and relations with the Soviets, and bought into the North/South outlook. Whereas, Brzezinski viewed the world through an East/West lens, imbued with suspicion that the Soviets were the cause of worldwide instability.⁵ Hence, as each significant challenge arose in the geopolitical arena, such as the crisis in Iran in late 1978, Carter's team were

⁴ Cyrus Vance, *Hard Choices: Critical Years in America's Foreign Policy* (New York: Simon and Schuster, 1983), pp. 37-38.

⁵ See Scott Kaufman, *Plans Unraveled: The Foreign Policy of the Carter Administration* (DeKalb: Northern Illinois University Press, 2008); and Steven Hurst, 'Regionalism or Globalism? The Carter Administration and Vietnam', *Journal of Contemporary History*, 32: 1 (January 1997), pp. 81-95. Also see Zbigniew Brzezinski, *Power and Principle*, pp. 36-44; and Cyrus Vance, *Hard Choices*, pp. 35-38.

frequently unable to agree. This led to the common perception that Carter's exercise of foreign policy was muddled, weak, and inconsistent.⁶

For Carter, having diverse voices around him was intentional. Carter's nature was to study issues with an academic degree of problem-solving thoroughness. He would personally involve himself in decisions and essentially micromanage the process. Consulting his archival record shows this clearly. The extent of papers and memoranda that Carter hand-noted detailed thoughts and/or instructions on is staggering. It is without comparison in the administrations studied in this thesis. After the detailed discussion process on a particular issue had reached its conclusion and his personal feedback had been disseminated, Carter would then adopt a best course in light of the facts before him. That policy choice would rarely be dictated by political preconditions, and would instead represent what Carter saw as the best objective solution.

Carter's approach to decision making was immediately at odds with the rhetoric he carried into office. In truth, that campaigning rhetoric was all but jettisoned during his first year in office. The real problem for Carter was that he was unable to effectively communicate the logic of his approach to an increasingly confused

⁶ See David W. Engstrom, *Presidential Decision Making Adrift: The Carter Administration and the Mariel Boatlift* (Lanham: Rowman and Littlefield, 1997); Michael Ledeen and William Lewis, *Debate: The American Failure in Iran* (New York: Alfred A. Knopf, 1981); Timothy P. Maga, *The World of Jimmy Carter: U.S. Foreign Policy, 1977-1981* (Westhaven: University of New Haven Press, 1994); Richard A. Melanson, *Reconstructing Consensus: American Foreign Policy Since the Vietnam War* (New York: St. Martin's Press, 1991). Arthur Schlesinger, 'The Great Carter Mystery', *New Republic*, 12 April 1980.

public, who saw his policy pragmatism as inconsistency.⁷ As time has passed and the archival record has begun to open, a revisionist picture has emerged that is more mindful of the extent of the pragmatism in the Carter years.⁸ This chapter adds to that tradition. Indeed, dealings with the Shah over arms may prove to be one of the most unequivocal examples of Carter's method of pragmatic foreign policymaking.

The End of the Blank Cheque

Following Ford's defeat to Carter in the Presidential election of November 1976, any further major arms sales or executive policy revisionism remained in stasis in anticipation of the arrival of the new administration in January 1977. As Ford passed the torch to Carter several large deals with Iran that had clear Ford administration support were pending. The most prominent deal was for 300 F-16s, split into two separate tranches of 160 and 140 jets. Of similar importance to the Shah was his purchase of the AWACS airborne radar system. The AWACS deal had progressed slowly through the Ford years due to testing and production

⁷ See Andrew Z. Katz, 'Public Opinion and the Contradictions of Jimmy Carter's Foreign Policy', *Presidential Studies Quarterly*, 30: 4 (December 2000), pp. 662-687.

⁸ See Douglas Brinkley, 'The Rising Stock of Jimmy Carter: The 'Hands On' Legacy of Our Thirty-ninth President', *Diplomatic History*, 20: 4 (October 1996) pp. 505-530; Erwin C. Hargrove, *Jimmy Carter as President: Leadership and the Politics of the Public Good* (Baton Rouge: Louisiana State University Press, 1988); John Dumbrell, *The Carter Presidency: A Re-evaluation* (New York: Manchester University Press, 1995); David F. Schmitz and Vanessa Walker, 'Jimmy Carter and the Foreign Policy of Human Rights: The Development of a Post-Cold War Foreign Policy', *Diplomatic History* 28: 20 (January 2004) pp. 113-143; Robert A. Strong, *Working in the World: Jimmy Carter and the Making of American Foreign Policy* (Baton Rouge: Louisiana State University Press, 2000); and David Skidmore, 'Carter and the Failure of Foreign Policy Reform', *Political Science Quarterly*, 108: 4 (Winter 1993-94), pp. 699-729.

delays. Also on the table was an order for 250 F-18L jets - a proposed variant of the standard F-18 in development for export customers only. Each of these deals remained in stasis, pending review by the Carter administration. Iran would therefore be a very interesting test of Carter's commitment to arms reduction, which duly became a major focal point of Carter's programme for 1977.

As the various uncertainties hung in the balance through the transition period, the Shah decided to rekindle an old strategy that he had last harnessed in the mid 1960s. In a clear signal to the Carter administration, and to the Congress, the Shah signed a deal with the Soviets in late November 1976 for 500 armed personnel carriers, 500 tank transporters, and an array of missiles and anti-aircraft weapons. The Shah only informed Washington two days *after* the deal had been signed.⁹ The deal was several orders of magnitude above the various lower order transactions the Shah had made with Moscow in the past. It was thus received, as the Shah had no doubt intended, as a thinly veiled piece of brinkmanship and a targeted reminder of the consequences of revisionism in Washington over Iran's arms purchases.¹⁰

The Iranian Ambassador to the U.S., Ardeshir Zahedi, visited Brzezinski at the White House on 25 January 1977. In a 45-minute meeting Zahedi reminded Brzezinski that, in recent years, a 'new phase of relations' had been established based around the multi billion-dollar military purchases Iran had made since

⁹ Telegram from Helms to the State Department, 30 November 1976. GFL. RAC. NSA, Middle East and South Asia Staff Affairs Staff Files, Box 7.

¹⁰ Memorandum From Robert B. Oakley to Brent Scowcroft, 10 December 1976. GFL. Presidential Country Files, Iran, Box 13.

1972. He also referred to unspecified agreements made with the Ford administration to raise Iran's military and civilian purchases by anywhere between \$15 and \$50 billion over the coming years. Zahedi's vagueness over the exact figures was revelatory. As the previous chapter has demonstrated, Iran's business with the U.S. was becoming ever deeper, yet ever more difficult. The bulk of Zahedi's upper \$50 billion figure was for a nuclear energy deal, for which the Ford administration had failed to agree mutually acceptable terms with Iran. The accounting also factored in the ever-mythical oil barter agreement that the Shah had been fruitlessly pursuing through the 1970s. Hence, both of these unconsummated proposals contributed to the speculative upper total. The \$15 billion at the lower end of Zahedi's estimate was comprised of pending arms sales such as the AWACS, the F-16, the F-18L and a plethora of lower order military equipment, spares and ammunition. With this significant level of business pending, and the Shah deeply hedged on a permissive U.S. relationship, Zahedi candidly asked if there were any issues on which disagreement could be expected between Iran and the new administration. Brzezinski replied only in general terms, noting that disagreement should be expected due to the complexity of the relations between the two nations, and noted that a full discussion on arms sales with Iran would be forthcoming.¹¹

When Carter summoned a cross section of Congressional leaders to the White House on 1 February, arms was high on the agenda. The Congressional

¹¹ For this entire paragraph, see: Memorandum of Conversation: Zahedi, Brzezinski, and William B. Quandt, 25 January 1977. JCL. National Security Affairs Collection 7. Brzezinski Material, Subject File: Meat Import Program: 11/77-8/78 through Memcons: Brzezinski: 3-6/79. Box 33. Folder: Memcons, Brzezinski, 1-9/77.

delegation welcomed Carter's general ideas on arms reduction but very quickly narrowed in on discussing specific cases. In a thinly veiled reference to Iran, Senator Frank Church noted that arms sales to Middle Eastern nations had run out of proportion to the domestic needs of those countries. In a more direct tone, Representative Lee Hamilton announced his intention to work towards the 'deny and delay' of arms sales to Israel and Iran. Cyrus Vance noted in response to both Hamilton and Church that 'we will sink the peninsula if we keep selling arms.'¹² Whilst the Congressional positions were consistent with past behaviour, Vance's concurrence was a strong signal to the Congressional delegation that the Carter administration intended to be true to their arms control promises. Carter's choice to remain silent as Vance spoke was perhaps, however, a tacit recognition by the new President that actions would speak louder than words.

On 7 February Carter made his first official contact with the Shah, exchanging via letter the usual pleasantries and expressing his wish to maintain what he referred to as a 'firm relationship' between Iran and America. Beyond that reassurance, Carter hinted quite strongly that there were serious challenges ahead. Despite the impressively large order of business on the table, arms were not mentioned directly. What Carter did mention directly was that:

In the long run, peace and economic progress are indivisible, and there are no nobler tasks for us to work toward together. At times our approaches to these problems may naturally differ, but these will be

¹² See, Memorandum For The Record: 'Foreign Policy and National Security Issues for the 95th Congress', 2 February 1977. JCL, National Security Affairs, Brzezinski Material, Subject File, Box 50. Folder: Presidential Memos for the Record, 2-6/77.

differences between close and reliable friends, approached in an atmosphere of shared understanding.¹³

What is immediately apparent via this statement is that the tone harks back to that of the Johnson/Kennedy administrations via the suggestion that domestic Iranian economic policy would once again enter the equation in Washington. The Shah's public reaction was surprising. He had the entire text of the letter published and lauded on state television. This led to confusion within the NSC, which had been expecting a more subdued reaction. Brzezinski was personally convinced that the Shah 'disliked the letter' and had merely acted otherwise in order to maintain a domestic façade that it was business as usual in the U.S.-Iran relationship.¹⁴ As the discussion moved through the NSC in the following days the general impression converged with Brzezinski's view that the Shah's reaction was likely a domestic public relations stunt and private discontent would doubtless be forthcoming. Encapsulating this line of thinking, Gary Sick, who led Iranian policy at the NSC, noted to Brzezinski:

That is the price we must expect to pay if we intend to pursue an independent policy on such issues as oil prices, and arms transfers which may not always be what the Shah would like to hear from us.¹⁵

Whilst Carter's letter was by no means indicative that his administration would reject the pending arms purchases the Shah had on the table, it was a clear signal of a change in the order of business. The entire thrust of the post-1972

¹³ Letter from Carter to the Shah, 7 February 1977. JCL. Plains File. Box 23, Folder: Iran 6/75-12/79.

¹⁴ See Brzezinski's handwritten notes on NSC 'Evening Report', 10 February 1977. JCL. 'Remote Archives Capture Program' (Digitized archival records located on computer disk at the JCL. Hereafter RAC): NLC-3-9-6-1-2; and note from Rick Inderfurth to William Quandt and Gary Sick, 11 February 1977. JCL. RAC: NLC-15-20-1-2-0.

¹⁵ Memorandum from Sick to Brzezinski, 12 February 1977. JCL. RAC: NLC-15-20-1-2-0.

relationship had been that the Shah could purchase whatever arms he deemed necessary, short of nuclear weapons, without any interference from Washington. Considering the general mood of arms revisionism within the new administration, and the mood on Capitol Hill, the Shah had good reason to be worried. Carter's letter, taken together with the aforementioned statements made by Vance, Brzezinski and Sick, was the deathblow to Nixon's *blank cheque* with Iran.

As tentative diplomatic contacts were being made between the Shah and the new administration, Carter set into motion a review process that would allow him to reconstruct the full extent of the relationship and examine as many angles as possible before making any decisions. Less than one week into his presidency on 26 January he had commissioned Presidential Review Memorandum (PRM) 12 into arms transfer policy, which was chaired by Cyrus Vance. As part of PRM-12 Carter also tasked the Secretary of Defence, Harold Brown, to carry out a priority review into the U.S. relationship with Iran. Brown's review would incorporate the status of existing and pending arms programmes; forecasts for the near future; the extent of intelligence operations in Iran; and information on various minutiae such as the Richard Hallock affair and the role of private contractors. By early March, Brown had been briefed via a series of comprehensive internal Department of Defense memoranda on each of the aforementioned issues.¹⁶

¹⁶ See Memorandum for Brown from 'Captain Coll', 3 March 1977. DNSA: IR01152.

As the various studies progressed, Vance became an unlikely motor within the administration in favour of approving some of the bigger arms sales with Iran. On the receiving end of regular alarmist telegrams reporting on the Shah's mindset from the Embassy in Tehran, Vance grew impatient. He petitioned Carter to bypass the review process and expedite the bulk of the pending arms sales in order to prevent production bottlenecks and serious 'political problems' in bilateral relations with Iran.¹⁷ Carter rejected Vance's plea and noted that he would assess each case individually, and the review process should run its course.¹⁸ In hindsight, Vance's plea would be the first detectable moment from within the administration that the needs of Cold War geopolitics and regional strategic concerns would sometimes need to trump the arms idealism of the administration.

Vance delivered the results of PRM-12 in early April, after which Brzezinski's NSC team added its own reflections, and consulted with both the House International Relations Committee and the Senate Foreign Relations Committee.¹⁹ Hence, the process was open and inclusive. It embodied Carter's drive to run foreign policy via a team approach, removed from the imperial disposition of the Nixon/Ford/Kissinger years. The final study was delivered at

¹⁷ Memorandum from Vance to Carter, 7 March 1977. JCL. Plains file. Box 37. Folder: State Department Evening Reports, 5/77.

¹⁸ See Carter's handwritten instructions on: Memorandum from Vance to Carter, 7 March 1977. JCL. Plains file. Box 37. Folder: State Department Evening Reports, 5/77.

¹⁹ There are no specific details of what exactly was outlined by Vance, or what the NSC / Congress offered in response and the various conflicts (if any). Those documents remain classified. However, the established trajectory of the review reaching Carter is outlined here: 'President's Reorganization Project', June 1977. JCL. Donated Historical Material, James T. McIntyre Collection. Box 10: Folder 'President's Reorganization Project - Decision Analysis Report, 6/77.

a Policy Review Committee meeting on 12 April. After which, Carter personally reviewed the various positions and finally delivered his chosen course of action via Presidential Directive (PD) 13 one month later. PD-13 set the background tone for arms sales throughout the Carter administration and put into policy the philosophy that Carter had brought with him into the White House. It established a policy of restraint in the sale of conventional arms to allied nations. Carter noted that:

Arms transfers are an exceptional foreign policy implement, to be used only in instances where it can be clearly demonstrated that the transfers contribute to our national security interests.²⁰

Restraint however did not mean that arms sales would *not* continue to Iran. This would fall to just how vital Carter judged Iran to be. It remained to be seen if he would adopt the case-by-case pragmatism of Vance, when adding grander strategic needs into the equation.

PD-13 was not just a statement of Carter's intention to deliver on his electioneering promise of arms restraint. He also outlined that economic impact assessments would be made on less developed recipients of arms. This restored the established trend in arms sales that had been evident from the Truman administration through to the Johnson administration. Nixon overturned that trend in 1972 when he determined that the only conditions the Shah would be subjected to was whether he could make his credit payments and that nuclear

²⁰ Presidential Directive 13, 13 May 1977. Available at <
<http://www.fas.org/irp/offdocs/pd/index.html>> [accessed 13 February 2012].

weaponry was forbidden. Further, Carter outlined an entirely new condition on arms sales:

The United States will give continued emphasis to formulating and conducting our security assistance programs in a manner which will promote and advance respect for human rights in recipient countries.²¹

On top of the reintroduction of economic conditions, the language of the human rights portion of PD-13 was particularly foreboding for Iran when considering the growing tide of domestic repression and lack of political accountability in Iran, and the steadily growing coverage of those issues in the U.S. media.

Aside from the broader statements of intent within PD-13, it did advance several specific conditions. PD-13 prohibited coproduction on all but the assembly of subcomponents and spare parts. This ended Iran's various U.S. coproduction aspirations in one fell swoop. It also prohibited the introduction of any technology that was not yet fully integrated and operational within the American military apparatus, and committed the U.S. to not be the first nation to introduce a qualitatively advanced new weapons system into a region. These conditions, together with an additional directive to only advance sales that did *not* require the deployment of American contractors was yet again, highly noteworthy when considering that Iran was highly dependent on U.S. technicians and engineers.

The final point of focus in PD 13 was the introduction of a partial quota on arms sales. Carter outlined that the 1977 federal year arms sales figure would serve as

²¹ Presidential Directive 13, 13 May 1977. Available at <
<http://www.fas.org/irp/offdocs/pd/index.html>> [accessed 13 February 2012].

a ceiling, with 1978 and each successive year thereafter reducing on the prior years total. Such a ceiling was an operational novelty. Yet, a \$9 billion annual limit had been proposed in 1976 during a session of the House Committee on Foreign Relations. Ford had dismissed the proposal due to its inflexibility and the subsequent constraints it would place on policy decisions.²² Carter was able to retain flexibility, and still placate Congress, which had rallied around the prospect of a ceiling. PD-13 had an important set of qualifications: NATO nations, plus Japan, Australia, and New Zealand were exempted from all the aforementioned criteria, and annual limits, due to America's existing treaty obligations. PD-13 also specifically (albeit abstrusely) mentioned Israel and renewed the longstanding American responsibility for Israel's security.

Considering the specific inclusion of the various nations listed, Iran was conspicuous via its absence as America's largest arms customer by a significant margin. Vance later recounted in his memoirs that Zahedi had chastised him over Iran's exclusion from PD-13. Zahedi asserted that PD-13 indicated that, to the Carter administration, Iran was of no significance.²³ What Vance did not reveal in his memoirs was that he privately reassured Zahedi that Iran would also be exempted from PD-13. This led to outrage within the NSC. NSC Staffer Leslie Denend briefed Brzezinski that:

Though this may seem like a good way to ease the Shah's disapproval of our policy, it seems to me shortsighted in the extreme. Either we mean

²² 'Changing Perspectives on U.S. Arms Transfer Policy, *Congressional Research Service*, 1981. Washington D.C., p. 9.

²³ Cyrus Vance, *Hard Choices*, p. 319.

what Vance has said, in which case we are never going to decrease arms transfers...or else we don't mean it.

Denend elaborated that the understanding within the NSC had been the ambiguous wording of PD-13 'was supposed to mean Israel without saying Israel' – and that Vance was in error in suggesting that portion of the document included Iran.²⁴ What this episode highlights is an early glimpse of the pragmatism at the upper end of the Carter administration. Whilst the staffer levels were getting their collective heads around the new policy of PD-13 and working hard to establish it, Vance (and as it would later turn out Carter and Brzezinski), were already introducing fluidity into the process. It also indicates yet another side effect of Carter's team approach and the inevitable slippage in administration consistency of voice.

When Carter publicly announced his arms policy package on 19 May, his statement mirrored almost exactly the classified PD 13 document. It was equally detailed with respect to each of the restrictions and provisions outlined. Carter added that the burden of persuasion would fall on those who *favour* a particular sale, rather than on those who *oppose* it.²⁵ This addition was most likely a thinly veiled communication to foreign leaders, since any such statement was absent in the internal PD-13 document. Regarding Iran, the Shah was certainly confident of

²⁴ Memorandum for Brzezinski from 'Global Issues', 31 May 1977. JCL. RAC: NLC-28-36-2-25-3.

²⁵ Conventional Arms Transfer Policy Statement by the President, 19 May 1977. Via *The American Presidency Project*: <http://www.presidency.ucsb.edu/ws/index.php?pid=7530#axzz1mylwhHXd> [accessed 16 February 2012].

his ability to be persuasive considering Vance's reassurance to Zahedi that the relationship with Iran was not under threat.

The reaction to PD-13 on Capitol Hill was, at best, mixed. It would take time, and a series of tests for Congress to establish its position. But, there was a general concern that the numerous exceptions and conditions would result in a more permissive level of sales than the Congress was happy to see.²⁶ Concern of a different nature came from within the staffer levels of the Departments of State and Defense. Therein concern arose that security relationships with key allies would be impacted negatively by what appeared to be an arbitrarily restrictionist policy, reflecting on Vance's earlier warning.²⁷ To those experienced staffers, the entire emphasis of PD-13 seemed to indicate that that valued foreign allies such as Iran would be humiliated into pleading on a case-by-case basis for their basic security needs. This is exactly what occurred with the Shah some months later.

Whereas PRM-12/PD-13 has been widely commented upon due to its public nature, a second initiative advanced concurrently by Carter also had implications for Iran. PRM-10 was a study of U.S.-Soviet global competition led by the NSC and the Department of Defense. The study concluded that Iran was the area where a 'crisis confrontation' with the Soviets was most likely to occur. Hence, PRM-10 recommended the creation of a U.S. Rapid Deployment Force, permanently

²⁶ See Lucy W. Benson, 'Turning the Arms Supertanker: Arms Transfer Restraint', *International Security*, 3: 4 (1979), 3-17. p. 3.

²⁷ Memorandum from Brzezinski to Carter, 11 November 1977. JCL. Zbigniew Brzezinski Collection, Box 41, Folder: Weekly Reports to the President, 31-41: 10/77-1/78.

stationed in the Gulf to ensure that the Iranian domino would not fall.²⁸ Carter agreed, and signed the idea into policy via PD-18. The Pentagon effectively ignored the Presidential mandate and failed to create the force due to lack of resources, and lack of will.²⁹ The State Department was similarly unmotivated, continuing to bank on the received wisdom of Nixon's Iran *regional policeman* policy in which arms sales to Iran were effected to prevent the need for such a local deployment of U.S. military force.³⁰ The challenge for the Shah would therefore be to keep the administration from turning its exploratory strategic thinking into action as a heavier U.S. regional presence in the Gulf would run contrary to the Shah's military and strategic designs.

The Rewriting of the U.S.-Iran Arms Relationship

With the general mood of the Carter administration towards arms sales already clear, 1977 would be an eventful one for the U.S.-Iran relationship. Although 1977 would eventually be the year where the greatest dollar amount of arms sales were made to Iran, that impressive statistic masks the nuanced picture that developed throughout the year. Two forces that redefined relations can largely sum up the year. Firstly, the effects of the Carter administration's new focus led

²⁸ See 'PRM/NSC 10 - Military Strategy and Force Posture Review, Final Report', undated. JCL. < <http://www.jimmycarterlibrary.gov/documents/prmemorandums/prm10.pdf> > [accessed 14 March 2011].

²⁹ See William E. Odom, 'The Cold War Origins of the U.S. Central Command', *Journal of Cold War Studies*, 8:2 (Spring 2002), 52-82, pp. 57-59.

³⁰ *Ibid.*

to an atmosphere of compromise and uncertainty with the Shah that had not been present since the mid-1960s. Secondly, in 1977 Congress finally emerged as a spoiler in a major arms sale to Iran.

Compromise and Uncertainty

The first major decision deliberated by the Carter administration regarding arms sales to Iran came in April 1977 and immediately proved troublesome on multiple levels. The Airborne Warning and Control System (AWACS) was a highly modified and militarised Boeing 707 jet fitted with a large revolving radar dome that served as a high altitude airborne command centre. Although the system was outwardly defensive and carried no weapons, it provided a *force multiplier* effect that essentially resulted in offensive capabilities. The ambiguity with AWACS was due to the fact that it explicitly allowed for the monitoring and location of enemy stationing and battlefield movements; both ground and airborne. Yet, implicitly (and simultaneously) it enabled the offensive coordination of the user's forces. For example, Iran could use the system to direct an F-14 fleet to an attack target many hundreds of miles beyond Iranian borders. Put simply, the AWACS was an extremely high-tech eye in the sky, able to cover thousands of square miles per flight. Although there were pre-existing primitive cousins of this system in both Soviet and American hands, when the AWACS went into production (officially titled the E-3 Sentry) it was the most advanced early warning system available. And, it was entirely exclusive to America. It was able to clearly distinguish between enemy and friendly forces, and could detect

even very low flying craft at a range of 250 miles³¹ – a generational distinction from its predecessors.

Iran had expressed interest in purchasing a fleet of AWACS as early as 1974 when the prototypes were being developed as part of a \$1.5 billion Air Force programme. Under Nixon's arms regime, the Shah had been able to access such prototype systems, and regularly attended military demonstrations. The Shah's plans concerning the AWACS were to bypass the large ground based radar system that he had looked into in the first part of the 1970s and instead purchase a fleet of ten AWACS and a smaller complementary ground radar system. There was a consensus during the Ford years that due to Iran's proximity to the Soviet Union and large landmass, the Shah had a good case to make the purchase of an airborne radar system to provide for his defence. Under Ford, the Shah's initial estimates of needing seven AWACS to patrol his airspace had been increased to between nine and ten due to joint American and Iranian assessments.³² Yet, the acute sensibility of placing highly sensitive American technology on the Southern border of the Soviet Union, together with production delays in the AWACS development cycle, slowed any tangible progress of the sale throughout the Ford years.

³¹ Peter Grier, 'A Quarter Century of AWACS', Air Force Magazine: Online Journal of the Air Force Association, March 2002. < <http://www.airforce-magazine.com/MagazineArchive/Pages/2002/March%202002/0302awacs.aspx> > [accessed 6 February 2012].

³² See, 'Iranian Air Defense Improvement Study', U.S. Air Force Telegram to the MAAG in Tehran, 13 January 1977. DNSA: IR01126; and, Letter from the Shah to Carter, 27 April 1977. JCL. Plains file, Box 23, Folder: Iran, 6/75-12/79.

As Carter was reflecting over his general arms policy and the results of PRM-12, he decided to go ahead with the sale of *five* AWACS to Iran in mid April - prior to the announcement of his policy of arms restraint. Although arms sales were on hold across the administration pending PRM-12, the first fully featured AWACS had finally rolled off the production line in March 1977 after prolonged delays and been successfully delivered to the Air Force. The news quickly reached foreign shores. As the Shah of Iran was top of the customer list, it added an extra layer of untimely pressure to arms diplomacy within the administration. Carter's advocacy for the sale was reached despite internal opposition from Stansfield Turner, the Director of the CIA. Turner opposed the sale due to fears of the Soviet Union gaining access to the sensitive technology on-board the craft either through espionage or capture.³³ The tide flowing in the opposite direction revolved around strong advocacy from the Pentagon. This came chiefly from the Air Force who hoped additional foreign AWACS sales would lower production costs and enable some of the significant research and development costs to be recouped.³⁴ This was supplemented by strong political motives for maintaining the relationship with Iran under the post 1972 strategic framework to the Gulf. Additionally, both Nixon and Ford had given verbal assurances to the Shah that he would be sold the AWACS.³⁵

³³ Lawrence J. Korb, 'National Security Organization and Process in the Carter Administration', in Sam Sarkesian (ed.) *Defense Policy and the Carter Presidency: Carter's First Years* (Boulder: Westview Press, 1979), p.133; Also see Memorandum from 'Global Issues' for Brzezinski, 12 July 1977. JCL. RAC: NLC-28-36-2-18-1.

³⁴ Paul Y. Hammond, David J. Louscher, Michael D. Salomone and Norman A. Graham, *The Reluctant Supplier: U.S. Decisionmaking for Arms Sales* (Cambridge, Massachusetts: Gunn and Hain, 1983), p.35.

³⁵ See: Joanna Spear, *Carter and Arms Sales: Implementing the Carter Administration's Arms Transfer Restrain Policy* (London: Macmillian, 1995), pp. 132-133.

The decision to sell Iran only five AWACS was notable on several levels. Firstly, it was half of the Shah's request. This immediately presented effectiveness issues with the fleet possibly not being able to cover Iran's airspace, thereby rendering the system unfit for purpose. This gesture was typical of Carter's approach to problems - to attempt to engineer a compromise that would suit both sides. It was also an attempt to avoid appearances that he was being hypocritical in brokering such a significant arms deal despite his campaign rhetoric. Selling less of the craft would allow Carter to show to Congress and the public that he was serious about arms control, whilst also remaining true to America's allies and past commitments. Secondly, a point unknown to the Shah and to the bulk of the administration including Brzezinski until almost three months later,³⁶ the sale was to go ahead only after extensive *dumbing down* of the highly sensitive equipment on each craft was completed. This was, again, envisioned as a compromise to deflect fears of the sensitive technology falling onto Soviet hands. To Carter these compromises seemed like a win-win situation. Finally and most significantly at this juncture, Carter's second-guessing of the Shah was a direct upending of the Nixon/Ford arms regime with the Shah. This move drew an explicit line in the sand and made it clear to the Shah that all previous agreements were now up for renegotiation.

Upon being notified of the offer in mid April, the Shah saw the development as the beginning of a barter process and immediately pleaded for nine craft. In a letter to Carter on 27 April the Shah seized upon the unfit for purpose argument

³⁶ Memorandum from 'Global Issues' to Brzezinski, 10 June 1977. JCL. RAC: NLC-10-3-2-17-7.

– i.e. that five craft would not be sufficient coverage for Iranian defence purposes. This was a strong bargaining position considering the joint Iranian-American study on how many AWACS Iran would need (9 or 10), which was carried out during the Ford administration.³⁷ Carter was effectively manoeuvred into a corner, yet he was not yet ready to countenance a concession with the Shah. Vance was expecting to deliver some kind of resolution to the AWACS impasse during a visit to Tehran in mid May. Yet, as his briefing notes were being prepared no consensus was forming over whether a concession of some kind was necessary.³⁸ In preparation for the trip and in anticipation of the characteristic pushiness of the Shah, Vance was advised by Alfred L. Atherton, Jr. at the State Department's Near Eastern Affairs Division to expect the Shah to once again attempt to request nine AWACS – and if so to deflect the issue.³⁹ Such was the level of indecisiveness within the administration that Vance was forced to seek final clarification on the eve of his visit on the status of the deal. This clarification did not materialise forcing him to leave with no compromise authorised beyond the initial offer for five AWACS.⁴⁰

Despite the uncertainty over AWACS, Vance was able to secure a firm commitment that the Shah's first F-16 order for 160 jets, advanced in September 1976, would be finally signed off and passed to Congress. Hence, his visit would at the very least be delivering some good news to the Shah. Vance was also

³⁷ See Letter from the Shah to Carter, 27 April 1977. JCL. Plains file, Box 23, Folder: Iran, 6/75-12/79.

³⁸ Briefing Memorandum from Alfred L. Atherton, Jr. (NEA) to Vance, 30 April 1977. DNSA: IR01164.

³⁹ Ibid.

⁴⁰ Memorandum for Brzezinski (no sender detailed), 12 May 1977. JCL. RAC: NLC-1-2-3-17-7.

briefed to deflect any talk of Iran's purchase of a further 140 F-16s and reflect that it would be re-considered within Carter's emerging arms framework.⁴¹ Vance was also instructed to convey that it had become unlikely that the F-18L would enter into production at all due to withdrawal of U.S. backing for the programme.⁴² Again, Carter's overriding persuasion was one of compromise and an attempt to portray balance. As the first F-16 deal predated the Carter administration and was rubber-stamped by Ford,⁴³ there was less of a political minefield in allowing it to progress. However, by arresting development of any further orders for more F-16s and cancelling the F-18L Carter could appear to be drawing a line under the permissive arms sale regime that had characterised the Nixon/Ford years.

When Vance arrived in Tehran he found the Shah to be 'insecure' and 'fatalistic' – far from the impression he had left on prior visitors in years gone by.⁴⁴ Unknown to Vance or anyone outside the Shah's inner circle until 1979, the Shah was afflicted with advanced non-Hodgkin Lymphoma, and had been receiving cancer treatment since 1974. Hence, his deteriorating health and the simultaneous rise of domestic opposition was proving a heavy toll on the monarch that he was barely able to conceal. Despite the air of uncertainty over the Shah's disposition, the visit passed with the usual lecture presentation from the Shah of Iran's precarious regional situation – a tune he had consistently played for previous

⁴¹ Briefing Memorandum from Alfred L. Atherton, Jr. (NEA) to Vance, 30 April 1977. DNSA: IR01164.

⁴² See Cyrus Vance, *Hard Choices*, p. 318.

⁴³ Memorandum From Clinton E. Granger to Scowcroft, 13 September 1976. GFL. Presidential Country Files, Iran, Box 13.

⁴⁴ Cyrus Vance, *Hard Choices*, pp. 318-319.

administrations.⁴⁵ Vance heard the Shah's case, confirmed that he would pass the sentiments along to Carter, and attempted to communicate the general logic of the emerging arms policy of the new administration and explain the restrictionist line on anything beyond five AWACS and 160 F-16s.

Whilst the Carter administration had begun to institutionalise a framework of moderation and reflection on arms sales, the Shah stood firmly outside this orbit and continued to doggedly pursue his objectives. When Vance reported back to Carter following his visit, Carter decided to offer the Shah *seven* AWACS as a further compromise – essentially meeting the Shah halfway.⁴⁶ There seemed no indication that the Shah wished to push further upon being notified of this compromise, and he appeared content with seven AWACS.⁴⁷ Additionally, Carter invited the Shah to Washington in November to put their relationship on a personal level to reflect the behaviour of past Presidents. As with countless occasions in the past, this was an opportunity the Shah gratefully accepted. Underscoring the longevity of the Shah's reign, Carter would be the eighth U.S. President he would meet.

With the AWACS compromise seemingly agreeable, good news came in pairs for the Shah. The \$3 billion deal for the first tranche of 160 F-16s was approved and passed by Congress in early June. Responding to the deal, the Shah despatched a

⁴⁵ See Telegram from Vance to Embassy Tehran, 14 May 1977. JCL. Plains file, Box 23, Folder: Iran, 6/75-12/79.

⁴⁶ 'Message for the Shah from President Carter', 24 May 1977. JCL. Plains file, Box 23, Folder: Iran, 6/75-12/79.

⁴⁷ Letter from the Shah to Carter, 1 June 1977. JCL. Plains file, Box 23, Folder: Iran, 6/75-12/79.

fairly pushy letter to Carter on 8 June. Without any of the usual laudatory opening remarks, the Shah got straight to business. He notified Carter that while he would begrudgingly accept the offer for 160 F-16s, it was not enough. Sticking to the position he advanced with the Ford administration in late 1976, he stressed that 300 F-16s were the 'minimum needs' of Iranian defence. The Shah added that the delivery schedule outlined in the offer was too slow at four jets per month – and requested this be doubled.⁴⁸ A trilateral meeting of the NSC and the Departments of State and Defense to deliberate the second F-16 sale was swiftly tabled for 10 June. The meeting was chaired by the NSC's Iranian expert - Gary Sick - rather than Brzezinski, Vance or Brown, signalling the lack of priority the matter had within the administration. The meeting was concluded without any decisive policy recommendation. The Department of Defense was largely in support of the additional sale due to provisional studies it had conducted on Iranian defence - while the Department of State expressed reservations and preferred to wait until those studies were finalised and disseminated.⁴⁹ As Sick put it: 'No one was anxious to jump into this one at this time.'⁵⁰

As these discussion unfolded, Vance requested to be given operational control over arms sales in all but the most sensitive of cases. Vance's logic was that the State Department had the expertise and country knowledge to assess the impact of the sales (within the ceilings set out in PD-13) and the President's input was

⁴⁸ Letter from the Shah to Carter, 8 June 1977. JCL. Plains file, Box 23, Folder: Iran, 6/75-12/79.

⁴⁹ Memorandum from Sick to Brzezinski, 10 June 1977. JCL. RAC: NLC-10-3-2-22-1.

⁵⁰ Ibid.

only needed when sales were likely to incur Congressional opposition.⁵¹ At Brzezinski's urging, Carter gestured that he intended to maintain a close Presidential hand over the bulk of arms sales, and would personally review all such proposals. Carter did however take a compromise approach (as standard) and noted that the nations excluded from the PD-13 processes; NATO, Australia, New Zealand, and Japan (though not Israel), were considered to be low risk and would be delegated to Vance.⁵²

Although the sentiment differed greatly, Carter had set into motion an essentially Nixonian approach to arms sales. To allow his arms policy package towards Iran to work, Nixon had centralised power in the President's office and used that power to dictate marching orders to the various departments concerned. Brzezinski was simply pointing out that if Carter were to perform a similar revolution in arms sales, he would need to heed this example. Delegating to the State Department and/or Pentagon would introduce delay, friction and inefficiency at a time when the administration needed to fully capitalise on their new arms regime, via PD-13. In Brzezinski's own words:

If your new policy is to succeed, traditional ways of thinking in the bureaucracy are going to have to change, and tough trade-offs will have to be made. Both of these are most likely to happen if the working levels know that their recommendations will be personally reviewed by the President.⁵³

⁵¹ Memorandum from Brzezinski to Carter, 23 June 1977. JCL. Office of the Staff Secretary, Handwriting file, Box 33: Folder 6/24/77 [1].

⁵² Ibid.

⁵³ Memorandum from Brzezinski to Carter, 23 June 1977. JCL. Office of the Staff Secretary, Handwriting file, Box 33: Folder 6/24/77 [1].

The first six months of 1977 had been an uncertain period for the Shah. However by the onset of summer, he had successfully managed to purchase 160 F-16s, and a deal for at least seven AWACS was on the table. However, as was already evident, the Shah was dealing with a different culture in the White House than had characterised the Nixon/Ford years. The Shah got his bluntest confirmation yet that a new era was before him when Carter took a position of frankness with the monarch, something the Shah had not encountered since the dark days of the mid 1960s. Via Presidential letter on 15 July, Carter stressed to the Shah that rather than accept Iranian estimates of its defence needs, he wanted to share his own evaluation of the broader implications of continued Iranian arms purchases. Carter pointed out that the AWACS deal together with the 160 jets in the first F-16 order amounted to sales significantly more in dollar value than allowed to any other foreign nation thus far in Carter's tenure.⁵⁴ He recounted that the trend in any future arms sales would be downward due to his arms restraint policies and added:

I am frankly concerned that the impact of another major sale of the magnitude of the 140 F-16s would seriously undermine those efforts and could, in fact, be counterproductive to the long-term relationship which both of us wish to maintain.⁵⁵

Carter continued his frankness by noting that adding another multi-billion sale of 140 F-16s would jeopardise any chance of Congressional approval of the AWACS

⁵⁴ Letter from Carter to the Shah, 15 July 1977. JCL. Plains file, Box 23, Folder: Iran, 6/75-12/79.

⁵⁵ *Ibid.*

sale – which was already proving troublesome. The Shah replied one day after receiving the letter noting that he would take the opportunity upon his November visit to Washington to ‘review carefully’ the U.S.-Iran relationship.⁵⁶

With any further progress on Iranian arms sales deferred until the Shah’s visit in November, and the AWACS sale being at the mercy of Congress, administration attention swiftly turned from placating the Shah to dealing with the Congress. On 7 July Carter had duly submitted the deal for seven AWACS, valued at \$1.2 billion, to the Congress for its approval in line with the post-1974 procedure established under the Nelson-Bingham amendment. That process had been since consolidated and rebranded in 1976 via the Arms Export Control Act. Though, the conditions remained largely the same. Arms sales over \$25 million and equipment sales over \$7 million were to be submitted to Congress - upon which event it would have thirty days (increased from twenty days under Nelson-Bingham) to approve or reject the sale. If both Houses of Congress concurrently opposed a sale by majority vote, it would become void.

The Senate took a close interest in the sale of AWACS to Iran, and conducted a series of hearings in July to flesh out a response to the AWACS deal. Considering that Congressional scrutiny of the AWACS programme itself had been longstanding due to its spiralling costs and developmental problems, the Senate was well versed on the challenges it would pose to an Iranian team of operators. Senators Thomas F. Eagleton and John C. Culver voiced the primary concerns

⁵⁶ Letter from Carter to the Shah, 15 July 1977. JCL. Plains file, Box 23, Folder: Iran, 6/75-12/79.

during an 18 July hearing of the Subcommittee on Foreign Assistance. Senator Eagleton stressed that the sale would result in an unacceptable increase in American technicians in Iran, deployed to assist and train Iranian AWACS operators. Further, it raised the inevitability that should Iran's forces be called into combat, those technicians would be on-board Iran's AWACS fleet, putting American lives in jeopardy assisting in a foreign war.⁵⁷ Senator Culver, who had extensive knowledge of the AWACS and had flown on prototype demonstrations, elaborated further noting that it took over one year to train 'the most menial' position within a seventeen member AWACS crew. Yet, Iran was so backward in basic modern skillsets within its domestic population that it had to regularly look to Korea and the Philippines to find *truck drivers* to keep its industry moving.⁵⁸ Culver's testimony solidified the gradual feeling evolving within the Senate that the AWACS deal was the point at which the Nixon blank cheque to Iran would have to end. In Culver's own words:

We are trying to reverse a very dangerous policy of 5 years ago, which has got a momentum and a life all of its own, but we have got to draw the line.⁵⁹

As previously noted, Carter's broad arms persuasion concurred with the tide in Congress to arrest Nixon's arms regime with Iran. Yet, this would only be a shallow point of agreement, which the AWACS sale would sorely test.

⁵⁷ Statement by Senator Eagleton, 18 July 1977. 'Hearings before the Subcommittee on Foreign Assistance and the Committee on Foreign Relations on Proposed Sale of Seven E-3 Airborne Warning and Control System Aircraft to Iran: July 18, 22, 25, 27 and September 19, 1977', U.S. Government Printing Office, Washington D.C. 1977.

⁵⁸ Statement by Senator Culver, 18 July 1977. 'Hearings before the Subcommittee on Foreign Assistance and the Committee on Foreign Relations on Proposed Sale of Seven E-3 Airborne Warning and Control System Aircraft to Iran: July 18, 22, 25, 27 and September 19, 1977', U.S. Government Printing Office, Washington D.C. 1977.

⁵⁹ *Ibid.*

The mood in the White House following the 18 July hearing in the Senate was sombre. Brzezinski was briefed by his staffers at the NSC that this was 'the strongest challenge of an intended arms sale to date', and if a vote had been taken there and then, the result would have been foreboding for the administration.⁶⁰ In the days following the 18 July hearing, Carter began to receive pleas from otherwise sympathetic Senators to withdraw the notice of sale. The accusation was that the sale was delivered prematurely (due to pressure from the Shah) and at a time in which the Senate was backlogged with other legislative issues. Robert C. Byrd, Senate Majority Leader, took the lead in this endeavour addressing a letter to Carter on the morning of 22 July coinciding with the second round of hearings on the AWACS sale that were to be held that afternoon. Byrd restated the concerns of Senators Culver and Eagleton and conveyed the 'considerable controversy' that the issue had generated on Capitol Hill. He added that NATO partners had not even yet had notice of when they would be receiving AWACS - making the decision to prioritise an Iranian sale indefensible to Congress.⁶¹ Carter discussed the issue with Brzezinski before deciding *not* to withdraw the sale and allow the Congressional hearings to continue with a further push from the administration.⁶²

The Subcommittee on Foreign Assistance duly held its second AWACS meeting on 22 July. This time the hearings featured testimony from the Departments of

⁶⁰ Memorandum from 'Global Issues' to Brzezinski, 18 July 1977. JCL. RAC: NLC-28-36-2-20-8.

⁶¹ Letter from Robert C. Byrd to Carter, 22 July 1977. JCL. Handwriting File. Box 39, Folder: 7/23/77.

⁶² See Carter and Brzezinski's notations; Letter from Robert C. Byrd to Carter, 22 July 1977. JCL. Handwriting File. Box 39, Folder: 7/23/77.

State and Defense. Both Vance and Brown left the task to lower order staff: The Department of State was represented by Assistant Secretary of State for Near Eastern Affairs, Alfred L. Atherton Jr.; while Erich Von Marbod, the acting Director of the Defense Security Agency, represented the Department of Defense. Both Marbod and Atherton repeated the administration line and sought to offer assurances.⁶³ However, their efforts were heavily overshadowed by events outside their control.

During late May, Stansfield Turner had been approached by a delegation of Senators (Culver, Eagleton, Proxmire, Mathias, and Nelson),⁶⁴ who drafted a letter requesting classified information on the AWACS sale. Turner took the liberty of despatching a fairly frank response on 8 July, answering each of the Senators questions in detail, and listing his exact security concerns about an AWACS sale to Iran.⁶⁵ After receiving the letter, Humphrey's Subcommittee called Turner to a secret session on the morning of 22 July before the public hearings where he testified that no matter how much the technology in the AWACS was dumbed down/sanitised, it would still be an unacceptable risk to place AWACS in Iran.⁶⁶ This essentially rendered the efforts of von Marbod and

⁶³ See testimony of Atherton/Marbod and Q&A: *Sale of AWACS to Iran, 22 July 1977*. 'Hearings before the Subcommittee on Foreign Assistance and the Committee on Foreign Relations on Proposed Sale of Seven E-3 Airborne Warning and Control System Aircraft to Iran: July 18, 22, 25, 27 and September 19, 1977', U.S. Government Printing Office, Washington D.C. 1977.

⁶⁴ The Senators were members of the Senate Subcommittee on Foreign Assistance and had each taken an active interest in the AWACS sale to Iran.

⁶⁵ See Memorandum from Brzezinski to Carter: 'AWACS to Iran' (undated). JCL. RAC: NLC-15-20-1-12-9; and, Memorandum from Vance to Brzezinski, 14 July 1977. JCL. RAC: NLC-16-40-3-23-2.

⁶⁶ Turner's testimony reflected his letter, and while that letter and testimony remain classified, his 'thesis' can be clearly determined from the discourse of the various Senators and

Atherton redundant and opened up an entirely new headache for Carter. Turner had given the Congress their most powerful weapon in opposing the sale, and he had no intention of reversing or retracting his position.⁶⁷

Despite the ever-lengthening odds, Carter was not ready to give in. Vance was rallied to convince Humphrey and several other Congressional leaders of the logic behind the sale.⁶⁸ Vance's brief was to gather Harold Brown, and for both men to reassure concerned members of Congress that no AWACS would be sent to Iran without fully developed security appraisals in place.⁶⁹ This would be the high-level administration push that the 22 July testimony by Atherton and von Marbod lacked. Vance's briefing papers for his encounter with the Subcommittee stressed that the military relationship with Iran was a direct consequence of the combination of the post-Vietnam era politics in Washington, and the departure of the British from the Gulf. In that sense, Iran's total defence expenditure of approximately \$8 billion in 1977– out of a total government budget of \$49 billion did 'not seem to us to be excessive.'⁷⁰

The 'big pitch' of the Carter administration over AWACS, personified by the Vance-Brown offensive was heavily slanted on the issue of technological sensitivity raised by Turner. It was therefore doomed to failure. Although

administration officials. For one example amongst many see Memorandum from Vance to Brzezinski, 14 July 1977. JCL. RAC: NLC-16-40-3-23-2.

⁶⁷ See Memorandum from Brzezinski to Carter: 'AWACS to Iran' (undated). JCL. RAC: NLC-15-20-1-12-9.

⁶⁸ Memorandum from 'Middle East' to Brzezinski, 25 July 1977. JCL. RAC: NLC-10-4-2-17-6.

⁶⁹ Memorandum from 'Middle East' to Brzezinski, 25 July 1977. JCL. RAC: NLC-10-4-2-17-6.

⁷⁰ Briefing Memorandum from Atherton to Vance, 27 July 1977. DNSA: IR01205

Turner's testimony had caused high-level alarm in the Senate, it was merely the straw that broke the camel's back. This short sighted response treated Congressional opposition as a technical issue that could be solved by compromise, rather than fully anticipating the deep alarm that the aggregation of the previous six years of multi-billion dollar arms deals with Iran had generated within Congress. These points were clearly visible in the 18 July testimony and in the letter by Senator Byrd. The inevitable failure materialised, to the extent that word reached Brzezinski days later that Vance and Brown's efforts actually had the result of strengthening Humphrey's *opposition* to the deal.⁷¹

Carter received a letter on 27 July from Humphrey confirming that the Subcommittee on Foreign Assistance had submitted a firm proposal to the Senate Foreign Relations Committee to block the AWACS sale if it was not immediately withdrawn for further study.⁷² The same day the House Committee on Foreign Relations secured a majority decision for a concurrent resolution of disapproval for the sale, adding the final element to fulfil the terms of the Arms Control Export Act. Even the three Democrat Party Senators within the Foreign Assistance Subcommittee (Senators Church, Clark and Biden) remained staunchly opposed to the sale following Turner's revelatory testimony on 22 July, and were unreceptive to Carter's advances.⁷³ With no other option, Carter withdrew the AWACS sale on 28 July to prevent it being voted down.

⁷¹ See Memorandum from 'Europe' to Brzezinski, 25 July 1977. JCL. RAC: NLC-10-4-2-16-7.

⁷² Letter to Carter from Humphrey, 27 July 1977. JCL. Office of the Congressional Liaison. Box 260. Folder: AWACS.

⁷³ See Briefing Memorandum from Lucy Benson to Douglas J. Bennet, Jr., 19 August 1977. JCL. Office of the Congressional Liaison. Box 260. Folder: AWACS.

With the efforts by Vance and Brown a failure, both Houses of Congress giving concurrent notice that the sale would be stalled, and with his own Director of Central Intelligence in open revolt against him, Carter staunchly refused to admit defeat. He maintained an unbroken focus on securing the support necessary to make a swift re-submission successful. He took to personally writing to Humphrey as he withdrew the sale, addressing all the major points of concern. Carter reminded Humphrey of the 'pledge' America had made to Iran concerning its defences, and AWACS in particular, before restating that the AWACS was a primarily defensive system. Carter assured that further modifications (dumbing down) of the technology would be made prior to sale to allay the fears of Turner, and assured that all training of Iranian crews would take place in America to avoid any risk of U.S. personnel being engaged in Iranian combat missions.⁷⁴ Concurrently, Carter rallied sympathetic Congressmen in a letter writing campaign.⁷⁵

Upon hearing the news of the temporary withdrawal of the sale, the Shah entered the fray. On 31 July Vance had cabled the American Embassy in Tehran stressing that the Shah should be reassured that the withdrawal of the AWACS sale was 'purely and simply' the result of the Senate not having time to deliberate over the sale and there was no hostility toward the sale within the Congress.⁷⁶

⁷⁴ See 'Talking Points (AWACS)'; and, Letter from Carter to Turner, 28 July 1977. JCL. Office of the Congressional Liaison. Box 260. Folder: AWACS.

⁷⁵ For example, see Letter from Carter to Speaker Tip O'Neill, 28 July 1977. JCL. Office of the Congressional Liaison. Box 260. Folder: AWACS.

⁷⁶ Telegram From Vance to Embassy Tehran, 31 July 1977. DNSA: IR01208.

The Shah, who had his own insights into business in Washington, saw through Vance's erroneous reassurance. The new U.S. Ambassador to Iran, William Sullivan, reported on 1 August that the Shah had angrily ordered the AWACS sale to be withdrawn entirely. He then opened up enquiries with Britain for comparatively lower order Nimrod radar aircraft and summoned representatives of the British Ministry of Defence to Tehran.⁷⁷ Sullivan attempted to convince the Shah that although the Congressional opposition was a setback, the sale retained full Presidential advocacy. Yet, the Shah appeared at 'a turning point' and questioned the entire Iran-U.S. relationship.⁷⁸ The very same day reports began to circulate that the Soviet Premier, Brezhnev, had been invited to Tehran.⁷⁹ Together with the Nimrod issue, and taking stock of the Shah's habitual behaviour demonstrated through prior instances when he received resistance in Washington, this was certainly another move of brinkmanship. Recalling Carter's determined efforts through July on the AWACS issue, it was likely this particular round of brinkmanship was aimed squarely at Congress.

As the administration took stock of the AWACS setback, a reinvigorated strategy took shape to push the sale through. Through the second half of August the State Department and the NSC fleshed out a battle plan. The plan proceeded on several flanks:

⁷⁷ NSC Briefing Memorandum, 1 August 1977. JCL. RAC: NLC-1-3-3-5-9.

⁷⁸ Memorandum from 'The Situation Room' to Brzezinski, 1 August 1977. JCL. RAC: NLC-1-3-3-4-0.

⁷⁹ Memorandum from Brzezinski to Carter, 1 August 1977. JCL. RAC: NLC-1-3-3-1-3.

- 1) The cost effectiveness of AWACS system over an alternative ground radar system in Iran due to its vast geographical size.
- 2) Frankness that the sale *is* contradictory to Carter's policy of arms restraint, and a renewed effort to explain the importance of the larger relationship with Iran.
- 3) To harness the power of the Israel lobby within Congress – as Iran was virtually Israel's only regional ally of significance.
- 4) Consistency and unanimity of voice across the administration.⁸⁰

While these points were fairly rudimentary, the sticking point remained the testimony of Turner. With Congress looking to draw a line under arms sales and seizing upon AWACS as a case in point, Turner had given Congress more firepower than it was accustomed to having. When compared to the carefully controlled and hierarchical foreign policy apparatus of the Nixon/Ford/Kissinger years, Congress had a new weapon – a divided administration. Turner would need to be placated before the sale could be resubmitted. The mood within the NSC was that if the resubmitted AWACS sale was turned down again in September, the Shah would cancel his November visit and throw the entire American policy towards the Persian Gulf into crisis.⁸¹ The latter half of 1977 also witnessed growing reports of domestic disturbances; attacks against foreigners; and widespread opposition to the Shah's rule. With these in mind there was an additional fear that the public breakdown in the AWACS sale was adding fuel to the instability within Iran by making the Shah look weak.⁸²

⁸⁰ See State Department Briefing Memorandum: 'Draft Strategy for AWACS Resubmission', 19 August 1977. JCL. Office of the Congressional Liaison. Box 260. Folder: AWACS.

⁸¹ See Memorandum from 'Intelligence Coordination' to Brzezinski, 30 August 1977. JCL. RAC: NLC-10-4-7-12-6.

⁸² Memorandum from 'Intelligence Coordination' to Brzezinski, 30 August 1977. JCL. RAC: NLC-10-4-7-12-6.

Turner's position, and his testimony to Congress had also ensured that more dumbing down of the AWACS technology became a de facto norm within any revised sale. Yet, amazingly, the Shah was never consulted over the exact nature of the downgrades. Nor was he aware that this issue had become a deal breaker. Hence, as Carter prepared to resubmit the sale to Congress, staffers within the NSC, notably Bill Cable and Frank Moore at the Congressional Liaison Office, began to ask whether the Shah would even accept such a sanitized version of the AWACS. This was a problem since much of the technology he was originally attracted to (and was paying for), would end up being removed.⁸³ This on-going muddle was nothing new, and had already been predicted by an unnamed NSC staffer in a memorandum to Brzezinski two months earlier:

I have a horrible fantasy of going through a terrible fight on the Hill, winning it at the expense of the President's personal intervention (or something comparable), extending the letter of offer with the technical details to Iran, and then being told by the Shah that this isn't at all what he had in mind. The administration's credibility in that case would be severely damaged, to say the least.⁸⁴

With all this uncertainty in mind, Carter ordered Brzezinski to summarise the entire affair on a single-paged talking paper to be delivered on 27 August 1977. He also directed Brzezinski's office to call 'every member' of the House International Relations Committee to make the renewed case for the sale. This worked on the feeling that there was generally more sympathy in the House than

⁸³ Memorandum from Bill Cable to Carter, 26 August 1977. JCL. Handwriting File, Box 46, Folder: 8/27/77.

⁸⁴ Memorandum from 'Global Issues' to Brzezinski, 10 June 1977. JCL. RAC: NLC-10-3-2-17-7.

was evident in the Senate.⁸⁵ There also remained an additional issue: timing. If the sale was not passed by the end of September, it would fall within the following federal year (1978). With Carter committed to lowering total arms sales under a progressively falling ceiling each federal year, getting AWACS into the 1977 framework took on an added political importance. If the sale was closed before 30 September, it would inflate the 1977 arms total by approximately ten per cent. This would have the positive knock-on effect of raising the 1978 ceiling (as each ceiling was related to the preceding years arms sales), and thereby introduce more flexibility for the following year. If the sale fell after the cut off date, the reverse would be true. Hence, this was much more than a banal accountancy issue. With all eyes on resubmission by the first week of September, Carter would potentially need a favour from Congress to make their decision *before* the full thirty days period expired on 6 October. With all matters considered, this was a testing moment for Carter.

The sale was resubmitted to Congress on 7 September. Despite Carter's wish for an accelerated timetable, the Senate Subcommittee on Foreign Assistance did not reconvene for hearings until twelve days later. The administration had prepared a robust six-point compromise delivered by Harold Brown that answered to the best extent possible the concerns raised in July.⁸⁶ The new sale package also contained a personal assurance from the Shah that the AWACS would only be used defensively. This was an example of the administration throwing every card

⁸⁵ See Carter's handwritten instructions to Brzezinski on; Memorandum from Bill Cable to Carter, 26 August 1977. JCL. Handwriting File, Box 46, Folder: 8/27/77.

⁸⁶ See Memorandum from 'Press/Congressional' to Brzezinski, 6 September 1977. JCL. RAC: NLC-13-9-7-3-8.

in the deck at Congress. Adding a promise that the AWACS would only be used defensively is both completely spurious, and operationally impossible. Put simply, the AWACS introduced a peerless defensive system into Iran that simultaneously and unavoidably multiplied the effectiveness of Iran's air squadrons. Whilst the Shah's reassurances were unlikely to sway Congress, Carter had finally secured the support of Turner – which was of vital significance. Turner had fallen into line under the weight of the full-scale administration push for AWACS. He did not retract the substance of his concerns, nor did he proactively back the sale. He simply removed his strong objections and replaced those with a guarded acquiescence that advised the Congress that Iran's security record was strong enough to award it the benefit of his doubt. In sum, when added to the further modifications being made to the sensitive technology on board, this should render AWACS relatively safe in Iranian hands.⁸⁷

The coming together of these factors, when added to the significant lobbying effort conducted throughout August, secured a tight vote for the sale in the more sympathetic House Committee on Foreign Relations in early October.⁸⁸ Hence, with one House of Congress in affirmative for the sale, the ever-critical Senate Subcommittee on Foreign Assistance had no recourse but to drop its objections. The affair would be an all too public glimpse of the repercussions of what NSC staffer Gary Sick called 'clumsy' policymaking within the administration.⁸⁹ Although the sale had been secured in the end, it had failed to be achieved within

⁸⁷ See Letter from Turner to Brzezinski, 1 September 1977. JCL. RAC: NLC-7-1-1-12-9.

⁸⁸ See Gary Sick, *All Fall Down*, pp. 30-32; and Cyrus Vance, *Hard Choices*, p. 321.

⁸⁹ Gary Sick, *All Fall Down*, p. 32.

the 1977 Federal Year. As explained, this would lead to potential problems in forthcoming arms sales concerning Carter's quota. Additionally, the long drawn out saga had been damaging to the Shah and to the U.S.-Iran relationship, and had highlighted the need for Carter to reappraise his 'team' approach to running his administration. In Vance's words:

The effect of this summer-long fight was, perversely, to shake the Shah's confidence in the United States as a dependable ally. He missed the more open access to U.S. Military equipment he had enjoyed in the early 1970s, and he resented the public criticism.⁹⁰

Carter's Pragmatism

As the AWACS standoff between Congress and the administration ended, it is worth reflecting upon a wider issue. Carter was not only battling Congress and members of his own administration, such as Turner. Via pursuing the sale of AWACS to Iran Carter was riding roughshod over two key pillars of his arms restraint policy, on which the ink was still wet. Firstly, the Iranian AWACS sale in its final configuration was categorised outside Carter's new arms restrictions, allowing Iran privileged status along with NATO nations, Australia, New Zealand and Japan. This begged the question of why Carter bothered to add the specific countries he noted in PD-13 as exceptions when he intended to exempt more nations on an ad-hoc basis, such as Iran. Secondly, one of the central controls introduced in PD-13 was the decision to not introduce paradigm changing

⁹⁰ Cyrus Vance, *Hard Choices*, p. 321.

military technology into a region, thereby setting the precedent for arms escalation. AWACS violated this principle.

Carter cited a diary entry in his memoirs from 31 July 1977 where he noted apathetically (as the AWACS sale had been temporarily withdrawn) that he did not care whether or not the Shah bought AWACS from America. He added that the Shah was welcome to pursue European alternative systems.⁹¹ If such a sale occurred, those European alternatives such as the Nimrod, would not contravene PD-13s controls, as they were *not* paradigm changing systems and were relatively backward compared to the AWACS. Carter's curious reflection, when examining the intense administration scramble to push the AWACS sale through the summer of 1977 - with Carter himself actively directing proceedings - seems bizarrely contradictory. What can be said for sure is that Carter's professions to Congress, to the Shah, and to his cabinet were quite the opposite from the position noted in his diary. The fact that Carter chose that one diary entry to essentially carve his own history of the AWACS affair may be attributed to the proximity of the Iranian revolution at the time of writing and Carter's desire to give the appearance that he had maintained objectivity in his dealings with the Shah. However, the historical record shows this account to be less than accurate.

Further adding to the discrepancies found in Carter's personal account, he prefaced the decision to approve the AWACS sale in the following way:

⁹¹ Jimmy Carter, *Keeping Faith: Memoirs of a President* (London: Collins, 1982), pp. 434-435.

I was attempting to reduce the sale of offensive weapons throughout the world, but it was not possible to make excessively abrupt changes in current practices, because of the contracts already in existence.⁹²

This statement is interesting in two ways: Firstly, he does not refer to the AWACS as a defensive weapon. Yet, this was a central defence of the sale to Congress despite the ambiguous nature of that claim. Presumably this had become a frail position to remain insistent on. Secondly, there were no contracts in existence in any sense for an Iranian purchase of AWACS prior to Carter's offer in mid 1977. AWACS was not ready for sale until 1977. Ford had purposefully deferred any foreign sales of AWACS pending that readiness. With these points in mind, Carter's recollection of the AWACS affair is frankly strange. And, it goes to the heart of the quandary Carter found himself in with Iran – where the wider needs of American security placed him at odds with his personal preferences.

Whilst Carter had come to office with apparently genuine designs for arms control, the Iranian experience thus far had demonstrated the necessity for pragmatism and flexibility over idealism. As the U.S. Ambassador to Iran, William Sullivan, cautioned during the raging Congressional debates over AWACS, 'a great deal more than the export of airplanes' was involved.⁹³ It is also notable that the opposition to the sale in Congress did not dwell primarily on attacking the clear contradictions in Carter's arms policies to score a political victory. Instead the Congressional discourse on AWACS consistently focused on issues of proportionality, necessity, and security. Congress put genuine revisionism in U.S.

⁹² Jimmy Carter, *Keeping Faith*, p. 435.

⁹³ Telegram from Sullivan to Vance, 14 July 1977. JCL. RAC: NLC-16-40-3-23-2.

arms policy at the forefront of its concerns – consolidating the clear trend in evidence throughout the mid-1970s. The fact that a major arms sale to Iran was the point at which a line was finally drawn in Washington is not surprising. What is perhaps surprising is that Carter and the Congress were on opposing sides of that line.

With the AWACS controversy to mind, 1977 was proving the most eventful year for U.S-Iran relations since 1972. An outwardly contradictory picture was emerging. The first ten months of 1977 marked the most intense period of arms purchases yet by Iran. The year's two big deals - The AWACS sale, and the sale of 160 F-16s - contributed to a total figure of \$5.7 billion.⁹⁴ This figure was approximately four times the 1976 total, and almost doubled the 1975 total - the latter being more representative of standard business due to 1976 being an election year.⁹⁵ With that in mind, Carter delivered a comparative doubling of arms sales to Iran in dollar value in his first ten months as President. This was the biggest year yet in U.S.-Iran arms sales, even when accounting for inflation. And, it was all conducted within a supposed new climate of arms reduction in Washington. Yet, the year was not over and the Shah was due to visit Washington in November to discuss even more purchases.

As part of the various briefings prepared for Carter prior to the Shah's November visit, a CIA study of 5 October 1977 noted that:

⁹⁴ State Department Report, Section II:B, 'The U.S.-Iranian Military Relationship, 1941-1979'. DNSA: IR03558.

⁹⁵ 'Arms Sales to the Third World, 1976', CIA Directorate of Intelligence, September 1977. JCL. RAC. NLC-21-13-5-2-7.

The Shah seems to have no health or political problems at present that will prevent him from being the dominant figure in Iran into and possibly throughout the 1980s.⁹⁶

The report concluded that although the Shah had used authoritarian methods, the end result of his efforts were benevolent and 'compatible with Western ideals.'⁹⁷ This reporting, although erroneous on a number of levels, fitted well with the established pro-Shah tune in the State Department. The report provided welcome reassurance for Carter, particularly as a forthcoming hearing in Congress into institutionalised human rights abuses in Iran was generating nerves within the administration as it prepared to receive the Shah. The administration did not share the growing alarmism of Congress and felt that Carter's human rights push had led to positive improvements, and the widespread media coverage over abuses in Iran was overstated.⁹⁸ This approach led to barbed accusations – most notably vocalised by Senator Barry Goldwater – that Carter had 'adopted a national policy of selective criticism of human rights abuses' in cases such as Iran where national security concerns were predominant.⁹⁹ Goldwater was right. Carter had, despite personal conflict – as shown by his inconsistent personal account of the AWACS issue – adopted a purposeful pragmatism towards Iran.

That pragmatism had its limits. And, at this point, Carter envisioned that AWACS would be a line in the sand after which he expected the Shah to moderate his

⁹⁶ 'Iran in the 1980*', CIA Directorate of Intelligence, 5 October 1977. JCL. RAC: NLC-25-28-4-1-9.

⁹⁷ Ibid.

⁹⁸ See Memorandum from 'Middle East' to Brzezinski, 8 November 1977. JCL. RAC: NLC-10-6-4-13-6; and Jimmy Carter, *Keeping Faith*, pp. 436-437.

⁹⁹ See Memorandum from 'Global Issues' to Brzezinski, 18 November 1977. JCL. RAC: NLC-28-36-4-5-3.

future purchases. In line with this thinking, the CIA contributed (along with the Department of Defense and the Arms Control and Disarmament Agency) to a State Department-led report, commissioned by the NSC, into the status of the U.S.-Iran military relationship. It was delivered to Brzezinski on 3 November.¹⁰⁰ Whilst the paper made various suggestions as to potential changes in the contours of the relationship, the central conclusion was that the equipment already purchased by Iran was sufficient for Iran's defence against any of its regional antagonists. It was recommended that further adding to Iran's arms sales from America (such as with the second order of F-16s) was unnecessary and would cause unwanted conflicts with Congress.¹⁰¹ This report conclusively placed the major departments of government concerned with Iran policy in agreement that the Shah had *enough* arms. Yet, as with Nixon, Ford, and Johnson - Carter would before long find himself a strong advocate (and the most unlikely one yet) for yet *more* significant arms sales to the Shah.

With the tense events over AWACS in mind, both parties approached the Shah's November visit as a reassurance exercise in which both leaders attempted (successfully) to build a personal rapport.¹⁰² The visit was punctured by a serious anti-Shah protest outside the White House: Tear gas was used on the protestors resulting in an unfortunate scene of gas sweeping across the White House lawn as the Shah was welcomed, causing the Shah and Carter to scramble inside to avoid being stricken. During his time with Carter, the Shah pressed

¹⁰⁰ Memorandum From William B. Quandt and Gary Sick to Brzezinski, 3 November 1977. JCL. RAC: NLC-10-6-3-12-8.

¹⁰¹ Ibid.

¹⁰² Jimmy Carter, *Keeping Faith*, pp. 436-437.

again for the second sale of 140 F-16s and enquired over purchase of a new variant of the F-4. The F-4G was an advanced air to ground attack bomber with advanced radar and tracking equipment.¹⁰³ However, as stated, the discussions were strictly exploratory and Carter gave no concrete promises. The Shah did however rekindle momentum towards securing a deal over his nuclear energy programme that had faltered in 1976 despite the efforts of Ford and Kissinger to keep it alive in the face of Congressional resistance.¹⁰⁴ Upon his departure, the Shah invited Carter to Tehran to further establish their relationship.¹⁰⁵ Carter accepted, and mere weeks later Carter toasted the New Year in Tehran with the words:

These visits and the close cooperation that we share, the intense personal and group negotiations and consultations are very beneficial to both our countries... Iran, because of the great leadership of the Shah, is an island of stability in one of the more troubled areas of the world.¹⁰⁶

With Carter's statement in mind, 1977 ended in a very different place than it began regarding U.S.-Iran policy. When taking the significant arms sales of 1977 together with the sentiments of the two meetings the Shah and Carter shared, relations were beginning to resemble a broad continuity. The Nixon arms regime was dead, and Carter had proven to follow through on his arms control mantra to an extent. Yet, it very much appeared that Iran would continue to wield both its privileged status in arms purchases, and its position as a regional partner

¹⁰³ See Carter's handwritten notes from the meeting with the Shah of Iran, 15-16 November 1977. JCL. Plains file, Box 23, Folder: Iran, 6/75-12/79.

¹⁰⁴ Ibid.

¹⁰⁵ See Letter from the Shah to Carter, 15 November 1977. JCL. Plains file, Box 23, Folder: Iran, 6/75-12/79.

¹⁰⁶ Jimmy Carter, 'Toast at State Dinner', Tehran, 31 December 1977. *The American Presidency Project* <<http://www.presidency.ucsb.edu/ws/?pid=7080#axzz1prsQLbml>> [accessed 3 March 2012].

engaged in a special relationship with America. If Iran's arms purchases of 1977 were to be the first significant challenge to Carter's arms policies, it would not prove to be the last or only such example. 1978 would be a still more eventful year.

A Middle East Peace (and Arms) Process

1977 was one of ups and downs in the ever-developing arms relationship between Iran and America. Yet, there was undeniably a positive trend in place and a matching expectation from both Tehran and the White House that 1978 would be an even more congenial year. A briefing paper prepared for Carter by the State Department in November 1977 encapsulated the prevailing mood within the administration:

'We benefit from Iran's regional security role, and Iran benefits from the deterrent effect of our support. The security interests of both nations are congruent.'¹⁰⁷

Unfortunately for Carter, his strong interpersonal renewal of the special relationship in the final months of 1977 sent entirely different signals to the Shah than the ones intended by Carter.

The Carter administration at various points through 1977 had bargained that a frank and honest exchange with the Shah would endear him to revise his military plans and downscale his aspirations. The charm offensive from Carter through

¹⁰⁷ 'The US Relationship With Iran', 10 November 1977. JCL. RAC: NLC-5-5-7-12-1.

his two meetings with the Shah was intended to demonstrate that the special relationship with America could, and would, continue despite the newfound divergence in assessments of Iranian security needs. Hence, at this point Carter was very much keeping to the spirit of the combined wisdom of his foreign policy apparatus as fleshed out in November 1977. Yet, the Shah characteristically interpreted Carter's personal warmth as a confirmation that he could continue to secure American acquiescence for his own military plans. As a result, the Shah did not moderate his ambitions at all going into 1978, and proceeded to petition for new arms deals operating under the impression that he had a new consensus in place. Just as he had done when he had secured Kennedy's approval in 1962, the Shah simply ignored all moderating influences and ploughed ahead with his race to regional military supremacy.

By the turn of the year, the Shah was convinced that the uncertainties he felt in early 1977 were 'totally dissipated.'¹⁰⁸ The fact that Carter had given the Shah verbal assurance in Tehran that the nuclear cooperation agreement first raised during the Ford administration would finally be put into motion was another example of the mixed signals Carter sent out to the Shah.¹⁰⁹ To the Shah, this signalled Carter's personal advocacy for his cause. To Carter, it demonstrated a strong gesture in a *non-arms* field, highlighting to the Shah that the administration preferred to pursue a more diverse relationship with Iran than a simply military one. Unfortunately for Carter, history clearly demonstrated that

¹⁰⁸ See Telegram from William Sullivan to the State Department, 11 January 1978. DNSA: IR01274.

¹⁰⁹ See Letter from the Shah to Carter, 5 January 1978. JCL. Plains file, Box 23, Folder: Iran, 6/75-12/79.

the Shah was insatiable. Carter's attempt to bargain with the Shah, in effect attempting to gratify him in one area to dissolve his ambitions in other areas, was therefore misguided from the outset. It ignored the fact that the Shah's assessments of his military needs had not changed. The U.S. had been in this exact situation before in the 1960s. And despite all odds, the Shah had then proven doggedly determined enough to get his way, and strikingly unflinching in his belief that he was the sole determiner of Iranian security needs.

The mixed signals continued as Carter advanced a \$2.5 billion package of 60 F-15s for Saudi Arabia in late January. The Senate Foreign Assistance Subcommittee, the same body that had been vociferously against the AWACS sale, immediately sprung into action and demanded the suspension of the sale prior to it even being submitted to Congress.¹¹⁰ This news came only one week before the NSC had completed a survey on world arms sales to the Third World. The study noted that such sales continued to 'increase sharply' – with the Middle East and North Africa accounting for a disproportionate majority of the \$21 billion total for the first three quarters of 1977.¹¹¹ Both sets of news had two effects. Firstly they reinforced the on-going futility and ineffectiveness of Carter's arms restraint policy – both inwardly within the administration, and outwardly to its critics. Secondly, and more importantly regarding this thesis, it suggested strongly that the Shah would observe these regional developments and see an immediate need for *more* arms for Iran, not less. The Shah's assessments of his

¹¹⁰ Letter from Senator Frank Church to Vance, 24 January 1978. JCL. National Security Affairs, Brzezinski Material. Country File, Box 67, Folder: Saudi Arabia, 1-5/78.

¹¹¹ Memorandum From Brzezinski to Carter, 31 January 1978. JCL. RAC: NLC-1-5-2-55-3.

military needs, from the very early years of the Truman administration had always been made in relation to his regional security. As Iran's neighbours – Iraq and Egypt principally – had continued to build up their military power with Soviet weaponry, the Shah continued to outspend them fuelled by his fears of Arab nationalism and increased Soviet penetration in the region. With regional arms spending ballooning, all signs pointed towards a similar trend from Iran in the very near future.

The Saudi sale was part of a broader range of arms sales to the Middle East that the Carter administration had planned for the first part of 1978. Added to it was a \$1.5 billion deal for 15 F-15s and 75 F-16s to Israel, and 50 F-5Es to Egypt valued at \$400 million. In sum, this was a package of 200 military jets being sold into a region already experiencing an arms boom of record proportions. The logic was to be found again in Carter's pragmatism. Carter's plan had three pillars:

- 1) Replace Soviet influence in Egypt as its reward for moving towards a peace process with Israel.
- 2) To update the primitive Saudi military, which, despite notions of a twin pillar structure in the Nixon years, had languished in relative military infancy.
- 3) To keep Israel strongly positioned to ensure its security.¹¹²

There was an extra layer of reasoning also. A major component of advancing Carter's Middle East peace plan was to ensure that both the Israelis and the Arabs felt secure. Therefore some measure of balancing Arab sales with

¹¹² See Memorandum From Stu Eizenstat and Bob Lipshutz to Brzezinski, 11 March 1978. JCL. Staff Offices, Domestic Policy Staff. Box 147. Folder: Arms Control.

continued arms sales to Israel had to be introduced to bring the relatively under-developed Arab states to a higher level of military competency. Carter, with the concurrence of both Brzezinski and Vance, felt the best way to ensure Middle East peace, and the security of the region, was for America to act as arms supplier and thereby not risk any need for the Soviets to step in to fulfil genuine Arab security needs.¹¹³ Yet, Carter's continuing desire to be seen as a moderating influence, and the restraints posed by his arms ceiling, meant that the final packages offered to Israel and Egypt fell far short of what each had requested. The Saudi deal was not subject to such tinkering. The Saudi government received an offer for the full number of F-15s it had requested, which Carter approved as a reflection on the primitive state of Saudi defences, its large territory, and as a balance on Soviet oriented Iraq and Libya.¹¹⁴

As the administration prepared a plan to get the controversial Middle East arms package through Congress, the Shah preferred not to wait for another battle of his own on Capitol Hill. He embarked on a naval spending spree through early 1978, which included six diesel submarines from Germany and twelve 275 tonne guided missile patrol boats from France.¹¹⁵ When added to prior naval purchases from the U.S. and Europe, this gave Iran the largest and most modern indigenous navy in the Middle East. The Shah's actions confirmed beyond any doubt that his

¹¹³ See Zbigniew Brzezinski, *Power and Principle*, p. 94; and Cyrus Vance, *Hard Choices*, p. 32.

¹¹⁴ See Joanna Spear, *Carter and Arms Sales*, pp. 139-142.

¹¹⁵ See Memorandum From 'The Situation Room' for Brzezinski, 30 January 1978. JCL. RAC: NLC-1-5-2-51-7; and Memorandum From 'The Situation Room' for Brzezinski, 9 March 1978. JCL. RAC: NLC-1-5-5-39-8.

military appetites were simply redirected elsewhere rather than moderated by Carter's efforts.

Carter's focus on ensuring that the Panama Canal Treaties secured Congressional approval delayed progress of the Middle East arms package. Once the second treaty had been successfully ratified on 18 April, the administration began to strategize as to what would be the best time to once again test Congress with a controversial arms sale.¹¹⁶ There also remained a political problem with Carter's arms ceiling, which had come into effect following the beginning of Carter's first full federal year commencing 1 October 1977. By mid-April 1978, \$1.7 billion in arms sales had already been approved (part of which was Iran's AWACS). The impending Middle East arms package which had been costed at \$4.8 billion, together with other sales at an advanced stage of negotiation, were already pushing 'very near' to the annual ceiling with still five months of the federal year remaining.¹¹⁷ For that reason, the Shah would certainly find himself unable to make a significant purchase until late 1978, unless Carter once again exempted Iran from his arms controls. For that reason, the Shah was watching the developments over the Middle East arms package very closely.

The somewhat inevitable Congressional resistance manifested as soon as the arms package was submitted on 28 April. Yet, it came in an altogether more dramatic sense that Carter had predicted. The Senate, led by a motion by Senator

¹¹⁶ See Memorandum From Denis Clift to Walter Mondale, 6 April 1978. Papers of Walter F. Mondale. JCL. Box 2. Folder: Talking Points for Foreign Policy Breakfast 1978.

¹¹⁷ Memorandum From 'Global Issues' to Brzezinski, 14 April 1978. JCL. RAC: NLC-10-10-6-16-6.

Robert Byrd, tabled a motion to block the entire sales package.¹¹⁸ There were also deliberations over possibly decoupling the Saudi sale by force to allow the less controversial Egyptian and Israeli sales to continue.¹¹⁹ The package also had the consequence of angering the pro-Israel lobby in Washington due to the fact that the Israeli sale was contingent on the sale of jets to its Arab neighbours, most notably the overtly anti-Semitic Saudi's. Therefore, the administration was judged to be playing fast and loose with Israel's existential security interests – and simultaneously damaging Israel's security further by giving more arms to Saudi Arabia and Egypt.¹²⁰

Anticipating strong opposition to the Saudi sale in particular, Carter deliberately banked on Congressional unwillingness to turn down an Israeli arms sale.¹²¹ Hence, the package, via its *all or nothing* ultimatum was a crude but cunning strategy. It was also a cavalier move by Carter in the sense that the legality of packaging up arms sales contravened the Arms Control Export Act, which stated that sales had to be submitted individually. Although Carter did *technically* submit them individually, he pre-empted the submission with a clear voicing in a press conference that he would remove all three sales if Congress vetoed just

¹¹⁸ See Letter from Carter to Byrd, 12 May 1978. JCL. Chief of Staff. Box 39. Folder: Arms Sales Package (Israel-Egypt-Saudi Arabia).

¹¹⁹ This was widely reported in the press, based on interviews with Congressional officials. See the various press clippings in: JCL. Staff Offices Counsel, Lipshutz. Box 3. Folder: Arms Sales, 1977-1978.

¹²⁰ See Talking Points for Post-Arms Sales Calls to Jewish Leaders, 12 May 1978. JCL. Chief of Staff. Box 39. Folder: Arms Sales Package (Israel-Egypt-Saudi Arabia).

¹²¹ Memorandum From Jerry Schecter to Brzezinski and David Aaron, 21 February 1978. JCL, National Security Affairs, Staff Material, Press and Congressional Relations, Box 1. Folder: NSC Weekly Legislative Reports 1-4/78

one.¹²² As Congress met to deliberate Carter's brinkmanship, Congressman William Green protested that, 'the President may have taken the ribbon off the package, but the package is still not unwrapped.'¹²³ Green's sentiments were echoed in the House of Representatives, and the Committee on International Relations subsequently passed a motion of disapproval for the entire package. Despite the setback in the House, the arms package was passed via majority vote in the Senate after a last minute compromise that gave Israel more jets and ensured modifications on the range and capability of the Saudi F-15s that would make them less likely to be used for an attack against Israel.

As Congress deliberated over the Middle East arms package, regional events took a further twist as a left wing, pro-Soviet, government took power in Afghanistan following a coup. Coming at a time when the general political situation in the Horn of Africa was deteriorating, the news was far from encouraging. Terms such as *arc of crisis* and *arc of instability* began to proliferate in Washington and in the media to describe the growing powder-keg that was the region from the Horn of Africa in the west to Pakistan and India in the east. The Shah immediately wrote to Carter, stressing the heightened threat to Iran's security and the dangers of a domino effect through the Middle East and Africa. The Shah emoted on the *arc of*

¹²² 'The President's News Conference', 25 April 1978, *The American Presidency Project*. <<http://www.presidency.ucsb.edu/ws/index.php?pid=30704#axzz1qLBAqBnh>> [accessed 12 March 2012].

¹²³ Statement by Congressman William Green, 8 May 1978, 'Proposed Aircraft Sales to Israel, Egypt and Saudi Arabia, Hearings before the Committee on International Relations, House of Representatives, May 8,9,10, and 16, 1978', U.S. Government Printing Office, Washington, 1978.

crisis sentiment and stressed that ‘in these anxious and tragic times, we feel encircled.’¹²⁴ Bringing the discussion back to arms, he added:

Some of the responsibility for assuring our defence and security requirements will rest upon ourselves and partly on the United States of America for the arms we want to buy.¹²⁵

The Shah’s sense of alarm was anticipated by the Carter administration. Days before the Shah’s letter arrived, an NSC paper asserted that it was ‘likely’ that the Shah would take to ‘meddling’ within Afghanistan via a ‘clandestine operation against the new government.’¹²⁶ Hence, as the administration grappled with its Middle East arms package on Capitol Hill, all signs pointed towards another significant, and presumably controversial Iranian arms package on the horizon.

The NSC held a PRC meeting on 5 July to discuss the Shah’s requests for more arms due to the worsening situation in the Middle East, and in the Horn of Africa. The meeting was intended to form an ad-hoc, and temporary response, before a full long term review of U.S.-Iran arms would be done in the autumn to fully respond to the regional developments. That review was to be an overdue answer to mounting pressures in Washington, voiced strongest by a Committee on International Relations report of December 1977. That report asserted that the post-British policy package the Nixon administration had developed for the Gulf was out-dated, and had become too tied to arms sales as a crude tool of policymaking. Rather than stabilise the area, it had led to a regional arms race,

¹²⁴ Letter from the Shah to Carter, 8 May 1978. JCL. Plains File. Box 23. Folder: Iran 6/75-12/79.

¹²⁵ Ibid.

¹²⁶ Memorandum, ‘The New Afghan Government’s Relations with the USSR’. JCL. RAC: NLC-15-1-2-13-8.

which had no foreseeable end.¹²⁷ In that sense, the *arc of crisis* was a direct outcome of arms being injected into the region by the U.S. and the Soviet Union. If this was true, Carter's entire policy of using arms sales to Israel, Egypt and Saudi Arabia to stabilise the area was only adding fuel to the fire rather than contributing to a perception of security in the region.

Whatever view was more accurate, the on-going regional developments of 1978 progressively rendered the Congressional studies, and for that matter PD-13, somewhat redundant. What remained were increasingly stark strategic choices as détente faltered and the Cold War once again grew hotter. On the very day that the PRC met, Brzezinski was briefed by the U.S. Embassy in Islamabad that Pakistani leaders had become convinced that the U.S. had 'written off' Pakistan and did not intend to assist in defending against a Soviet-Afghan threat.¹²⁸ Hence, the meeting was conducted with a very real alarmism over Soviet intentions in the region, which gradually became a pervasive background to administration policymaking as the year progressed.

The Last Gasp of the U.S.-Iran Arms Relationship

The Shah had expressed an interest in purchasing the F-4G in 1977. However the Pentagon had subsequently placed the F-4G on its non-releasable list and held it

¹²⁷ Committee on International Relations report: 'United States Arms Policies in the Persian Gulf and Red Sea Areas: Past, Present and Future. Report of a Staff Survey Mission to Ethiopia, Iran and the Arabian Peninsula', December 1977, U.S. Government Printing Office, Washington.

¹²⁸ Memorandum From 'The Situation Room' to Brzezinski, 5 July 1978. JCL. RAC: NLC-1-7-1-18-3.

for American use only due to technological sensitivity issues.¹²⁹ With this factor in mind, the PRC recommended that a package of 31 F-4Es, equipped with 1000 SHRIKE anti-radiation missiles were made available to Iran as an alternative. The SHRIKE gave Iran the capability to target ground based surface-to-air-missile and radar systems. This was the essence of the reason why the Shah wanted the F-4G, which was designed for that very purpose. The F-4G had actually been developed from a modification to the F-4E. So the F-4E with the SHRIKE was envisioned as an attractive option, despite the fact that the SHRIKE system was not as advanced as the native F-4G variant. It was also notably less accurate.

The F-4E offer formed part of a wide-ranging package, which also included Howitzers, and cargo carriers.¹³⁰ The Policy Review Committee, with Brzezinski at the lead, recommended that the deal be approved due to the overriding importance of strategic interests. Vance and the bulk of the State Department were more sceptical – preferring the Shah to divert the money to his worsening domestic political and economic situation.¹³¹ Carter agreed somewhat reluctantly with Brzezinski before chastising him that the Committee was proving ‘too much inclined to approve every arms request.’¹³² Crucially, Brzezinski failed to note in his memorandum to Carter the discussions within the Committee that the SHRIKE would contravene the conditions of PD-13 as it was a technology new to the region. For example, Iran would now have the ability to

¹²⁹ Memorandum from Brzezinski to Carter, 8 July 1978. JCL. RAC: NLC-21-20-7-9-0.

¹³⁰ NSC Memorandum: ‘Summary of Conclusions for PRC Meeting on Arms Transfer Policy for Iran and Security Assistance for Kenya’, 5 July 1978. JCL. RAC: NLC-21-20-7-9-0.

¹³¹ Zbigniew Brzezinski, *Power and Principle*, pp. 534-355.

¹³² See Carter’s handwritten note on Memorandum from Brzezinski to Carter, 8 July 1978. JCL. RAC: NLC-21-20-7-9-0.

wipe out Iraq's air and radar defences, which had been recently upgraded by the Soviets, whilst Iraq had no such countermeasure. Brzezinski had taken the liberty of redefining the entire remit of PD-13's restrictions. He noted that as the Soviet Union was now moving into the Middle East via an Afghan proxy, and continued operations in Iraq and Yemen, they were now *part* of the region. The fact that the Soviets were armed with all manner of advanced equipment meant therefore that there was no exception to what could be sold to Iran.¹³³ Hence, the Soviet Union itself was now part of regional arms sales equations. Vance concurred with Brzezinski's logic and noted that whatever the accountancy method, the sale should proceed.¹³⁴

Perhaps without being fully cognisant of the fact at this point, Carter had approved an arms sale for Iran that for the second time (following the AWACS sale) violated one of the key terms of his policy of arms restraint. It also underlined the emerging concurrence across the administration of growing pessimism over Soviet actions, and a realisation that the arms policies advanced in 1977 were becoming increasingly redundant. This episode was notable as part of a growing pattern of Carter personally leaning more towards Brzezinski, even if reluctantly at this point. The growing instability in the Middle East and the arc of crisis theory seemed to validate Brzezinski's long held suspicion of the Soviets, and his Manichean East-West worldview. It was the origins of a personal transition in Carter, which would not become fully evident until late in 1979. In

¹³³ See Brzezinski's comments on the minutes of the PRC Meeting on Arms Transfer Policy for Iran and Security Assistance for Kenya, 5 July 1978. JCL. RAC: NLC-21-20-7-9-0.

¹³⁴ Minutes of the PRC Meeting on Arms Transfer Policy for Iran and Security Assistance for Kenya, 5 July 1978. JCL. RAC: NLC-21-20-7-9-0.

Ned Lebow and Stein's words, Carter 'came in like a lamb and went out like a lion.'¹³⁵ With Carter seeming to reluctantly accept Brzezinski's redefinition of PD-13, Brzezinski felt there was simply no need to labour over conflicts with the increasingly redundant policy package of 1977.

The Shah met the F-4E compromise offer with confusion. Neither he nor his advisers understood the full extent of the modifications to the F-4E to equip them with SHRIKE. There was further confusion over whether this modification would later allow upgrade to a more advanced anti-radiation missile such as those used on the F-5G. When it became clear that the F-4E would not be supplied with such upgrade capability – the so-called 'Group A wiring' – the Shah communicated that he would 'probably not buy the planes.'¹³⁶ As the administration deliberated over the Shah's response, two camps emerged. Vance led those who thought the F-4E offer was adequate. On the other hand, Brown led an effort to accept the Shah's wishes and install the Group A wiring.¹³⁷ Carter eventually sided with Vance, and the Shah was notified that the original offer would stand. Although 'surprised and distressed' at Carter's refusal, the Shah retreated to re-consider the offer.¹³⁸

¹³⁵ See Richard Ned Lebow and Janice Gross Stein, 'Afghanistan, Carter, and Foreign Policy Change: The Limits of Cognitive Models', in Dan Caldwell and Timothy J. McKeown (eds.), *Diplomacy, Force and Leadership: Essays in Honor of Alexander L. George* (Boulder: Westview Press, 1993). pp. 95-127; and Yael S. Aronoff, 'In Like a Lamb, Out Like a Lion: The Political Conversion of Jimmy Carter', *Political Science Quarterly* (Fall 2006), 121: 3. pp. 425-449.

¹³⁶ See 'Country Team Minutes', 19 July, and 26 July 1978. DNSA: IR01488; and 'Iran Chron, July-Oct 1978', JCL. RAC: NLC-25-37-5-2-7.

¹³⁷ 'Iran Chron, July-Oct 1978', JCL. RAC: NLC-25-37-5-2-7.

¹³⁸ Memorandum from Vance to Carter, 15 August 1978. JCL. Plains File. Box 39. Folder: State Department Evening Reports.

Although a compromise was on the table for the F-4E, the Shah was flat out denied a \$2.5 billion fleet of twelve naval frigates. Instead the Shah was notified that adding this to the package would break through Carter's arms ceiling – something the President was still keen to achieve rather than see it fail in its first year. As the Policy Review Committee recommended that the Shah's requests for frigates was necessary for Iranian defence and force projection, a compromise was put into effect.¹³⁹ Dutch and German contractors were commissioned to build the ships, while America would supply advanced weapons suites valued at \$350 million to equip the fleet. This compromise allowed Iran to get what it needed, and allowed Carter to keep his total arms sales below his ceiling without having to resort to another embarrassing exemption for Iran, and also suffer the political blowback of the arms ceiling policy failing.

In September, the Shah accepted a letter of offer for the F-4E package. He then quickly submitted a 22 item shopping list to the Carter administration comprising of: 70 F-14s; 15 aerial refuelling tankers; 7 P-3C maritime surveillance planes, 6 RH-53 mine-countermeasure helicopters; and finally the 140 F-16s that Carter had rejected in 1977. This amounted to a \$12 billion total.¹⁴⁰ The package amounted to the biggest arms purchase request in history. It vastly dwarfed the record-breaking sales that had occurred in mid-late 1972 after Nixon had opened the floodgates with his *blank cheque*. The political situation in Iran had been steadily deteriorating through 1978. Hence, coming on

¹³⁹ Minutes of the PRC Meeting on Arms Transfer Policy for Iran and Security Assistance for Kenya, 5 July 1978. JCL. RAC: NLC-21-20-7-9-0.

¹⁴⁰ 'Iran Chron, July-Oct 1978', JCL. RAC: NLC-25-37-5-2-7.

the back of the perilously insecure domestic situation in Iran, the colossal arms request was met with confusion by the Carter administration.

Confusion in Washington swiftly graduated to alarmism when the Shah remarked in a meeting with two *Time* reporters on 9 September that the CIA was behind the disturbances in Iran, and that America had conceded Iran to the Soviets in what he dubbed the 'Big Game.'¹⁴¹ Coming on the back of frequent media and diplomatic reports through mid 1978 that the Shah was medically ill, the *Time* journalist's remarks to the U.S. Ambassador to Iran, William Sullivan, that the Shah appeared 'as a shattered man who looked to be on the brink of a nervous breakdown' prompted Carter into action. He broke from the on-going Camp David Summit between Israel and Egypt in order to telephone the Shah the following day to offer his reassurances.¹⁴² Carter followed up his phone call with a handwritten letter (a novelty in U.S-Iranian high level diplomacy) that congratulated the Shah on his 'successful' reform efforts.¹⁴³ Carter's strong reassurances came alongside the postponement of a military team who had been scheduled to visit Iran in the autumn to assess the Shah's latest multi billion shopping list.¹⁴⁴ Hence to the Shah's eyes there were, yet again, mixed messages coming from the Carter administration.

¹⁴¹ See William H. Sullivan, *Mission to Iran* (New York: W.W. Norton and Company, 1981), pp. 156-158; and 'Iran Chron, July-Oct 1978'. JCL. RAC: NLC-25-37-5-2-7.

¹⁴² 'Iran Chron, July-Oct 1978'. JCL. RAC: NLC-25-37-5-2-7.

¹⁴³ 'Personal note to the Shah' by Carter, 28 September 1978. JCL. Plains File. Box 23. Folder: Iran, 6/75-12/79.

¹⁴⁴ 'Iran Chron, July-Oct 1978'. JCL. RAC: NLC-25-37-5-2-7.

As the turmoil unfolded, the CIA presented a study into conventional arms transfers with Iran on 14 September. The report is an interesting insight into the somewhat schizoid picture that was developing towards Iran. On the one hand there were the widespread media reports of deep trouble in Iran, supplemented by ambassadorial reports of an increasingly 'Hamlet-like' behaviour by the Shah who seemed unable to reconcile his domestic situation.¹⁴⁵ Yet on the other hand there appeared a widespread bullishness across the administration that despite the perilous situation, the Shah would endure as he had done before. The study sidestepped the implications of the domestic turmoil for the arms relationship and noted that Iran would inevitably continue to seek large quantities of arms. If the U.S failed to oblige, the Shah would simply turn elsewhere. Following on, if the Carter administration were to encourage other supplier nations to follow its arms moderation policies, it risked appearing to the Shah as if the U.S. was operating a cartel-like operation – and would only inevitably push him towards the Soviets. The study concluded that:

The US is to some extent a prisoner of its past dealings with Tehran since curtailment of an on-going military relationship is more readily perceived as a slap in the face than is a decision not to initiate such a relationship in the first place.¹⁴⁶

Gary Sick elaborated further on this theme in his memoirs in a manner that befits direct quotation:

The Nixon-Kissinger policy of placing U.S. security interests in the Persian Gulf almost exclusively in the hands of the Shah had been fully absorbed by the bureaucracy and the U.S. power structure. By the time President

¹⁴⁵ See 'Morning Summary', 11 September 1978. JCL. RAC: NLC-6-54-1-10-4.

¹⁴⁶ CIA Memorandum: 'Conventional Arms Transfers in US-Iran Relations', 14 September 1978. JCL. RAC: NLC-25-34-3-2-2.

Carter arrived in the White House, U.S. security policy in that important region of the world was in many respects hostage to the social and economic experiment that the Shah was conducting in Iran. Whether one liked it or not, Iran was the regional tail wagging the superpower dog.¹⁴⁷

These observations confirm why, much to the chagrin of many critics and commentators, the Carter administration maintained a fairly reactionary and piecemeal position on Iran through the emerging crisis of late 1978. This is hardly surprising considering the depth of the relationship, and the fact that U.S. regional policy was heavily leveraged on Iran, and on the Shah personally. Carter had an opportunity to amend that position in 1977 – and even countenanced it via PD-18. But, he gradually decided to continue the pre-existing policy and became a convert to Nixon’s approach to the Gulf. Like Nixon before him, Carter had placed all his eggs in the Shah’s basket. Any lack of strong support for Iran would send a ripple of insecurity across the entire region, especially in vital nations such as Saudi Arabia and Israel.

As the Iranian domestic situation became ever more perilous in the late autumn, Sullivan reported that all future and pending arms purchases looked set to drop significantly as the Shah had reluctantly diverted his full attention, and the bulk of his available budget to domestic demands. Sullivan reported that cash flow in Iran had become stymied due to inflation and the effects of the political instability, principally via an on-going strike by oil workers. This resulted in General Toufanian, the Shah’s leading military representative, experiencing ‘unprecedented difficulties’ in fulfilling Iran’s existing annual credit line for prior

¹⁴⁷ Gary Sick, *All Fall Down*, p. 24.

arms purchases. Toufanian had been forced to reduce certain payments, and postpone others as a temporary measure.¹⁴⁸ Iran's cash flow problems also led to the abrupt cancellation of all military cooperation and coproduction with Israel in October.¹⁴⁹ The alarm generated by these moves also led Gary Sick to petition on 31 October about the 'need to think' about the security of the plethora of American advanced arms already in Iran such as the Phoenix missile and the F-14.¹⁵⁰ Yet, there was no high level consensus within the administration that any such far-reaching efforts were needed.

Despite the unfolding crisis in Iran, business continued. Routine arrangements for more Export-Import Bank financing for Iran were postponed rather than cancelled to allow Iran to stabilise. Vance specifically ensured that this financing was not cancelled to send a clear signal of the continued level of support and investment America pursued in Iran. He reassured the bank executives that although the situation was 'very sad' – it would improve.¹⁵¹

It was only in the final days of 1978 that studies began to work their way through the State Department, which began to address the need for a new policy doctrine for the region.¹⁵² The staffer levels of the State Department, particularly Henry Precht at the Iran Desk, had been fairly consistent in its recommendations

¹⁴⁸ Telegram From Sullivan to The State Department, 27 September 1978. DNSA: IR01600.

¹⁴⁹ Memorandum from Warren Christopher to Carter, 24 October 1978. JCL. Plains file. Box 39. Folder: State Department Evening Reports, 10/78.

¹⁵⁰ Memorandum from Sick to Brzezinski, 31 October 1978. JCL. RAC: NLC-25-139-8-13-9.

¹⁵¹ Telegram from Vance to Embassy Tehran, 1 December 1978. DNSA: IR01834.

¹⁵² 'Instabilities in Southwest Asia – Options for the US', draft State Department working paper, 18 December 1978. JCL. RAC: NLC-24-103-5-1-5.

through late 1978 that Iran policy needed revision and should look beyond the Shah. Hence, there had been a noticeable turn in the State Department in late 1978 from its long advocacy for the Shah. Yet, the fact that Vance outwardly supported the administration line, directed by Brzezinski, of unwavering support for the Shah had muted that emerging drive.¹⁵³ Aggressive gestures from Brezhnev in late November warning the U.S. not to get involved in the domestic politics of Iran only served to inspire Brzezinski to batten down the hatches yet further.¹⁵⁴ The increasingly dire fate of the Shah led to an over boiling of contrary positions to that of Brzezinski and the NSC. That charge was led by Precht and Sullivan, who both broke through Vance's firewall.¹⁵⁵ The result was incoherent and acrimonious policymaking through November and December 1978. In Vance's words, 'the administration could not overcome its internal policy divisions.'¹⁵⁶ Brzezinski reflected that rather than rise above the tension, Carter grew short tempered and refused to view the situation with a strategic lens, remaining more concerned with avoiding bloodshed.¹⁵⁷ By early January the situation within the administration remained besieged with disagreement.

As things grew yet more desperate, Carter approved a Department of Defense envoy, General Robert Huyser, to travel to Iran in the first week of January. Due to underlying uncertainty within the administration of what to do with Iran, Huyser's briefing was vaguely worded and ambiguous in nature: To reassure the

¹⁵³ Gary Sick, *All Fall Down*, pp. 372-375.

¹⁵⁴ Zbigniew Brzezinski, *Power and Principle*, pp. 368-369.

¹⁵⁵ Zbigniew Brzezinski, *Power and Principle*, pp. 367-368; and Gary Sick, *All Fall Down*, pp. 80-84

¹⁵⁶ Cyrus Vance, *Hard Choices*, p. 347.

¹⁵⁷ See Zbigniew Brzezinski, *Power and Principle*, pp. 379-383.

military in Iran of continued American support and assist it to continue operating.¹⁵⁸ The ambiguity centred on the fact that the mission could be interpreted via Carter's wish for Huysler to attempt to create stability and avoid bloodshed, *or* via Brzezinski's wish for him to aid in facilitating a military coup to restore order.¹⁵⁹ After surveying the situation for himself, Huysler joined the growing chorus of officials (now including Vance) petitioning Carter to open a channel to the Iranian opposition figurehead, the exiled Ayatollah Khomeini.¹⁶⁰ Huysler made this turn after the Iranian military had itself made 'urgent appeals' to that effect demonstrating that even they were unable to maintain faith in the Shah.¹⁶¹

After Carter gestured towards the possibility of entering exploratory talks with Khomeini through a French intermediary – whilst still juggling allegiances to the Shah *and* a line to a formative civilian government *and* an embedded pro-military line via Huysler - Sullivan reflected with desperation. Upon hearing that Carter had abandoned the Khomeini talks at the last minute, he declared that Carter's Iran policy was both lacking in sanity and 'incomprehensible.'¹⁶² Carter reflected that Sullivan's comments were 'bordering on insolence.'¹⁶³ Yet, Sullivan's sentiments vocalised well the degree of frustration over the administration's indecisiveness that pervaded over the entire situation. The very lynchpin of U.S.

¹⁵⁸ See Zbigniew Brzezinski, *Power and Principle*, pp. 378-379; and William H. Sullivan, *Mission to Iran*, p. 229.

¹⁵⁹ David Farber, *Taken Hostage*, pp. 97-98.

¹⁶⁰ Zbigniew Brzezinski, *Power and Principle*, pp. 380-381.

¹⁶¹ See Gary Sick, *All Fall Down*, pp. 153-155, and Telegram from Sullivan to Vance, 10 January 1979. JCL. Plains File. Box 23. Folder, Iran 6/75-12/79.

¹⁶² Telegram from Sullivan to Vance, 10 January 1979. JCL. Plains File. Box 23. Folder, Iran 6/75-12/79.

¹⁶³ Jimmy Carter, *Keeping Faith*, p. 446.

Persian Gulf containment strategy was disintegrating rapidly. The Soviets were encroaching throughout the larger region. Serious strategic issues were up in the air. Yet, Carter seemed more concerned with preventing Iranian bloodshed and simultaneously riding different horses - each of which led in contradictory and/or unclear directions.

By the onset of the third week of 1979, the Shah had left Iran and vacated his throne. He left behind a massive power vacuum and an uncertain political future in Iran. Discussion within the still indecisive administration converged around an idea to send Harold Brown on a diplomatic tour through the region. Brown's visit would explore a new series of strategic relationships in a post-Shah era.¹⁶⁴ Sick remained a strong voice as the discussions raged. In the face of public accusations from Henry Kissinger that the Carter administration had failed the Shah he lamented to Brzezinski:

If Kissinger is right and the Shah was indeed that fragile, we have reason to be concerned. How many other regional timebombs has the Nixon Doctrine left lying about, ready to explode at the first tremor?¹⁶⁵

Sick's observation, although made more out of frustration with Kissinger than out of genuine strategic insight, suggested that not only was Iran a failure of policy, but the entire Nixon doctrine was potentially dissolving. These thoughts gained traction within the NSC and, Brown's trip began to be envisioned as a

¹⁶⁴ See 'Issues For PRC, February 1, 1979'; and 'Secretary of Defense Trip to the Middle East: Paper for PRC Discussion', 1 February 1979. JCL. Papers of Walter F. Mondale. Box 2. Folder: Talking Points for Foreign Policy Breakfast, [1/79-6/79].

¹⁶⁵ Memorandum From Sick to Brzezinski, 9 February 1979. JCL. National Security Affairs, Brzezinski Material, Schecter/Friendly (Press) File. Box 3. Folder: [Correspondence], 1-8/79.

drive to cement and reinforce bilateral relationships with those nations receptive to America. It was surely no coincidence that of all the officials that could have visited the Middle East, the Secretary of Defense was chosen – a fairly irregular choice in all but these strange times. As the anchor points of Brown’s trip became visits to Saudi Arabia, Egypt and Israel – it looked like arms sales would be on the agenda and an entirely new shape would be tentatively set into motion for U.S. regional policy.

George Ball, a former Assistant Secretary of State, who had been appointed as a special NSC adviser on Iran for a short period in November 1978, amplified Sick’s comments. Ball, with Brzezinski’s consent, wrote in *the Economist* that there were two reasons for the fall of the Shah. Firstly corruption, and secondly:

President Nixon’s disastrous encouragement to the Shah to overload his country with inappropriate military hardware. This costly burden resulted not only in precipitating a financial squeeze that compelled cut-backs on construction, with resulting unemployment and disaffection, but it led the Shah to a megalomania that cut him off from all contact with reality and the Iranian people.¹⁶⁶

Ball’s point was curious on a number of levels – not least due to the fact that the Carter administration had so proactively supported the policy of arming the Shah. Carter had also publicly and privately affirmed his concurrence with the logic of the Nixon approach to Iran on many occasions. Hence, the fallout of the events of January 1979 created a blame-game in which former officials such as Kissinger and the Carter administration jockeyed to deflect responsibility. In reality, as

¹⁶⁶ Telegram From George Ball to Andrew Knight, 12 February 1979. JCL. Country File, Iran. Box 29. Folder: Iran 2-3/79.

Brzezinski privately noted some months later to Carter, the Nixon/Ford and Carter administrations were irrevocably linked with respect to Iran policy - which had proceeded with broad continuity for over a decade.¹⁶⁷ Apportioning blame for the downfall of the Shah is not necessary within the scope of this study. What is important is to note that the events of January 1979 and the period of uncertainty that followed within Iran was the dramatic end of the blueprint that Nixon had put in place for the Persian Gulf. Any hopes that a post-Shah regime would maintain the regional role outlined in 1972 quickly faded.

As a formative post Shah government began to assemble under Shapour Bakhtiar, a former National Front figurehead, there was still an arms programme worth \$11.4 billion on the ledger. This comprised of equipment Iran had bought on credit terms, but which had not yet been delivered/manufactured. For example, Iran's F-14 fleet was bought in 1972, but the planes were delivered (and paid for) incrementally over the following five years. As previously noted, Iran had suspended much of its purchases in September 1978 and negotiated a temporary freeze on some repayments. By the end of 1978 credit payments had completely ceased due to the internal collapse of the Shah's regime, leaving vast uncertainties in Washington.

The Pentagon sent Eric Von Marbod to Tehran in January to attempt to resolve the situation. As previously detailed, Von Marbod was involved with the Iran

¹⁶⁷ Memorandum from Brzezinski to Carter, 'Iran Study', undated. JCL. Plains File. Box 23. Folder: Iran, 6/75-12/79.

programme in the Pentagon, and had been the department's envoy in the AWACS hearings in the Senate. He spent the bulk of the month in detailed negotiations with Iranian military leaders drafting a Memorandum of Understanding, which was finalised on 26 January. It proposed the cancellation of \$6.5 billion of equipment that had been agreed on credit terms, but had not yet been delivered, such as the AWACS and F-16 programmes.¹⁶⁸ Terminating almost sixty per cent of Iran's arms programme was an extraordinary and unprecedented effort, considering the fact that the equipment was already in manufacture by private contractors under complicated financial contracts.¹⁶⁹ For those very reasons there was resistance within the Departments of State and Defense to the entire thrust of the plan and its implications. A series of attempts to draw up counter proposals ensued. Von Marbod, together with Sullivan at the Embassy, managed to secure full approval through dogged persistence for the original proposal by petitioning that it was the only viable option. Recalling the incident, Gary Sick noted:

I could scarcely believe my ears. In Iran, the entire fabric of authority was coming apart while this group debated fine points as if it had all the time in the world.¹⁷⁰

After Khomeini returned to Tehran in February, the political structure began to shift again and Bakhtiar was swiftly swept aside. In the midst of the turbulence, serious problems remained unsolved. Notably, Iranian oil production had not

¹⁶⁸ See Memorandum from James T. McIntyre Jr, to Carter, 26 February 1979. JCL. White House Central Files, FO-24. Folder: FO 3-2 11/1/78-4/30/79.

¹⁶⁹ Memorandum from Sick to Hedley Donovan, 24 November 1979. JCL. National Security Affairs, Brzezinski Material. Country File, Iran. Box 30. Folder: Iran 11/21-27/79; and Gary Sick, *All Fall Down*, pp. 173-175.

¹⁷⁰ Gary Sick, *All Fall Down*, p. 174.

recovered. This led to alarmism over fuel supply to Western Europe, and fears that no government in Iran could function without stable income from Iran's only significant revenue stream – oil exports. It also had raised uncertainty over whether Iran would even be able to fulfil Von Marbod's massively scaled back Memorandum of Understanding and fulfil the remaining credit terms of \$4 billion. Reflecting on the mood of uncertainty, Congress aimed 'high intensity interest' at Carter's handling of the crisis and expressed concerns over the security of the sensitive American equipment in Iran, principally the F-14.¹⁷¹ The only answer the Carter administration had for the crisis was that it was an Iranian problem and it was outside the controls of Washington.¹⁷² Carter's rebuttal was representative of the fact that there was clearly nothing the U.S. could do until the domestic Iranian situation stabilised. Consequently, this muted call would be the last input Congress would have over U.S-Iran arms policy within the context of this thesis. The severity of the situation and the vast unknowns on the ground in Iran led to Congress adopting a wait and see approach, whilst focusing on other areas of concern in foreign affairs such as SALT.

When Brown finally departed on his Middle East trip in mid-February the objectives had shifted somewhat considering Iran's cancellation of the bulk of its arms orders. The Pentagon developed a plan to effectively re-sell the bulk of the cancelled equipment to Israel, Egypt and Saudi Arabia where possible, and for

¹⁷¹ Memorandum from Frank Moore to Carter, 17 February 1979. JCL. Handwriting File. Box 120. Folder: 2/21/79 [2].

¹⁷² Memorandum from Frank Moore to Carter, 17 February 1979. JCL. Handwriting File. Box 120. Folder: 2/21/79 [2].

other items to be sold to the U.S. military at a discount.¹⁷³ Signalling the clear intention further, Brown was accompanied on the visit by the senior U.S. arms export official, Lt. General Ernest Graves. The Saudis were interested in purchasing Iran's cancelled AWACS and a range of sophisticated missile systems; the Israeli's accepted an offer for 55 of Iran's F-16s; and Egypt was offered a wide range of lower order equipment to modernise its military. In addition, Brown consented to Saudi financing for a package of F-5Es and tanks that were destined for North Yemen.¹⁷⁴

Brown's efforts were notable on several levels. Firstly, he made specific cast-iron commitments for each sale. This violated the Arms Control and Export Act, which specifically forbade any commitments being made until Congress had approved the sale. As previously noted, the Carter administration had violated the Act once before when it combined three different sales in the Middle East arms package of 1978. Secondly, the entire operation confirmed that Carter's prior desire to use arms sales as an *exceptional* tool of foreign policy was truly dead. Not only had each of these three Middle East nations seen significant arms sales in mid 1978, but now each received yet more arms. Nixon's blueprint for the Gulf, based around massive arms sales to Iran, had entered stasis. Yet, Carter had quickly exchanged it with an exploratory plan to build a troika of sympathetic nations in the region comprising of Egypt, Saudi Arabia and Israel. This would be supplemented with various less pivotal nations such as Jordan. Each was to be

¹⁷³ See Joanna Spear, *Carter and Arms Sales*, pp. 145-150.

¹⁷⁴ Michael T. Klare, *American Arms Supermarket* (Austin: University of Texas Press, 1984), pp. 134-137.

locked into consent for Carter's Middle East peace process via significant quantities of American arms and on-going U.S assistance. These arms sales were the beginning of a pattern of multi-billion transactions to the region that would develop further through the following years as Carter, and Reagan thereafter, sought to replace the regional influence lost with Iran's demise into internal chaos.

Mere weeks after Khomeini's return, Iran drifted into an adversarial stance vis-à-vis the U.S. in a desire to distinguish itself from the Shah and his policies. Underlining the emerging trend, General Mohammad Vali Gharani, the new Iranian armed forces Chief of Staff, told a news conference on 21 February that the U.S. would be permanently locked out of its Iranian CIA listening stations. He added when questioned over the assistance Iran continued to need to operate its advanced technology such as the F-14; 'the situation will not be the same as we had in the past.'¹⁷⁵ The posture of the new Iranian regime through the first half of 1979, when matched to its sudden recall of Iranian troops stationed in Oman since 1973, seemed to confirm that Iran was abandoning its role as a regional policeman and entering an as yet unknown new chapter in its development.

With Iran in retreat and consumed by internal politics, the Carter administration began to focus on increasing Soviet activity in the Gulf, exacerbated by the very real prospect of a post-Shah vacuum. After a period of study, the NSC secured

¹⁷⁵ Reuters Report of Mohammad Vali Gharani News Conference, 21 February 1979. JCL. Handwriting File. Box 120. Folder: 2/21/79 [1].

administration wide agreement in early June that U.S. policy in the region should be forthwith based on two major points: Firstly the U.S. must have a perceptible direct military preponderance in the region, and secondly that the Israel-Egypt peace process was a vital complement to U.S. military strength.¹⁷⁶ Together with the arms sales and bilateral diplomacy of Brown's Middle East visit, these were concrete steps towards the formulation of a completely new U.S. approach to the Middle East. This would eventually be consummated in the Carter doctrine of 1980. Iran had been the grand failure of the Nixon doctrine, and despite the ongoing SALT II talks, increased Soviet adventurism was making détente appear moribund. With these points in mind the new approach set into motion by Carter was a blended approach borne out of a pragmatic response to real world concerns. It mixed direct American force projection with Nixon doctrine style arms relationships with favoured clients - though with a diversification of clients rather than one significant partner. With that in mind it is no surprise that from early 1979 U.S. defence spending began to increase markedly - and Carter's arms ceiling policy became as redundant as the rest of PD-13 already had by mid-1978.

The final act of the U.S.-Iran arms relationship came in November 1979 in the aftermath of the invasion of the U.S. Embassy by armed Iranian students, and the hostage taking of the American Embassy staff. Yet, it was preceded by outwardly optimistic developments. Through the summer of 1979 a climate of 'negotiation

¹⁷⁶ See Memorandum from 'The Situation Room' to Brzezinski, 9 June 1979. JCL. RAC: NLC-1-11-1-27-8; and, Memorandum from Brzezinski to Carter, 22 June 1979. JCL. Plains File. Box 29. Folder: NSC Weekly Reports, 4-9/79.

rather than confrontation' had come to characterise U.S-Iran diplomacy.¹⁷⁷ Taking that theme further, only one month before the dramatic events at the Embassy, Iran and America were once again in arms negotiations. The Iranian military was in very bad shape by the winter of 1979. It was badly lacking spare parts and the expertise of the American technicians and engineers who had been long since evacuated.¹⁷⁸ The Iranians approached the Carter administration in early October 1979 to establish a transfer of spare parts and maintenance equipment, and the response from Washington was 'eager.'¹⁷⁹ For Carter, this was an opportunity to enhance American influence in the formative Islamic Republic and build on the cautious momentum that had been achieved in the summer. Unfortunately for Carter the terms of the Iranian negotiators were extreme. They wished for all pro-Shah Iranians who had fled to America to be rounded up and extradited. This would mean a certain death sentence for all concerned. This did not stop the negotiations, but it did delay them long enough for another event to overtake the situation.

The Shah was granted entry to America on humanitarian grounds for medical treatment on 22 October – his advanced cancer and perilous health having been finally revealed. This ended any and all negotiations for the spare parts, radicalised discourse in Iran, and the swift spiral to the hostage crisis ensued.

¹⁷⁷ Memorandum from Sick to Hedley Donovan, 24 November 1979. JCL. National Security Affairs, Brzezinski Material. Country File, Iran. Box 30. Folder: Iran 11/21-27/79.

¹⁷⁸ See CIA Memorandum: 'Status of Iranian Fighter Aircraft and Air Defense Systems', 16 November 1979. JCL. RAC: NLC-6-30-1-21-8.

¹⁷⁹ See David Farber, *Taken Hostage*, p. 119; and Memorandum from Sick to Hedley Donovan, 24 November 1979. JCL. National Security Affairs, Brzezinski Material. Country File, Iran. Box 30. Folder: Iran 11/21-27/79.

Iran announced on 23 November that it would arbitrarily cancel all of the financial obligations incurred under the Shah's regime, including all remaining credit agreements with America remaining after Von Marbod's restructuring in January.¹⁸⁰ The arms relationship between Iran and the U.S. that had already slowed to a trickle through the first half of 1979, ground to a dramatic and permanent halt. An arms relationship that had been measured in the billions annually since 1972, peaking at nearly \$6 billion in 1977, was reduced to \$42 million in 1979 and \$0 by 1980.¹⁸¹

Conclusion: A Three Act Affair

Carter's arms policy towards Iran was a three-act affair. The first act was a story of Carter's idealism and arms revisionism setting the underlying tone for the order of business in 1977. This unfolded simultaneously with Carter's bargaining that the F-16 and AWACS sales of 1977 would draw a line under future Iranian sales. As this thesis has made clear throughout, any strategy based on trying to moderate the Shah's estimates of his military needs was doomed to failure. The second act was the end of the administration's idealism. This came via the realisation that in the face of regional developments and the repercussions of realising the Camp David Accords, the original plans for arms control in general established in 1977 would need to be rethought. This came together with the inevitable pressure from the Shah that his arms needs were not being met from

¹⁸⁰ 'Special Coordination Committee Deputies Meeting', 23 November 1979. JCL. Plains File. Box 30. Folder: NSC/SCC Minutes, 11/5/79-12/12/79.

¹⁸¹ See 'The Joint Chiefs of Staff and the Development of US Policy Toward Iran 1946-1978' Historical Division, Joint Secretariat, Joint Chiefs of Staff, 31 March 1980. DNSA: IR03572

America. Hence, in 1978, the Shah found himself remaining able to pursue his arms objectives rather than have them significantly curtailed. The third and final act was the sudden and unexpected end of the U.S.-Iran arms relationship due to the disintegration of the Shah's regime. This external event, outside the control of U.S. policy, resulted in a dramatic annulment of all relations with Iran. A thirty-year, multi-billion dollar arms relationship, was reduced to dust in a matter of months. To this day, more than thirty years later, the arms relationship between the U.S. and Iran remains where it lay in the autumn of 1979 - at \$0.¹⁸²

Despite the dramatic events of 1979, the broad thrust of U.S.-Iran arms policy during the Carter years was largely continuous from the Nixon/Ford years. Despite the arms control underpinning to business in the Carter administration, arms sales to Iran remained within range of post 1972 levels. They even reached a historical peak in 1977. It is very clear upon studying the period that if it was not for the revolution of 1979 and the domestic trouble that preceded it in 1978, arms sales to Iran would have continued to be measured in the billions per annum. The trends were well established for such a future in 1978, and the range of deals being negotiated, and Carter's advocacy for them, confirms this. In addition, rather than join Congress in its steady alarmism through the 1970s over the extent of arms being shipped to Iran, Carter fought Congress over arms. The AWACS sale in particular marked both the peak of Congressional antipathy to Iranian arms sales and simultaneously Carter's conversion to the pro-Shah

¹⁸² With the exception of the brief interlude of the Iran-Contra affair which lies outside the scope of this thesis.

arms persuasion. Carter's bullish advocacy over AWACS eventually defeated the most serious and substantive Congressional challenge to the U.S.-Iran arms relationship. Finally, like his predecessors, Carter overlooked the endemic domestic incongruities within Iran and the autocratic nature of the Shah. Through 1977 and 1978, the interpersonal accord that had existed between the Shah and all U.S. presidents post 1967 was reasserted.

Viewed from the perspective of Carter's electioneering in 1976, and the expectation generated by his first months in office, it seems no surprise that the U.S.-Iran arms relationship ended during the Carter administration. What is surprising is that Carter did not end the arms relationship – the Iranians did. The fact that Carter maintained the relationship with the Shah despite his personal and political orientation is a testament to Carter's pragmatism. It is also a testament to the extent that American regional politics in the Gulf had become fundamentally leveraged towards Iran through the unique arms relationship that this thesis has documented. And by extension, the Cold War security relationship that arms relationship procured. In that sense, Carter found little alternative but to accept the Shah, and embrace the necessity of continuation of the arms relationship with Iran. Whilst it may not have been fully explicit to policymakers prior to 1977, by the time Carter entered office relations with the Shah had reached the point of no return. When Carter realised this himself through the course of 1977 he not only reluctantly accepted the reality of his binding, he metamorphosed into a personal ally of the Shah as successive presidents before him had done. The arms relationship with Iran and the security relationship it facilitated had become so entrenched through the mid-1970s that it was simply

too important to become conditional on Carter's human rights and arms control efforts.

Conclusion

This thesis set out to discern, trace and explain the arms relationship that successive U.S. administrations developed with the Shah of Iran between 1950 and 1979. This relationship has generally been neglected in the extant literature on Cold War U.S.-Iran relations. By detailing how and why Iran transitioned from a low order military aid recipient in the 1950s to America's primary military credit customer in the late 1960s and 1970s, this thesis provides a detailed and original contribution to understanding one of America's key Cold War relationships. Indeed, drawing on extensive archival records the thesis demonstrates not only the importance of the arms relationship but also how it reflected, and contributed to, the wider evolution of U.S.-Iranian relations from a position of Iranian client state dependency to a situation where the U.S. became heavily leveraged to the Shah for protection of the Gulf and beyond. As a result of that transition Iran became the essential ally of the U.S. in the Gulf post 1972.

This thesis has investigated systematically the arms relationship through each of the seven administrations that held office during the period in which the U.S. supplied Iran with arms. The investigation has accounted for the ebb and flow of arms policy through each administration, from its roots in the 1940s to its dramatic end as the Shah fell from power in 1979. At that point, the U.S. lost both a key ally and its most lucrative arms customer. Owing to the hostile nature of

the post-Shah regime that came to power in Tehran in 1979, the U.S. also experienced the dramatic loss of its enormous investment in the Shah's regime – of which arms was a characteristic feature.

The Four Phases of Relations

In order to restate the importance of the relationship, this conclusion will first reflect upon the evolution of U.S.-Iran arms policies, which it is argued can be broadly broken down into four key phases:

- 1) The military aid period: 1950-1963.
- 2) The origins of the credit partnership: 1964-1971.
- 3) The blank cheque period: 1972-1976.
- 4) The final phase of arms sales: 1977-1979.

The first phase of the relationship was characterised by two divergent perceptions over the purpose of arming Iran. On the one hand, the desires of the Shah to transform Iran from a weak state into a regional power, and on the other hand a restrictive position developed by the Truman administration and maintained thereafter until the mid-1960s. Having tasted Soviet occupation in 1946, and a left leaning nationalist uprising in the early 1950s, the Shah desired a military force that could stabilise his regime *and* project Iranian power throughout the Gulf. This juxtaposed with a U.S. policy of merely ensuring Iran was internally stable. Although Eisenhower instigated the Iranian coup that restored the Shah's autocracy in 1953, that turn did not materially influence U.S. policy towards arming Iran. Hence, a basic military aid relationship that was

established in 1950 was renewed after 1953 in order to merely aid the survival of the post-coup Iranian government.

When Iran joined the Baghdad Pact in 1955, the Shah expected that Iranian membership would result in an upgrade in U.S. military aid. The Shah did not get the rewards he expected, but regional developments in the late 1950s established a pattern that situated Iran as a reliable client in an area of growing instability. The Iraqi coup in 1958, and the ascendance of Arab nationalist forces across the region - most notably in Egypt - reinforced the logic of keeping the Shah's regime secure. More importantly, it consolidated a positive impression of the Shah and his orientation as a steadfast U.S. ally. Hence, President Eisenhower renewed military aid in 1958 after the original aid package had expired - albeit at levels below what the Shah expected and desired. The renewal of military aid strengthened the American foundations underpinning the Iranian military, something that gradually became self-reinforcing on both sides. The Shah did not just desire U.S. military equipment for the associative value of being allied with his superpower of choice. As a military pilot himself he regarded U.S. technology as superior to Soviet and European alternatives. In that sense, he was a willing client.

The first phase in relations endured through the Truman, Eisenhower and Kennedy administrations until 1964 when it was replaced by a second phase characterised by Iran's gradual transition beyond military aid. The first major development of this period was a credit sales agreement between Iran and the U.S. in 1964. The ability to pay for arms did not set the Shah free to achieve his

ambitions. Firstly, there was the issue of what he could afford due to Iran's limited economic power. Secondly, not only did the Shah have to secure support from an ever-reluctant U.S. executive branch, all arms transfers (sales and aid) were regulated by annual Congressional limits. With respect to Congress, the Shah's transition to credit sales in 1964 was opportune. Congress was becoming growingly critical of the vast amounts of American money being spent on aid overseas in the midst of social problems at home. Whereas aid was fast becoming a political minefield in Washington, credit sales did not attract the same degree of scrutiny.

During the mid-1960s, the Shah found his leverage over the U.S. increasing. That leverage came from two developments. Firstly, the Middle East was evolving from an area of tertiary importance within the Cold War into an increasingly vital region. This evolution was the result of a series of events: The rise of Arab nationalism; continually escalating Arab-Israeli hostility; recurrent warring between India and Pakistan; and violent regime changes in Yemen, Libya, Iraq and various other nations. The second development occurred in parallel: Through the 1960s the American experience in Vietnam indicated the pitfalls in relying on direct conventional force projection in peripheral areas. Through this period of instability, the Shah began to push hard for upgrades in his military credit. Rather than seeking to purchase arms in the tens of millions of dollars annually, he sought long-term programmes measured in the hundreds of millions to upgrade his air force, and build a strong navy. The Johnson administration was largely disinterested, and remained satisfied that the 1964 credit deal was sufficient. The Shah drew a line in the sand in 1966. He openly

went to the Soviets and sought comparable air force equipment that the U.S. had refused to sell Iran. The Shah's high stakes brinkmanship secured a second credit deal in 1966 that essentially gave Iran the upgrade that he desired.

The Shah's leverage increased further when the British announced in January 1968 that they were withdrawing their substantial military forces from the Gulf. The Soviets had already built significant military and economic relationships with nations across the region by this point. This was all the more critical as Arab-Israeli hostility had descended into open warfare in 1967 with the Arab nations fielding Soviet supplied weaponry. Hence, there were high fears of a post-British vacuum being filled by the Soviet Union. Whilst there was no grand plan in the Johnson administration over what exactly to do with the Gulf following the British announcement, the Shah seized upon events to capitalise on his position. He bargained hard through 1968, playing on U.S. fears of Soviet advances and untrustworthy Arab intentions. His efforts won him a \$100 million dollar military credit line on top of the deals he had secured in 1966 and 1964 which were still in effect. That development propelled Iran from a fairly low-order aid recipient in 1963 to becoming America's single-largest arms credit customer just five years later.

The developments in the Gulf, particularly the Arab-Israeli war and the British withdrawal, swung the Johnson administration from reluctance towards the Shah to a more accommodating position. The original plan in 1968 was to award Iran an immediate \$100 million top-up credit on the deal that was agreed less than two years earlier. This would then be followed by \$500 million in new

credit sales between 1969-1973. A multi-year deal of this size was an undertaking that would raise the ire of the Congress. Additionally, the outbreak of wars in the region in the late 1960s had led to a revisionist period in Congress in which all arms transfers, including sales, fell under high scrutiny. Despite the reticence of Congress, executive influence was sufficient to get the \$100 million top-up deal passed in 1968, and Johnson left office with a gentlemanly promise to the Shah that in following years he could expect the same.

Whilst the events of the late 1960s were a triumph for the Shah, they did not reverse the clear divergence in opinion that had characterised the first phase of relations. The various arms developments during the Johnson administration were done with reluctance, and out of Cold War fears of losing Iran. In that sense, Johnson's legacy was largely evolutionary. However, Richard Nixon had a revolutionary effect on the U.S.-Iran arms relationship – albeit taking over three years to achieve. At that point, the third phase of the relationship fell into place. In mid-1972 during a meeting with the Shah in Tehran, Nixon agreed to unlimited and unmoderated arms sales with Iran (with the exception of nuclear weapons) in return for the understanding that Iran would use its newfound might to protect the Gulf by proxy to replace the departed British. This gesture, the so called *blank cheque*, effected a sharp turn in U.S. arms policy by allowing the Shah to determine Iran's military needs, rather than be subject to U.S. assessments as had been the case for over twenty years prior.

Nixon came to his revolutionary arms decision as the answer to the developments of the 1960s in the Gulf – and doubly as an answer to the problem

of the relative decline in U.S. power. By allowing the Shah to fulfil his longstanding desires, the U.S. could still achieve its aims of containment in the Gulf. It was a revolution in arms policy, U.S. containment policy, and in the broad context of relations between the U.S. and Iran. The extent of the floodgates Nixon had opened catapulted Iranian purchases from being measured at approximately \$150 million dollars per annum to being measured in the multi-*billions* per annum. This transition happened practically overnight as the Shah immediately set about building the military he had coveted for twenty years.

Nixon's redrawing of the arms relationship was not without consequence. The Nixon era was one of a quasi-imperial role for the executive. Nixon removed Congress from decisions on military credit sales and aid and relocated that power to the executive branch. Hence, the annual ceilings of past decades which had allowed Congress to exercise a moderating influence on executive arms policy became a relic by 1972. The pattern that Nixon had established with Iran was maintained through the Ford administration. Ford concurred with the logic via which Nixon had focused U.S. regional aspirations upon the Shah, and understood the military core of that strategy. By 1974 a pattern of relations was firmly established that had built a momentum of its own, which continued to deepen in quality and quantity through the following years. Hence, Ford's stewardship of the Iran-arms relationship ensured that the post-1972 era of relations became the norm, rather than an aberration.

The final phase in the relationship was the Shah's last triumph – finding that he could largely maintain his military purchase programme in spite of President

Jimmy Carter's political disposition for arms control. It appeared that as 1977 dawned, the politics of a new president and the gathering momentum of a resurgent Congress might converge to upset the post 1972 arms arrangement with Iran. After all, Carter appeared to be the very antithesis of Nixon and Ford when it came to arms sales. Yet, the strategic importance of Iran, and the resulting leverage the Shah exercised, was sufficient to ensure that the relationship endured. Whilst Carter ended the blank cheque culture of the Nixon/Ford era, what replaced it was neither the end of the arms relationship, nor the end to steadfast executive support for the Shah.

When Carter took office, there were several large Iranian arms orders awaiting his administration's approval. Rather than accept all of them as Nixon's post 1972 arms regime indicated, Carter sought to compromise with the Shah. He cancelled one programme entirely, and reduced two others. Carter bargained that this approach would be enough to keep the Shah satisfied. And, it would also allow him to display restraint in-keeping with his arms reduction policies. Yet, as this thesis has demonstrated throughout, any approach that sought to moderate the Shah's ambitions was doomed to failure. The Shah remained steadfastly wedded to his goals, and unrepentant that he was the sole arbiter of his military needs. Despite Carter's reductions in the 1977 sales packages, it still added up to a record year due to the volume of the Shah's purchase requests. Consequently, more arms in dollar value were sold to Iran in 1977 than in any year prior. One of those packages also resulted in the most damaging Congressional opposition to an Iranian arms sale. When Carter approved the sale of a fleet of highly advanced AWACS airborne radar jets for Iran he found himself acting as an

advocate for the Shah against a hostile Congress. Congress blocked the sale on concerns of the technology falling into the hands of the Soviets, and of the craft being too advanced for Iranian crews to operate. However, Carter successfully resubmitted the deal after an intense lobbying effort. The episode placed Carter in strange waters considering the arms rhetoric of his 1976 campaign. Few would have expected Carter and Congress at this time to fall on opposing sides of an arms issue. Yet, the AWACS issue was the first in what would become a series of battles Carter fought with Congress over significant arms sales to a range of Middle Eastern nations. After less than one year in office the new President had come to appreciate the value, and often the strategic necessity, of arms sales as tools of U.S. policymaking.

Following the unlikely conversion of Carter to an accommodating position for U.S.-Iran arms sales, all indicators pointed to another record-breaking year in 1978. Through the first half of 1978 a series of significant deals were tabled to further upgrade Iran's navy and air force. Yet, the bulk of that equipment was never delivered as Iran descended into revolutionary chaos. By early 1979 it had become clear that the post-Shah Iranian regime could not make its credit repayments and the bulk of the outstanding arms programmes were abandoned. Thereafter, the descent into the chaos of the autumn of 1979 began and the arms relationship that had reached a historical peak only two years earlier was reduced to dust by November 1979.

Accounting For U.S.-Iran Arms Policy Development

Having traced and reconstructed the U.S.-Iran arms relationship through the four phases outlined above, it is now appropriate to draw some conclusions about how and why policy developed as it did. In order to do so, the remainder of the conclusion comprises two major sections. The first section identifies a series of elements that influenced arms policy development. With those elements accounted for, a second section extracts key findings from within the thesis, before drawing the analysis to a close.

First and foremost, this thesis has dismissed one potential major explanatory factor - the ideology of particular administrations. Partisanship was never an issue that arose regarding arming Iran - within the executive or in Congress. There is no discernable difference in arms policy that can be explained as a result of the party that any particular administration represented. For example, it may be tempting to attribute Carter's apparent adoption of a Kennedy/Johnson-esque approach to arming Iran to a Democratic impulse in foreign policy. However, that Kennedy/Johnson approach (one of balancing arms sales to Iran with social and economic indicators) was strongly influenced by the policies of the Republican Eisenhower administration. Similarly, Eisenhower's approach to arming Iran had at its basis the policy approach established by the Democratic Truman administration.

Regarding Congress, at no point in the period examined did either House of Congress act along partisan lines concerning arms sales to Iran. Rather, Congress

acted as an organ of government which wished to exert an influence on executive arms policy. Congressional action was characterised by a consistent impulse for moderation in U.S. arms sales, and for inclusion in formulating arms policy. One example of this non-partisanship was Senators Byrd, Church, Clark and Biden's refusal to support Jimmy Carter's advocacy for selling AWACS to Iran in 1977, despite all representing Carter's Democratic party. A second example was Senator Stewart Symington's strong public objections to Lyndon B. Johnson's arms sales policy in 1967, despite both, again, representing the Democratic Party.

Whilst policy was not shaped by partisanship or ideology, a series of elements played a significant role in the development of U.S.-Iran arms policy. Amongst these elements there were two key contextual factors. Firstly, the Shah's consistent ambition to achieve a militarily strong Iran was an ever-present driver. As the U.S.-Iran arms relationship graduated from aid to credit in the mid 1960s, this ambition grew markedly until it reached its zenith following Nixon's Tehran visit in May 1972. By that point, a pattern of sales took effect that future administrations found it difficult to step back from as the Shah relentlessly pursued his agenda, free from U.S. government oversight and moderation. Secondly, the Nixon doctrine emphasized the harnessing of U.S. proxies to facilitate containment. In the Gulf, this policy shift played into the hands of the Shah and brought his military aspirations, and a revised U.S. Iran policy, into synergy.

Alongside those contextual factors, a series of external shocks provided repeated stimuli to the relationship. The various conflicts between Israel and its Arab

neighbours during the 1960s and 1970s, and the ever volatile forces of Arab nationalism, continually reshaped the contours of the region. Whereas in the 1950s and early 1960s, the U.S. had a relatively constructive dialogue with many Arab states across the region, by the latter half of the 1960s this had become fraught due to ever stronger U.S. support for Israel. Concurrently, repeated clashes between India and Pakistan had obstructed the path of U.S. relations with both nations. As a result, Iran continually rose in prominence as a steadfast U.S. ally in a region seemingly pivoting towards anti-Americanism. This demonstrates a dynamic derived from continually declining U.S. options in the Gulf, and the wider Middle East, which served to build momentum in investing further in the arms relationship with Iran. When added to the departure of the British from the Gulf, the need for a new regional approach came sharply into focus. When it came time to formulate that approach in the Nixon administration, the natural starting point focused around Iran.

Whilst contextual and external factors played a significant role in the shaping of U.S.-Iran arms policy, the ability of the sitting president to drive arms policy constituted another key dynamic throughout the period under investigation. At various junctures it was only via concerted action at the highest level that interdepartmental disagreements were overruled and progress was made. A recognisable pattern of presidential agency in arms sales to Iran can therefore be detected, in which each time a sale became stuck in some area of the Washington bureaucracy, the Shah took to petitioning the sitting president directly. This was often done in person, and usually with a degree of success. Examples of this can be found in every U.S. administration in office during the Shah's reign, from

Truman through to Carter. For example, in 1966 and 1968 the Shah bargained hard (largely successfully) for upscaled arms credit. Each case was resolved by President Johnson himself after direct intervention from the Shah. Examples such as this often transpired against the wishes of various agencies. For example, the Agency for International Development vocally, and consistently, objected to upscaled arms sales to Iran between 1966-1971, fearing a damaging impact on Iran's social and economic development. On the other hand, the Department of Defense often objected to various sales for a gamut of reasons ranging from fears of sensitive technology falling into Soviet hands, to doubts over Iranian absorption capacity.

Nixon's complete centralisation of arms policy to the desk of the president in the second half of 1972 bypassed the interdepartmental differences that had proved a feature of the 1960s and effectively drove U.S.-Iran policy unilaterally from the White House. Nixon ensured compliance by establishing a dictatorial ultimatum with the various departments of government – such as the Departments of State and Defense - that his orders were to be carried out in the fullest sense. In facilitating his revolutionary blank cheque arms policy to Iran, Nixon also circumvented Congressional annual arms sales ceilings via special legislation that placed arms sales fully at executive disposition. As a result of Nixon's actions, Congress sank into dormancy on arms sales policy in the first half of the 1970s. Concurrently, the departments of State and Defense became little more than administrators of an arms sale purchase pattern dictated by the Shah, and traditionally cautious bodies to U.S.-Iran arms policy such as the Agency for International Development were permanently bypassed.

Outside of Nixon's period of imperial presidency, interdepartmental debates and friction with Congress over arming Iran were more of a feature - most notably in the Ford and Carter years. Ford grappled with a critical Iran-arms movement in the Department of Defense led by the Secretary of Defense, James Schlesinger. Once Schlesinger's appeals for moderation and reflection in Iran arms sales began to threaten policy, Ford replaced Schlesinger - effectively neutering the problem. Concurrently, Congress expressed its will to become structurally involved in arms sales once again. This process gained legislative traction when the Nelson-Bingham amendment was passed in the final days of 1974. It gave Congress the ability to scrutinise, and block, any military sales package over \$25 million. Despite the new powers Congress appropriated, no coordinated opposition to U.S.-Iran arms sales was advanced during the Ford years. Exploratory Congressional enquiries into the abnormally large volume of arms sales to Iran were met by a culture of secrecy by the executive, which served to dilute Congressional effectiveness. Kissinger orchestrated a policy of ignoring and/or blocking Congressional enquiries, and ensured structural administrative reticence when Congress requested testimony on arms questions. The result was that Congress was systematically excluded to the extent that it did not understand the scale or the rationale of U.S.-Iran arms sales policy. From the beginning of the relationship, the Shah had understood that executive advocacy was the most effective means of achieving his arms needs. Whilst the climate was indeed changing through the mid 1970s, that assessment remained accurate.

The AWACS incident in mid-1977 proved the one and only occasion in which Congress effectively mobilised to wield its legislative powers and intervene in an

Iranian arms sale, temporarily upsetting the momentum of executive agency. Carter's strong advocacy for the deal ensured its eventual triumph, despite a high level and wide ranging opposition to the sale both from within the administration, and from Congress. Much like his predecessors, Carter used the power of the executive to manoeuvre successfully around Congressional roadblocks. Yet, the AWACS affair showed the Carter administration to be publicly divided and disharmonious. That ambiguity seriously threatened U.S.-Iran relations. Hence, Carter subjected himself to an ordeal that indicated strongly that his team approach - engineered to re-establish administrative diversity in decision making - could be inefficient and burdensome. After all, the lack of a clear, single, administrative voice on AWACS was one of the chief offensive weapons that Congress rallied around. Following the AWACS debacle, Carter gradually dissolved his team approach in favour of one reminiscent of the Nixon/Ford system where decision making over arms issues was controlled from within the White House and largely dictated by the prior pattern of relations with the Shah, which had become deeply entrenched in U.S. foreign policy.

With the various elements which shaped policy accounted for, several key findings from throughout the thesis can now be advanced - the first of which concerns the extent, and timing, of turbulence in U.S.-Iran relations in the 1960s.

The extant literature has identified the Kennedy administration as a period in which U.S.-Iran relations entered a nadir.¹ These studies have become received wisdom, and have been frequently cited. Chapter Two concurred with the extant literature that Kennedy did briefly countenance removing U.S. support for the Shah in favour of a democratic Iranian successor regime. Yet, the examination revealed that his concerns were set aside without notable consequence to the Shah's regime as a result of concerted status quo sentiment in the State Department and the persuasive power of the Shah himself, which combined to overcome Kennedy's doubts. Through 1962 and 1963, Kennedy and the Shah successfully bargained out a new five year U.S. military aid deal for Iran which consolidated and expanded upon the American investment made in the 1950s. Hence, characterising that period as a nadir is erroneous. By 1963, U.S.-Iran relations were in a stronger position than they were prior to Kennedy assuming office.

Chapter Three established that the on-going discontinuity between U.S. and Iranian perceptions over the purpose of arming Iran fuelled what became the true nadir in the relationship between 1964-1966. Whilst scholarship does exist that somewhat addresses this period of relations,² it has not fully accounted for the extent to which the Shah's arms grievances, and Johnson's reticence to compromise, brought U.S.-Iran relations to the brink of collapse. When those relations came back from the brink, it set out a pattern upon which future U.S.-

¹ See: James Goode, 'Reforming Iran During the Kennedy Years'; and April R. Summitt, 'For a White Revolution: John F. Kennedy and the Shah of Iran'.

² See Andrew Johns, 'The Johnson Administration, the Shah of Iran, and the Changing Pattern of U.S.-Iranian Relations, 1965-67'; and Armin Meyer, *Quiet Diplomacy*.

Iran policy was based - characterised by ever increasing arms sales. When the Shah made it clear in 1966 that unless his demands to purchase over \$200 million dollars in U.S. arms were met he would turn to the Soviets who had tabled a counter-offer, he pushed the relationship to its limits. The events of the Johnson administration are thus critical in the evolving path of arming Iran. Not only did Iran graduate from military aid to credit in 1964, but thereafter the Shah was able to gauge the extent of the leverage he wielded over the U.S. and use that leverage on a series of occasions to achieve much more significant levels of military credit than the Johnson administration desired.

As with the general understanding of U.S.-Iran relations in the 1960s, the understanding of Nixon's revolution in U.S.-Iran arms policy has been misplaced and/or understated. As Chapter Four established, general knowledge of Nixon's redrawing of U.S.-Iran arms sales is widespread. Yet, there is no clear account of how and why Nixon reached his radical decision to establish unlimited and unmoderated arms sales with the Shah. As Chapter Four set out, the path Nixon took towards his meeting with the Shah in Tehran was intricate, multi-layered, and systematic. The analysis thus reconstructed the three-year long series of policy initiatives that Nixon engineered to redraw U.S.-Iran arms policy.

Prior to this thesis, accounts of how Iran policy shifted in the Nixon years have often been compressed and oversimplified.³ They ignore the pattern of arms

³ For example, see: Douglas Little, *American Orientalism*, pp. 137-146; and David F. Schmitz, *The United States and Right-Wing Dictatorships*, pp. 80-82.

sales with Iran in the bulk of the first term of the Nixon administration in which no change was evident from the policies of the late 1960s. The extant literature also tends to place too much emphasis on the Nixon doctrine alone without adding the important subsequent shifts in policy such as those represented by NSDMs 92 & 182, and Nixon's removal of arms credit controls from the Congress.⁴ Additionally, there has been no definitive agreement on how exactly the blank cheque was offered to the Shah. Two leading accounts have offered contrary opinions, that the Shah drove the idea into reality⁵ – or that Nixon simply decided it was a good course of action when the two men met in Tehran.⁶ Both accounts are wrong. The Shah certainly had agency in achieving the arms sales pattern he desired, but it was only as a result of a long path of policy shifts and decisions that Nixon came to oblige. It was certainly not a decision made lightly or quickly. Yet, the decision was inescapably Nixon's.

Misunderstanding of the Nixon period with Iran is not just related to a tendency to overlook the important developments within the transitional years of 1969-1971. Two further points have become clear as a result of the focus on arms issues that this thesis has provided.

Firstly, Nixon based his entire Persian Gulf containment policy around a militarily strong Iran after a series of policy developments that began in 1969 and culminated in 1972. There was never a genuine plan to establish a *twin pillar*

⁴ For example see: Gholam Reza Afkhami, *The Life and Times of the Shah*, pp. 301-316; and David F. Schmitz, *The United States and Right-Wing Dictatorships, 1965-1989*, pp. 80-82.

⁵ Jussi Hanhimäki, 'An Elusive Grand Design', pp. 38-40.

⁶ William Bundy, *A Tangled Web*, pp. 328-330.

or *two-pillar* system of Saudi Arabia and Iran. Nor was there a substantial intention to empower other Arab states. In that sense, the multi-billion dollar arms sales that became the norm after May 1972 were the essence of not just future U.S.-Iran arms policy, but of the entire U.S. approach to the Gulf. In that sense, the blank cheque to Iran was the very core of Nixon's answer to the departure of the British. When Nixon established Iran as *the* pillar of U.S. security in the Gulf, the opportunity to invest in Saudi Arabia in a comparative sense was put on the back burner. Saudi Arabia languished in relative military primitiveness through the 1970s until finally receiving limited upgrades to its air force in the Carter years. Yet, these upgrades still only equipped it with a basic capability when compared to Iran – stunting its development as a security actor. By focusing so heavily on Iran in Gulf policy, Nixon and those afterward propagated a disproportionate policy package in the region that ultimately ended in spectacular failure. Whilst the logic of Nixon banking so heavily on Iran has been set out and accounted for through this thesis, it remains puzzling the extent to which Iran overshadowed investment in other regional allies.

Secondly, despite the deep economic problems that the U.S. faced in 1973, Nixon did nothing to prevent or discourage the Shah from playing the chief advocacy role in the OPEC oil price shocks of the winter of 1973-1974. Nixon (and Kissinger) felt that price rises were inevitable, albeit unwelcome. Therefore, they allowed the Shah to pursue his case as he saw fit without fear of American sanction. The quadrupling of the Shah's purchasing power following the price rises directly led to a qualitative and quantitative shift in Iranian arms purchases. It also enabled a swifter evolution in Iran's ability to play the regional policeman

role that Nixon's Iran policy was designed to facilitate. In that sense, for U.S. regional policy, the oil price shocks were actually somewhat opportune for Nixon, as well as for the Shah.

When Nixon resigned and yielded to Ford, the arms relationship continued apace. The key element to the analysis of the Ford period is not so much in uncovering a revelatory discovery, but rather in finally addressing 1974-1976 in U.S.-Iran arms relations. Ford's defeat in the presidential election of 1976 made the administration the shortest-lived in the twentieth century. Hence, the administration has traditionally been regarded as a footnote in American politics, which exercised no more than a caretaker role through a period of national crisis. Ford himself wrote in his memoirs that the main legacy of his administration was in its conservative composition and via its tenure over a successful period of 'healing' for the American political system, and for American society following the cultural and social upheavals of the late 1960s and the Vietnam years.⁷

David Rothkopf raises an interesting point that has further coloured the literature on Ford: Whilst the roster of notable national security figures who first gained prominent senior positions during the Ford years was of high calibre – such as Donald Rumsfeld, Dick Cheney, Brent Scowcroft, and George H. W. Bush – in each example the major memorable public service contribution of each individual was made *after* the Ford era. Hence, once again relegating the

⁷ See Gerald R. Ford, *A Time to Heal* (New York: Harper and Row, 1979); also see: John Robert Greene, *The Presidency of Gerald R. Ford*, pp 190-193.

administration to a footnote.⁸ Notable exceptions to the tendency to bypass the Ford years can be found in frequently cited, yet dated, books by Barry Rubin and James A. Bill.⁹ Both accounts are victims of their context, analyzing the 1970s from a post-revolutionary vantage point – frequently building up a case for the demise of the Shah and focusing on domestic politics.

As Chapter Five demonstrated, there was much of note within the Ford years. The Shah's covert quest to build a nuclear deterrent from 1974 onwards became a point at which U.S.-Iran relations were sorely tested. The Shah's motives lay within the bounds of regional politics: India had tested a nuclear weapon, Pakistan was developing a nuclear programme in retaliation, and Israel was known to be concealing an advanced nuclear programme. Presumably, the Shah feared that other neighbours were embarking on the same path. In that sense, adding to his characteristic paranoia about Iran being surrounded by foes, he countenanced possessing the ultimate deterrence to warn off any potential challengers. Considering the Iran-Iraq war of the 1980s, he may have had a degree of justification for his reasoning. By establishing the military rather than civilian nature of the Shah's Iranian nuclear programme, this thesis adds a layer of additional context to the current Iranian nuclear situation. Despite obvious internal differences between the two Iranian regimes, there are notable similarities present in both eras via Iran's position as a nation surrounded by antipathetic states and enemies.

⁸ David Rothkopf, *Running the World*, pp. 152-153.

⁹ See: James A. Bill, *The Eagle and the Lion*; and Barry Rubin, *Paved With Good Intentions*.

By fully documenting the maturation of the post 1972 arms relationship through the mid 1970s, the analysis of the Ford years also places the much studied Carter years in full context. When Ford decided to maintain and deepen arms relations with Iran he cemented a momentum that became near impossible for a successor to break. The U.S. approach to Iran formulated by Nixon and consummated following the 1972 meeting in Tehran had by this point transcended Nixon, overcome resistance in Washington, and for better or worse had become received wisdom in U.S. foreign policy. In addition, the analysis of the Ford years outlined the enduring power of the executive over Congress with respect to arms sales. This occurred despite the notable rise in Congressional power watermarked by the resignation of Nixon and the passage of the Nelson-Bingham amendment. The Ford administration's ability to essentially ignore repeated Congressional pleas for involvement in, and for full disclosure of, Iran arms policy was an important antecedent to events during the Carter years when arms issues finally reached boiling point on Capitol Hill.

Although the Carter administration has been heavily studied with respect to Iran, there is no systematic analysis outside of this thesis that investigates the arms relationship between 1977-1979. Although events within the Carter years such as the AWACS affair and Carter's brief reintroduction of executive diversity in arms policymaking have already been explored in this conclusion, the major contribution of this thesis with respect to Carter was in explaining how and why his administration continued to arm Iran, seemingly against the odds.

Carter's transition from a pro-human rights and pro-arms control candidate in 1976 to the president who made a fateful public toast to the Shah in Tehran on 31 December 1977, describing him as a rock of stability in a troubled region, encapsulated the nature of U.S.-Iran relations in the 1970s. As Chapter Six demonstrated, although Carter came to office with political objectives that appeared to run contrary to existing U.S.-Iran arms policy, he also brought a pragmatic problem solving approach to decision making. Through the course of 1977, Carter came to understand and appreciate the reality that the U.S. was heavily leveraged to the Shah via the on-going arms relationship.

Ford's full support for Nixon's Gulf policy and the growing tide of U.S.-Iran arms sales left Carter with no alternative short of a wholesale regional policy rethink, which there was no appetite for in the administration. As a result, Carter's general predilection towards arms control was overruled in the case of Iran, as were his human rights concerns. The blank cheque policy was removed in an effort to establish some oversight and moderation, but the well established pattern of presidential permissiveness towards large scale arms sales to Iran prevailed. Hence, the seemingly contradictory picture of the Carter administration continuing the spirit, if not the letter, of the post 1972 arms relationship with the Shah was accounted for via Carter's willingness to exercise pragmatism over his principles in the face of a policy that had become deeply entrenched. From 1972 onwards when Nixon gestured 'protect me' to the Shah, the Shah had become the tail wagging the dog.

With all points considered, the wisdom of choosing Iran as the primary vehicle of U.S. policy in the Gulf is controversial in its very essence and requires a degree of reflection. Firstly, Iran was not an Arab nation like the majority of its neighbours. Secondly, the Iranian religious population was comprised of Shi'a Muslims rather than the regionally dominant Sunni Muslim denomination. Thirdly, under the Shah's rule, Iran was widely perceived as an arrogant and status quo threatening regime by its neighbours. In sum, the Shah's Iran was not respected nor liked in the region due to a combination of the three reasons outlined above. Therefore, investing in promoting Iranian hegemony as a proxy for American power as the U.S. did with its arms sales and policy prescriptions post 1972 was frankly at odds with the reality in the wider region. Additionally, the disproportionate extent of the arms investment in the Shah's regime is partially responsible for the tide of anti American sentiment that endures in Iran to this day. Successive U.S. administrations ignored reports of human rights abuses and political repression in Iran through the 1970s, and concurrently downplayed a clear trend of anti-Shah sentiment. If the Shah had not been overthrown by the Iranians themselves it is likely that wider regional opposition would have manifested to the Shah's ambitions as his plans became ever grander. For those reasons, U.S. policy towards Iran - particularly after 1972 - was an extremely risky bet. Therefore, even though a complex series of factors conspired to produce the policy outcomes detailed in this thesis, investing in arming the Shah's Iran to *such* a disproportionate extent remains a fascinating, yet ultimately disastrous, episode in U.S. Cold War history.

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Archival Sources

Jimmy Carter Presidential Library (JCL)

441 Freedom Parkway, Atlanta, Georgia

- Zbigniew Brzezinski Collection
- National Security Affairs Collection
- RAC Collection
- Pre-Presidential Papers
- Presidential Country Files
- Plains File
- James T. McIntyre Collection
- Handwriting File
- Office of the Congressional Liaison
- Staff Offices
- Papers of Walter F. Mondale
- Chief of Staff
- White House Central Files

John F. Kennedy Presidential Library (JFKL)

Columbia Point, Boston MA 02125.

- National Security Files
- President's Office Files

Gerald R. Ford Presidential Library (GFL)

1000 Beal Avenue, Ann Arbor, MI 48109

National Security Affairs Collection
NSA Memcons
Martin R. Hoffman Papers
Presidential Country Files
State Department Telegrams
Edward J. Savage Files
NSC Institutional Files
Scowcroft File
White House Central Files
RAC Collection

Lyndon B. Johnson Presidential Library (LBJL)

The LBJ Presidential Library, 2313 Red River St., Austin TX 78705

Vice President's Security Files
National Security Files
Robert W. Komer Files

Nixon Presidential Material (NPM)

As referenced at The National Archives II, College Park, Maryland (the collection has since moved to the Nixon Presidential Library in Yorba Linda, California)

National Security Council Files
Country Files
Subject Files
NSC Institutional 'H' Files
Special Files
The Nixon Tapes
Presidential HAK Memcons

Department of State Collection (DOS)

The National Archives II, College Park, Maryland

Lot Files
Central Files
Decimal Files

The National Archives of the UK (TNA)

Kew, Richmond, Surrey, TW9 4DU

Foreign Office Collection (FO)

Foreign and Commonwealth Office Collection (FCO)

Ministry of Defence Collection (DEFE)

Washington National Records Center

4205 Suitland Road, Suitland, MD 20746-8001

Frank Church Papers

Boise State University, Special Collections Department, Albertsons Library. 1910 University Drive, Boise, ID 83725-1430

Stewart W. Symington Papers

Held at the University of Missouri, 1020 Lowry Street, Columbia, Missouri 65201

The Digital National Security Archive (DNSA)

Available at [<http://nsarchive.chadwyck.com>]

The National Security Archive (NSA)

Available at [<http://www.gwu.edu/~nsarchiv>]

Foreign Relations of the United States Volumes (FRUS)

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FRUS 1964-68, Vol. XXII, Iran

FRUS, 1969-1976 Vol. E-4, Iran and Iraq, 1969-1972

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'New Perspectives on the Persian Gulf', Hearings before the Subcommittee on the Near East and South Asia of the Committee on Foreign Affairs. 6 June; 17, 23, 24 July; and 28 November 1973. U.S. Government Printing Office, Washington 1973.

'The Persian Gulf, 1974: Money, Politics, Arms, and Power', Hearings before the Subcommittee on the Near East and South Asia of the Committee on Foreign Affairs. 30 July; 5, 7, 12 August 1974. U.S. Government Printing Office, Washington 1975

'The Persian Gulf, 1975: The Continuing Debate on Arms Sales, Hearings before the Special Subcommittee on Investigations of the Committee on International Relations: June 10,18,24, and July 29 1975'. U.S. Government Printing Office, Washington D.C.

Foreign Assistance Authorization: Arms Sales Issues - Hearings before the Subcommittee on Foreign Assistance of the Committee on Foreign Relations, June 17 and 18, November 19 and 21, and December 4 and 5, 1975.

Committee on International Relations Report: 'United States Arms Sales to the Persian Gulf: Report of a Study Mission to Iran, Kuwait and Saudi Arabia, May 22-31, 1975', 19 January 1976. U.S. Government Printing Office, Washington D.C.

'U.S. Arms Sales Policy: Hearings before the Committee on Foreign Relations and the Subcommittee on Foreign Assistance, September 16, 21, and 24, 1976'. U.S. Government Printing Office, Washington D.C.

'Arms Transfer Policy: Report to Congress', Committee on Foreign Relations: Congressional Research Service, Washington D.C., 1977

'Hearings before the Subcommittee on Foreign Assistance and the Committee on Foreign Relations on Proposed Sale of Seven E-3 Airborne Warning and Control System Aircraft to Iran: July 18, 22, 25, 27 and September 19, 1977', U.S. Government Printing Office, Washington D.C. 1977

'United States Arms Policies in the Persian Gulf and Red Sea Areas: Past, Present and Future. Report of a Staff Survey Mission to Ethiopia, Iran and the Arabian Peninsula', December 1977, U.S. Government Printing Office, Washington

'Proposed Aircraft Sales to Israel, Egypt and Saudi Arabia, Hearings before the Committee on International Relations, House of Representatives, May 8,9,10, and 16, 1978', U.S. Government Printing Office, Washington, 1978

'Changing Perspectives on U.S. Arms Transfer Policy, *Congressional Research Service*, 1981. Washington D.C.

