

Q: It was all done informally?

Talbot: Usually.

Q: Did the AID--I guess the State Department when it worked with AID, did they try to induce the Iranians to make, like, internal reforms like financial stabilization programs?

Talbot: Oh, yes.

Q: Was that part of the effort? Was that ever successful? Was that difficult to carry through? Was it difficult to influence other countries, you know, financial fiscal policies? I mean, how was that, in the case of Iran, was that successful or difficult to accomplish?

Talbot: Iran, of course, as an oil producer, didn't have the kinds of problems that countries like India had. Therefore, it was a different sort of situation in Iran. Even as early as the early 1960s, we thought the Shah was pushing for greater oil revenues as a way of getting more resources. No, the questions that we had in the early 1960s, as I recall them, had to do more with the integrity of the financial process, the quality of the system of levying taxes, this kind of thing.

Q: So trying to get to modernize their tax systems and so forth. Now, in order to induce the Shah to make internal reforms, did the

Administration make any assurances as to his military security requirements? Were insurances made that we will give you certain military aid if you proceed to reform--was that ever done? I'm probably--.

Talbot: Yes, it's that bargaining doesn't usually come in that simply. Usually, every decision is reserved till the end. And the petitioner, if he is a petitioner, knows that if he doesn't give on some things he's unlikely to get much on other things. This was really more of the pattern. The Shah knew that there were elements in Washington that were resisting a substantial increase in military assistance, on the grounds that more military assistance would begin to skew his public finances, of local and everything.

Q: They said you might recall some members of the Senate, such as William Fulbright and Hubert Humphrey, were very critical of the military aid programs in Iran. There were the hearings that were published recently that suggest that he thought that was very dangerous implications. Do you recall how the Administration responded to those kinds of criticisms, how they tried to mollify senatorial critics like Fulbright?

Talbot: Well, a number of us went up to testify on the Hill. And on the military side, there were two or three different arguments. One, we were continuing in general to support the Northern Tier concept of assistance to Turkey, Iran and Pakistan as part of our regional

posture. This was before and therefore at a time when our ability to monitor Soviet missile and other developments depended upon stations that we had in those Northern Tier countries. And the Department[?] of Military Assistance was necessary in order to provide the climate to keep those stations operating. The second argument was that we, too, were concerned about over militarization, but we thought that the proposed amount struck a balance. The executive branch looked at this very carefully and had concluded that the amounts requested would be a reasonable balance between military and economic aid.

Q: Let me just turn this over.

[end of side one, tape one; beginning of side two]

You were talking about the military aid, the considerations of Iran military aid.

Talbot: Do you want me to repeat that?

Q: I think you were in the middle of it. You were saying the various considerations. Is there a third one?

Talbot: No. Really, these two were the two main ones that I can think of.

The question of Iran's military importance in the Gulf area was much less clear in the minds of some of us at that point than these other two considerations.

Q: Long term--did people on the Senate Foreign Relations Committee, did they finally support the Administration's position basically?

Talbot: Pretty basically.

Q: Now what issue concerning military aid, I guess, came up before the Shah's visit in April of 1962? There was a discussion in the NSC of a five year military assistance plan that, I guess, is tied to scaling or tied to this military aid, to the Shah's efforts to reform his army, to scale it down a bit because they felt the army was too large. They wanted to find a way to get them to tightened it up a bit, reduce spending a bit. Do you recall those discussions of the plan?

Talbot: Yes, although not in specific detail. There were quite a number in the Administration, and I was one of them, who felt that some of the military funding in Iran was being wasted because of the Shah's sense of power and prestige and such and that he really did need to sort out some of the more basic human problems in the country at that time. This, incidentally, did not make me one of the Shah's great favorites. But there was agreement finally in 1962, was it--yes--that, for purposes of CENTO and for purposes of our relations with Iran, we should go a little more actively into the question of Iran and the military forces, especially since we were supplying so much of what they were using.

Q: Did the pressure, the interest scale down a bit from the State

Department or from AID? Who was the main interest?

Talbot: Again, we kept this group going. And it was a process, I would say, of gradually finding the Pentagon view less accepted by the others until in the end we were able to get a U.S. government decision on some restrictions.

Q: When the Shah visited in April 1962, was there much planning or discussions of that visit and what the U.S. position would be?

Talbot: Yes. One of the things about state visits is that it does crystallize the mind better than almost anything else, even better than a speech sometimes, which was the other great crystallizing factor in official policy. So that the briefing books for the President and for the Secretary did really run down the whole list of things.

Q: Did you meet with the Shah at that time? Were you involved with the discussions?

Talbot: Sure. Yes.

Q: How would you characterize the Shah? What was your impression of him at that point? What kind of recollections do you have?

Talbot: He was riding fairly high. He had regained whatever assurance he had lost in the 1950s as a result of the Mossadegh

thing. He was emerging into a kind of maturity, into being his own man, really. When I say maturity, I mean on the one hand he was already beginning to reduce his almost dependence on American advice in some fields. On the other hand, he was recognizing more clearly, I think, the consequences of his own actions in a number of ways. So that when the visit came the discussions were very serious and straightforward and, of course, glamorous because there were these two young couples who were both brilliant at public appearances. So from the general point of view, it was a spectacular visit and, from the substantive point of view, I thought at the time I had achieved some better understanding of why it was that Americans were saying of some of these things, and why was it the Shah was resisting or accepting. He was talking more in those days of having himself developed a lot of the ideas of broadening the public process and this was, what, way behind the White Revolution, for example.

Q: In terms of substance for discussions with the Shah, were the main subjects on military and economic aid or were there other matters discussed at all?

Talbot: Oh, he loved to discuss global security strategic concerns, so they also were very much on the agenda. And he also was glad to talk about what Iran was achieving and, as I recall, put on a very positive view of what was going on. Indeed, many things were going on. He had started, for example, about that time traveling schools for the Kurds and other migrant groups so that the kids who moved from one place to another in different seasons could have schooling.

He developed a number of rural industries, many of them agri-industries. Their role[?] in that was improving strongly. Things were happening.

Q: In terms of this five year military aid plan which I mentioned a few years ago, what was his response to that? Was he coming to it or was it going to raise problems? Because it involved a plan to scale down his army.

Talbot: Exactly. One gets mixed up as to the reactions of a particular moment and then reactions at another time.

Q: Yes. This is a detail.

Talbot: I can't remember with what grace he accepted that something along these lines would be necessary with regard to participate.

Q: But he accepted it in general terms at the end though, yes. When you met with the Shah, was it with Rusk and other officials? Did you meet with them on a one to one basis at some point?

Talbot: Not during that visit, no. When I was touring the area, Cohen and usually with the American ambassador, so there'd be two of us and he might be alone in discussions with . But in Washington, he was there as head of state. And the principal on the American side was usually either the President or the Secretary of

State. My recollection is that he met with the Senatorial Committee, but I'm not certain.

Q: One of the minutes of the meetings that I did see suggested he wanted to have a joint session of Congress. Was that--in fact, apparently in the permanent minutes it says that even if no one was present or if there was a very small attendance he still wanted a joint session for reasons of prestige. Was that arranged by the State Department or did they try to use Congress to--?

Talbot: Did this happen? I don't think this happened.

Q: I'm not quite sure. Maybe it didn't. No. Maybe it fell through.

Talbot: He certainly met members. But I don't remember just exactly the context.

Q: Okay.

Talbot: That was a very common kind of request when a leader was coming. The Congress itself resisted in having them happen very often.

Q: I can imagine. Did you have a hand in monitoring the five year plan that you mentioned, that you'd taken the role in like overseeing a  
in general terms in following years, or was



this more of a Pentagon concern once it was agreed upon? Do you recall?

Talbot: The details were the Pentagon's responsibility but the State Department was getting reports each year, would look at the situation before going on for the the next request to Congress.

Q: You mentioned you visited Iran at some point. Were there several visits you made?

Talbot: Yes.

Q: These were parts of just tours of the region basically?

Talbot: Yes, normally an Assistant Secretary will tour the region maybe once a year. It depends. More often sometimes. He may not get to every country every year.

Q: What were your impressions? When was your first visit to Iran, do you recall? Was it in 1961 or 1962?

Talbot: 1961.

Q: What were your impressions of the country at that point, if you can recall anything specific about the visit or your impressions?

Talbot: In a number of ways, it was ahead of South Asian countries

like India, but there were many similarities. More similarities in my mind than the Iranians were prepared to accept. Iran thought of itself as being more advanced. I think they did not like my view comparing Iran and India, although in the countryside it seemed to me that there were many, many similarities and even in the cities. I felt that, unlike the situation in India in which mass political involvement had been developed by Gandhi and Nehru and the others, and there was a real sense of participation, this did not exist in Iran. It seemed to me that it did not exist in Iran as much as it did in Turkey, although much more than in Africa and in Afghanistan. So that I suppose during that period I was somewhat skeptical of the claims that Iran was on the threshold of becoming a modern, semi-democratic state with a constitutional monarchy, although I was one of those who believed that that was a good direction for it to pursue.

Q: I guess it didn't have the kind of colonial struggles that the Indians went through. I guess that probably a key factor. There was no popular movement point of presence. Who did you meet? You met the Shah when you were on your visits, basically, and other high officials there?

Talbot: Yes. Well, normally in such a visit one would meet a variety of people, members of the cabinet, some military people, the head of the central bank. Some academic people, perhaps, would be at a dinner party at the embassy. There was a collection of people. Sometimes some political figures, depending upon the current mood and

so on. And I felt that, perhaps, because of my prior Asian experience I could get around and I could meet the different people and talk with them and get some sense of their views.

Q: In August of 1962, Ali Amini resigned as Prime Minister. I read that one reason stated was that he had failed to get the U.S.A. to finance a budgetary deficit but I imagine there might have been more to it than that. Do you recall anything about his resignation or the State Department reaction to his resignation?

Talbot: This was a disappointment. We did not feel responsible for covering his deficit and felt that there were a number of issues in which a country like Iran had to face up to its own problems and do something about them. I think that he was having trouble influencing the Shah in making certain changes and certain reforms and that if he'd seen a better chance of carrying through some of these reforms in the next year or two he might not have resigned. I think it's also possible the Shah got tired of hearing him press such reforms.

Q: Did this incident lead to sort of like a collapse of expectations that the Shah would turn into sort of a constitutional monarch? If there were any hopes before, were they more or less put aside or were there still hopes in the long term that this would work out that way?

Talbot: I think the skepticism began to grow. From then on, the Shah began building to the coronation. He had previously said he didn't want to have a coronation until the country was well on its

way to achieve certain things. I can't remember the time. But I think the skepticism was beginning to grow about major changes.

Q: Now, after Amini resigned, were there still efforts to encourage Ambassador Holmes to meet with the Shah and press for certain social changes or political changes? Were there still efforts to--?

Talbot: Yes, yes. Well, this time--

Q: This is still before the White Rev--I mean the White Revolution was in January of '63 I think?

Talbot: But the build up was in the preceding two years almost in getting it developed and the plans set and so on. So it was part of the picture during the early period.

Q: But you were saying about Holmes? I'm sorry.

Talbot: Holmes was getting anxious that we were pressing the Shah too hard on some of these modernization and some of the economic changes that were opening up the system. Whereas there had not been overt indications, recently, as I recall, of mutualism on the Shah's part. You almost felt that it was a sensitive and fragile situation. And if pressed too hard the Shah might indeed go in another direction. And there were number who supported as I recall. I think this anxiety was very strong in the Pentagon. We all shared it to some extent, although some of us felt that the Shah's options

were not as broad as that and that really the danger to him of not opening up the system remained greater than the danger of neutralism.

Q: I guess in the early 1960s the Shah did a major announcement about the White Revolution in terms of a land reform program, educational reform and so forth. When he made this announcement was there any prior consultation with Holmes or other officials in Washington? Was this like some sort of surprise that he would announce this program of land reform, for example, and other social changes? This had been sort of building up as you suggested, but did this seem to be sort of a turning point?

Talbot: I don't remember that. I don't know.

Q: Okay. Now, another development in 1963 I guess in March, the spring of 1963, President Kennedy asked for a review policy towards Iran under what was called NSAM 228, which I guess led to the development of a major State Department paper on policy towards Iran. Do you recall anything about this policy review? Does this ring any recollections?

Talbot: Yes. It does, although, again, the details--pretty far back. I think there may be some people still around who participated in the actual work on that.

Q: Gordon Tiger I went to talk to, had some role in it. But his recollections are also very vague. I have the impression that the

Budget Bureau might have had some role in initiating it, a person named Kenneth Houser, an official there? Do you recall anything?

Talbot: Hansen.

Q: Hansen, Hansen, that's right, Kenneth Hansen, right, right.

Talbot: Yes. He came into it rather curiously from the point of view of some of the others. He had lived out there. He had some fairly strong views, as I recall, which he was pushing. And these views didn't necessarily accord with those that I would describe as the consensus. My--is that paper available?

Q: Yes. The impression I have from the document that I've seen, yes, is that he was trying to push for more, for us to stand toward internal development programs. He thought there wasn't a full, comprehensive development program he wanted the Shah to adopt. And he was saying that Holmes just wasn't touching the Shah hard enough. That's one.

Talbot: Yes, yes.

Q: That's sort of the gist of his position, I think.

Talbot: What I meant is the NSAM--is the final paper available?

Q: The response to it is available. Parts are sanitized.

Talbot: Okay. My recollection is that we went through this, did not accept the Hansen position, felt that the degree of pushing that we were doing really couldn't be changed very much without some results that we were either unsure of or didn't like. So it was, as so often happens to government papers, just a justification of the line we were on with not much change.

Q: So it was sort of continuity of basic policy. Because one of the documents I did see was a standing group meeting in which Harriman--you were there; Harriman was there with McGeorge Bundy. I guess there was a consensus in favor of intervention. The question was how this intervention was possible. You suggested that if you go too far you might press the basic policy in U.S.-Iran relations and it would be an uncertain situation if we pressed the Shah too hard. But there was a consensus that some intervention was necessary though, apparently, but it wasn't clear how this intervention would be taken or along what lines. They did use the term intervention then. That was the sort of the parameters.

Talbot: There were groups that by then had developed an interest. I suspect that Bobby Kennedy was interested in pushing the Shah harder by then. Hansen did represent some people on the--I mean his views--he represented the views of some people on the Hill and some people, as I recall, at the fringes of the policy management group. We kept moving in an effort to push the Shah to a degree but would not use the kind of pressure that would raise some of these questions

that or reaction by the Iranian military against us and so on.

Q: For example, the State Department, the State paper suggested that it would be possible to use some influence to assure that the land reform problem was worked out in a way which had a rational land tenure system, for example, to find some ways to insure the land reform operated in an efficient way. Was that something that was discussed with Holmes and the Shah, how the reforms would work out in practice? Do you recall anything? You know, all I've seen is that one paper so it's hard to say how it was implemented.

Talbot: Certainly Holmes was party to all these discussions. But as I suggested, he was not inclined to push terribly hard on this. We got assurances that attention would be paid to these issues. I can't argue that the assurances were satisfactorily kept in all cases.

Q: It's a difficult question.

Talbot: I really is. And, of course, many things were more complicated than they seemed at that time to the people in Washington.

Q: I guess I would say the minutes that I saw of the standing group meeting suggested that it would be useful to have a greater bank role in Iran, that advice from a multi-national institution would be more acceptable than advice from a great power like the United States?



Were there efforts to induce the World Bank to take a greater role in foreign aid efforts there? Was it something you worked on?

Talbot: Yes. Indeed, the World Bank in those days was developing its interests and consistence and how effective the system were being carried out. We did think it through that it was easier to get multi-national, multi-lateral pressure on a country like Iran, or Pakistan or whatever, than to do it all ourselves.

Q: Was the World Bank responsive to those suggestions that they take a greater part?

Talbot: They thought that they were already doing it, and indeed, to an certain extent, they were. So they were responsive to the need. Yes, they were involved in it.

Q: Another development in 1963 was that the Ayatollah Khomeini began a campaign against the Shah and U.S. influence in Iran which led to an uprising in the summer of 1963 that the Shah suppressed apparently with all his force. At this time, did the U.S. officials take any special note of Khomeini? Were they aware of his developing influence, I guess, in the population?

Talbot: They were very much aware that he could stir things up and cause troubles from his base in Iraq at that time, as I recall. I can recall very little if any sympathy for him because he did seem to be pushing the obscurantist view. The Shah was convinced that the

clergy in Iran was a negative influence in terms of all these ideas of modernizing the economic system, but that it was so far out of date that it could be managed. And I think much later on the Shah made the basic mistake when he cut off the state allowances to the Mullahs because that kind of mobilized support actions against him. But at this early stage that hadn't come up.

It was a time when there were a variety of vociferous tendencies as the Indians always used to call it. The Kurds were in some turmoil, too. And there were questions as to what the Arabs in the southern province of Iran, , what influences they were under. So my recollection is that we saw that as part of the general insecurity of the country, but not as the one that would succeed when others failed.

Q: This uprising that took place in 1963 in major cities apparently, was there any special, I guess, U.S. support for the Shah at this period, moral support or otherwise to bolster his position against his opponents? Do you recall anything about the U.S. response at that time?

Talbot: I don't remember anything special. There may have been, but I just don't remember. We were getting reports on the Shah's decisions and actions to control it. I would think we encouraged him to control it .

Q: In general though you mentioned that--

Talbot: Again, this was an example of how he needed to broaden his basic support to avoid having this kind of thing happen.

Q: Now you mentioned earlier that there was sort of like some emerging concern about human rights problems in Iran. How much concern was there about the Shah's treatment of the Mossadegh opponents? Were there efforts to get him to loosen up a bit?

Talbot: There was concern and then a feeling that SAVAK was given its head rather more than was advisably wise, that the Shah was antagonizing elements in the society, we would have said unnecessarily, about what he was doing, and that he needed again to broaden the base if he could avoid feeding the needs of this.

Q: Was this something that you Ambassador Holmes or you ever brought up in your discussions with the Shah? It's a very touchy question to bring up to the head of state. But was it ever approached in some kind of indirect way or direct way? That you recall?

Talbot: It certainly was brought up. How directly or indirectly I don't remember, because as you say, yes, of course, it was delicate. On the other hand, there were people in Washington who felt very strongly about it. And it was important for the Shah to know how people in Washington felt. Now, if you had asked me to guess how it was done, my guess would be that speeches in Congress were given to the Shah so that he could read them, this kind of thing.

Q: This was a concern of the Congress at the time also?

Talbot: Concern of the Congress but also, as I say, some elements of the Administration.

Q: The question of anti-Shah activities among Iranian students of the United States ever come to your attention? Was this ever an issue in U.S.-Iran relations in Washington? The dissidents in this country that were studying?

Talbot:

Q: Never ?

Talbot: Indeed it was. I remember a telephone call from (Abbas) Aram, who was Foreign Minister at one point, saying that he was caught in the Waldorf-Astoria Hotel in New York and couldn't get out because there were demonstrators outside. What could I do about it? We were very much aware of three things, 1) that we had a lot of Iranian students in this country, some of them governmental students, some of them private students, but all around 2) there was a lot of anti-Shah sentiment among them. And 3) that through the so-called education minister at the Iranian Embassy the Iranian Government was making strong efforts to control them. So it was, yes, a difficult situation.

Q: One former official told me that there was a meeting between