

Foundation for Iranian Studies

Program of Oral History

HAROLD SAUNDERS

RESTRICTED

INTERVIEWEE: HAROLD SAUNDERS

INTERVIEWER: WILLIAM BURR

WASHINGTON, D.C.: FEBRUARY 12 AND 27, APRIL 8 AND MAY 1,
1987

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IRANIAN - AMERICAN RELATIONS ORAL HISTORY PROJECT

The Reminiscences of

Harold Saunders

Oral History Research Office
Foundation for Iranian Studies

1992

PREFACE

This manuscript is the product of a series of tape-recorded interviews conducted for the Oral History Program of Foundation for Iranian Studies by William Burr with Harold Saunders in Washington, D.C. in February 12 and 27, April 8 and May 1, 1987.

Readers of this Oral History memoir should bear in mind that it is a transcript of the spoken word, and that the interviewer, narrator and editor sought to preserve the informal, conversational style that is inherent in such historical sources. Foundation for Iranian Studies is not responsible for the factual accuracy of the memoir, nor for the views expressed therein.

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PREFACE

The following oral history memoir is the result of four tape-recorded interview sessions with Harold Saunders on February 12, 1987, February 27, 1987, April 8, 1987, and May 1, 1987. The interviews were conducted by William Burr in Washington, D.C.

This interview is one of a series on Iranian-American relations in the post-World War II era which were conducted as part of a joint project between the Oral History of Iran Archives of the Foundation for Iranian Studies and the Columbia University Oral History Research Office. Similar projects have been undertaken in England and France.

The reader is asked to bear in mind that he or she is reading a verbatim transcript of spoken, rather than written, prose.

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ORAL HISTORY RESEARCH OFFICE

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April 2, 1991

Mr. Harold H. Saunders
The Brookings Institute
Room 536
1775 Massachusetts Avenue
Washington, D.C. 90036

Dear Mr. Saunders:

In early January of this year we wrote to you concerning the transcript of your interview for the Foundation for Iranian Studies/Columbia University Oral History Research Office oral history project on American relations with Iran.

Essentially, that letter stated that if we did not receive the edited version of your transcript by March 8, 1991, we would proceed with processing and archiving the interview. As part of this process, we will do relatively minor editing: checking dates, names, etc... and clearing up stylistic problems. We will then index and abstract the interview and submit it in our Collection. Copies will also be held at the oral history archives of the Foundation in Washington, D.C. and at the Hoover Institute. The interview will be closed for five years, until April 1, 1996, unless an interested researcher receives your written permission to consult the transcript. If you prefer, we can open the interview immediately. If you do want us to open it now, please let us know.

Thank you for your consideration. Please feel free to contact me at (212) 854-2273 if you have any questions.

Sincerely,



Ronald J. Grele
Director

cc: Dr. Mahnaz Afkhani

BIOGRAPHICAL NOTE

Harold Saunders has been a career diplomat and foreign policy expert. He began his career in the CIA, and during the Kennedy years joined the staff of the National Security Council. Mr. Saunders has been associated with U.S. foreign policy making at the White House since 1961. His last post was the Assistant Secretary of State for Near East and South Asia, a portfolio which he held between 1978-81. His memoirs shed much light on U.S.'s policy towards Iran since the 1960s, and especially tells much about U.S. policy towards the Iranian revolution.

CORRECTIONS LIST

P.18	Ali should be 'Ali
P.18	Iraqi should be Iraqi
P.96	Ibrahim should be Ebrahim
P.121	Ghoman should be Gholam Reza
PP.121,123-24,130-31	Shapour Bakhtiar should be Shapur Bakhtiyar
P.121	Hossein should be Hosein

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Interviewee: Harold Saunders

Place: Washington, DC

Interviewer: William Burr

Date: February 12, 1987

Q: Mr. Saunders, before we get to Iran proper could you tell me something about your background, where you were born and raised?

Mr. Saunders: I was born in Philadelphia in 1930. I was educated in a private boys' school there. Then I went to Princeton for an A.B. in English Literature and American Civilization. I went on and got my degree in 1952, went on immediately to Yale for a PhD in American Studies, again an interdisciplinary program. I received that degree in 1956. When I got that degree I was eligible for the draft and went into the government in a combined program which led me into Air Force OCS with the understanding that I would ultimately be detailed back to CIA and become part of its Junior Officer Trainee Program. So I came back into that program in CIA in 1958 after Air Force duty. I was in CIA from 1958 through September 1961. At that point I was detailed by CIA to the National Security Council Staff and went on first as a junior member of the staff working with Bob Komer under McGeorge Bundy's leadership. I stayed on the staff, then, until July 1974 when I moved to the State Department as Deputy Assistant Secretary of State working primarily on the Arab/Israeli area, not on Iran by that time. I worked there for a year and a half during the Kissinger shuttles in the Arab/Israeli neighborhood. Then I became Director of Intelligence and Research where I served from December 1975 through April 1978. At that point I came back and became

Assistant Secretary of State for Near East to South Asia at which point I did become again responsible for Iranian Affairs. By that time the Revolution was in progress, at its early stages and of course the hostage crisis in a way involved my last official act before I left government in February 1981.

Q: That's a good background to start out with, a good prospective over your career. Your duties in the Air Force were just two years basically, 1956-1959? Or 1958, I'm sorry.

Mr. Saunders: Probably August

Well, I was detailed

back to CIA in July of 1958. I was still administratively in the Air Force for a period of time but I was doing CIA duty from June or July 1958 on.

Q: What were your duties when you were at the Air Force?

Mr. Saunders: I was a personnel officer. I was just doing routine Air Force duty. I did the basic training OCS and then did a year of personnel duty out at Andrew's Air Force Base.

Q: In the CIA, which branch did you work in?

Mr. Saunders: I was in the analytical side of the Agency. My first job was to work as a special assistant to Robert Amory who was then the Deputy Director who headed the whole analytical side as contrasted to the operational side of the Agency. Then I went down

to work in the office, it was then called the Office of Current Intelligence. I worked for a year on Japan simply as an analyst in training. Note that I did not at any point either in my CIA experience or in my academic preparation deal either with international relations or with Iran or with the larger Middle East or the Islamic world or anything of that kind. I was a generalist who was hired as a junior officer trainee by CIA because I had certain analytical skills which came from my academic training, not because I was a specialist in Middle Eastern affairs.

Q: So there's no Iran involvement through 1961 basically, at all.

Mr. Saunders: That's right. I first began working on Iran during the period of the Shah's difficulties in the early 1960s, 1961, 1962, and 1963, as a junior officer, still learning at that point. It's really not until the later 1960s when I assumed the senior responsibility on the NSC staff, that is in June 1967, after that then I was responsible as the senior person on the NSC working on Iranian as well as Near Eastern and South Asia that there's

Q: Okay. What was your exact position on the NSC staff when you entered? Were you representing the CIA's interest or was it a broader--?

Mr. Saunders: No, I was detailed as a person to work with Robert Komer who was the senior member of the NSC staff, dealing with a very broad range of accounts but they included the Middle East and

particularly Iran. Also we were at that time doing broad reviews of the Military Assistance Program and the new Kennedy administration. That of course involved work with Iran as well because they were one of our primary recipients.

Q: I have a few questions on Iran in that early period but before I get to those can you say something about the NSC worked under the Kennedy administration, how it operated in a broad sense?

Mr. Saunders: I think that you could say that Kennedy's inauguration marked the beginning of the modern history of the National Security Council staff. I don't mean to in any way denigrate what preceded it but there was a marked change in method of operation at that point in several ways. First of all the larger bureaucratic mechanism that had characterized the Eisenhower NSC staff with the Planning Board, the Operations Coordinating Board and the elaborately prepared policy papers that went to the NSC itself, all of that was swept away under Kennedy. A turning point, I think and influential factor in Kennedy's thinking was the report of a sub-committee of the Senate Government Operations Committee, sub-committee being headed by Senator Henry Jackson at the time--His advice to the new president who would take office in 1961 was to deinstitutionalize and humanize, I think those were the exact words used, the NSC system. Kennedy did exactly that. He, from I don't know what the size of the staff under Eisenhower was--but when I went there there were probably 8 or 10 people, senior people. I went there in September 1961 when those half dozen senior people got around to figuring maybe they needed

each to have a junior person working with them. I went in that regard. At that time the organization, such as it was, was very fluid. The President himself as you know reached out directly into the bureaucracy fingering people who had expertise in certain areas. He talked to them, directly established that image. The NSC staff did the same thing many times over. There was no elaborate structure but there was a sense of trying to use the NSC staff to put the President in touch with the professionals. During that period I used to describe our function as the staff as conducting a continuing conversation between the President and the professionals. We were go-betweens, we were interpreters of the President's instincts downward and of the bureaucrats sense of what was possible in the real world upwards, options coming up, redefinition at the top with political perspective and so on. It was a very fluid operation. I think the functions being performed even in that extremely fluid way aren't so different from the functions that were performed later in the more regularized system of Nixon and Kissinger or in the Carter administration. I'm not sure about today. I think this is an aberrational period but the functions are essentially to have the professional level, that is the senior professional level, review options and choices and arguments and consequences and so on, and put those to a middle level which would be the senior NSC staff, the sub-cabinet level where a political perspective, and indeed the President's perspective, is injected into consideration of those options--not only what's possible but what fits the President's sense of direction, what's politically feasible, etcetera, and then the third and highest level, of course, is the NSC itself, the

President's own advisers, however he chooses to use them, formally or informally.

Q: Within the staff itself is there any kind of a geographic breakdown like say, they'll be Middle-Eastern specialists or was it more a staff of generalists?

Mr. Saunders: There was a breakdown and in the eight years of the Kennedy/Johnson period it gradually became more regularized to conform to the State Department's bureau breakdown, regional bureau, functional bureau breakdown. In the Kennedy period, when I went there, in September 1961, what it amounted to was a half-a-dozen senior people taking very broad accounts. Bob Komer, for instance, not only had what would correspond to the Near East/South Asian area of the State Department which we later ended up with, but we were, for a period of time I think even in 1962, 1963, doing the Congo, during the period of the Stanleyville airlift and all those troubles. We also worked on Indonesia--partly because Komer and I had particular responsibilities for the Military Assistance Program world wide. Komer conducted a whole review of the rationale for it. But also since a lot of the AID money was going into South Asia at the time--India/Pakistan, a very large world bank consortium dealing with those countries, I think we had a broader interest as well in the use of AID in the furtherance of American foreign policy, even the use of AID as an instrument in working in the political transformations in those societies. Here, if you want to take that point to come to Iran, one of the earlier things that we were

involved in in Iran was precisely the review of the Military Assistance Program and its role in Iran alongside the economic development of Iran. I'm not going to be terribly precise about the political ins and outs of Iran at that time but from the NSC perspective, the point was, the Shah in the early 1960s was of uncertain foundations, struggling over what kind of Prime Minister to have, how to get on top of Iran's fiscal and political difficulties. It was ultimately of course a period which in a way had a milestone at the point of what came to be called his White Revolution. In the period we're talking about here, the earlier period, the Shah was groping toward that. One of the influential alliances in the White House at that moment was between Bob Komer, who was looking at the instruments of American policy in an evolving and not very sound political/economic situation in Iran, those instruments being military and economic assistance as well as political involvement--an alliance between Bob Komer and a man named Ken Hanson who was in what we called then the Budget Bureau, later OMB. Ken had been, as you know, with what's called the Planning--

Q: Organization.

Mr. Saunders: Planning Organization. But he'd been with the Harvard Group working with the Planning Organization. There had been a Harvard Group which David Bell had headed in Pakistan. I think this is probably a second venture of that kind, to take a group of American specialists and to put them at the heart at another government's allocation of resources. Ken Hanson was then back in

OMB, I think as the Director of International, the international part of OMB. I remember, Hanson and Komer were very close but what Hanson brought to this was a very acute sense of how resources and politics were mixed in Iran and more particularly, and I think this pervaded the Kennedy approach to foreign policy in a way, and particularly the Alliance for Progress in another area--but the notion that if you could play a role in a government's economic planning segment, whatever that was, you would be part of political institution building for the long run. You would also be part of an allocation of resources and development, directions which would draw people from the technocratic community into a politically important central organization. I feel that Hanson had more sensitivity and practical working experience just at that nexus in Iran than maybe anybody else in the government and also a different perspective, a Kennedy perspective on how you use economic assistance to accomplish political purposes. Not in any underhanded way but to work with a leader and to help him allocate resources to accomplish what we all wanted, which was to broaden and build, strengthen the political base for the Shah's regime.

Q: To what extent did modernization theories, like Rostow's theory of growth, influence this kind of planning in terms of trying to build a modern middle class? Was that directly implicated in that--?

Mr. Saunders: I would say that Walt Rostow's presence on the NSC staff in that earlier period as MacBundy's deputy clearly extended, broadened, deepened the tendency that I've just been describing. I

would describe his input that way, as far as Iran is concerned, more than a contribution of theory which was applied in these cases. I can remember Rostow, for instance, sitting with the young, western-educated economists from the new African countries who would come in, twenty-five, twenty-eight years old at the most, and sit down with Walt and he would talk his theory with those young men, about their emerging countries. I don't remember that in Iran at all. I think Iran certainly fit into Walt's model but Iran seemed to be in a stage where it wasn't the theory but more of the application and more of the nuts and bolts of making things work that was important. I dealt with Walt a fair amount on Iran during that period. I think this is a fair description.

Q: Now one thing that happened fairly early in administration which might have been just before you came to the White House, to the NSC staff, was the creation of a special task force on Iran. I think it was set up in April or May of 1961. I think that the members debated the recommendations and reports over the course of the Summer. Maybe the report came in in the Fall, I'm not sure. The final report was issued by the NSC. Do you recall anything about that?

Mr. Saunders: I really don't--except that there was obviously a group of people, again in these two arenas, military aid and economic aid, who were working on Iran and regarded its political stability as essential to the American strategic position in the Middle East. That task force was undoubtedly a reflection of the sense of importance but also it played a role in just creating a group of

people who were accustomed to working together and were already in being and communicating easily with each other by the time I got there.

Q: You mentioned earlier that some of the advisors in the White House had some misgivings about the Shah and his capacities to govern effectively. How acute were those--how concerned were they about that problem?

Mr. Saunders: I want to be careful here in terms of the way I formulate this--especially when we look back from 1987 over what the Shah was and wasn't able to do in an even more acute situation in 1978. I don't precisely remember people saying the Shah as a human being is not capable of doing this job. There are some leaders about whom you would say he's in over his head and he really can't do it. That was not a view. A second, I think closer to the truth was that the Shah was there, needed to be backed, hadn't found the right political leadership to help him. There was a lot of debate through these three years anyway over his selection of prime ministers and the United States had very clear preferences on various occasions in the sense that he needed political help. He needed the right political combination and so on. But not that he was incapable--reservations about the situation and the fact that it hadn't jelled, the Shah's leadership hadn't really jelled at that point--not, I think, fundamental reservations about the Shah's capabilities and potential.

Q: Was there great concern about the political instability of the country?

Mr. Saunders: Yes, there was. Again, I can't go back and rehearse the history and detail. But first of all there was fiscal uncertainty. Then there were the questions of which prime minister would be the better instrument of the Shah's efforts to build a political base that he needed. Then you had a fairly widespread and active negative reaction to some of this later reforms and that sort of thing. Far from a certain situation. Far from a sure situation.

Q: In May of 1961 the Shah appointed a sort of reformer Ali Amini as the prime minister. He was prime minister through May of 1962. Was there much effort to work with him, of the NSC to coordinate some kind of approach to Amini, to support his position or support some kind of reform?

Mr. Saunders: Yes, I think in general. Here I am being very general. There would have been effort. Another thing I want to be clear about--it was the NSC supporting an American policy of supporting Amini. The NSC developed normal communications with embassy staff when it returned to Washington but at that time the NSC was not supporting anything directly. It was not running policy behind the State Department's back with the embassy in Iran as happened on several later occasions.

Q: In the spring of 1962 the Shah visited Washington. The NSC

approved the plan that tied US military aid to the scaling down of Iran's defense forces to try to create an army of 150,000 soldiers and keep it at that level. Did you play any role in working on this plan?

Mr. Saunders: Yes, but not so much that I remember a lot of details. Komer principally worked on that and it was part of a larger complex that I've described, a world-wide review. Turkey was part of it. I think there were six countries as I recall, around the world at the end of the process were the primary objects of study. But this was important in the sense that it laid down, at that point, a mechanism for an American-Iranian review of the allocation of Iranian resources. Yes, this was a study of military supply to Iran and rationalizing Iranian military forces within the resources Iran had. But the other side of the equation, not part of that task force per se, but one of its purposes was to contain Iran's expenditure on military things to release resources for economic reform as well. The important point here to remember for our later conversation is that it was around that point, or around the substantive point that you're noting, we established this principal that the United States would play a role within the Iranian debate about the allocation of Iranian resources. We justified it partly because we were supplying some of those resources at that point, in both the military and the economic fields. But it's here that a man like Hanson would have played a particular role conceptually in the White House. The allocation of resources was central to the Shah's political success. I can't underscore enough the sense in the Kennedy White House of the

political importance of these other resource related instruments.

Q: In general during this period, to the extent that you can recall, what was the importance of military aid in the American approach towards Iran?

Mr. Saunders: One element was that this was a period where there was a much larger look at the whole NATO force structure and its extensions. Of course its extensions certainly included Greece and Turkey. They were two countries that were part of the same study as Iran. Iran, of course was part of another uncertain alliance but nevertheless in a key geographic position. We never saw Iran quite in the role of Turkey or Greece, and certainly not the same position as the central front but mentally speaking it was part of the same question, albeit in a very different and less important character. The point was to think about what would happen in a general war, a conventional war, if we had to think about how Iranian territory might become involved in a general war and what kind of Iranian forces would one want there. Of course beyond that the question of Pakistan was a member of CENTO at this point.

That was the mental set within which the military problem in Iran was being looked at, always noting that you weren't expecting Iranian forces to play the role that some western european forces on the central front or some American forces might play. You weren't talking about that at all. You were trying to make sense, trying to build a sensible military force that might have some utility in, first of all providing stability within Iran, but more importantly

looking like the beginnings of a western position in stemming a Soviet advance for a day or two or something toward the Persian Gulf.

Q: How much apprehension was there about a possible Soviet military move against Iran? Would that be a low possibility?

Mr. Saunders: It was considered to be a low possibility and therefore it was possible to think in terms of a relatively small Iranian military force. We weren't expecting it to have to hold the dike by itself. That was not real and it was not part of the thinking. The real thinking was, Iran had this political position and it needed a rationalized military force that was consistent with the overall resources at this point. It was only a decade later that we got into a view that Iran was gonna be the central stabilizing force in the Gulf. That just wasn't part of the problem. The British were in the Gulf and so on. We weren't thinking of Iran that way at that time.

Q: The Task force I mentioned earlier, one of its recommendations was to explore the possibility of deploying US forces in the general Iran area to help encourage the Shah to put more resources into economic development to relieve his military concerns and thereby release more resources for internal development. Was that discussion an option? Do you recall--positioning US forces in the vicinity as part of a plan to stabilize Iran internally?

Mr. Saunders: I remember no details about that at all. Of course if

you're talking about the vicinity as including Turkey, for instance, then obviously we were there, at least with Air Force elements and within the NATO war structure. But not a lot of talk about that in Iran. As a matter of fact, more talk about it in the period of the Carter Doctrine much later in terms of naval deployment forces that I remember in the early 1960s.

Q: During this period do you recall if there was any indirect or direct pressure from the White House or the State Department for that matter, on the 'Shah to try induce him to liberalize his political system?

Mr. Saunders: I wouldn't use the word liberalize. The answer to the first part of the question, was there a lot of activity with the Shah and a lot of effort to influence the Shah to build his political base and to get his political act together, the answer to that question is yes. But I wouldn't put it in terms of liberalizing. I think that term might be applied to 1977, at the beginning of the Carter period, but I wouldn't put it, despite the fact that the Kennedy administration was politically sensitive--it might very well have been pressing for liberalization. I think the emphasis as I recall it was more in terms of building a government that could handle reform and broaden the political base and to capture the support of elements that, unless involved in this beginnings of economic reform and so on, would go off and be potentially dangerous opposition to the Shah. It was more that than the principle of liberalization. It was more a practical base building kind of thing without a lot of liberal

philosophy connected with it per se, although obviously one stood behind the other.

Q: In terms of the efforts to support Amini, was there any sense that the US could buttress the Prime Minister's position, that they could perhaps turn the Shah into more of a constitutional type monarch, that they could support more authority for the Prime Minister? Was there ever any discussion of that?

Mr. Saunders: I can't answer that with precision. I think the person who would answer that is Bob Komer.

Q: He has agreed to be interviewed so--

Mr. Saunders: He is the person. He talked with Kennedy. He operated with Rusk and so on. At my level at that time, I would mislead you if I said that--it was not something that spread out across the bureaucracy.

Q: I guess this would go from the Kennedy administration maybe through Johnson, and even later, how in general did you and your colleagues in the NSC define US interests in Iran. What did they see at stake in terms of the stability of the Shah's system?

Mr. Saunders: I think the phrase, I've forgotten when it became current, but somewhere in that period the phrase that most captures an answer to your question was Khrushchev's notion of the rotten

apple falling into his hand. It was the idea that some sort of disintegration or incapable leadership in Iran could lead to a point where there would be a sufficient uncertainty, dissatisfaction or whatever that the Soviet's supported in individuals to somehow become central to Iran's government--ultimately take Iran into the Soviet orbit. Nobody I think was being unrealistic about that, simply saying, it looked at the time like a danger. So the concern was not the military threat, therefore you could afford to reduce Iran's armed forces, make them more effective since they were there, use the resources to buttress the political-social-economic fabric of the country so that it would stand there by itself capable of governing itself and not be the rotten apple that Khrushchev was waiting for.

Q: When policy makers thought about American interests in the Persian Gulf area, Iran specifically, how significant was petroleum, what kind of role did petroleum play in that definition?

Mr. Saunders: It was really almost the central issue at that time. There was, as I said, the concern with Iran as with a number of other countries in the global picture. You didn't want to see another country go somehow under communist rule. Apart from that, the other major concern was the oil. No question about it. It was back in the middle 1960s. We, the United States, were saying, I remember writing a speech for Komer one time in which I assessed American interests in the Middle East. At that time we were making it clear that this part of the Middle East was important to us globally for the first Soviet reason. The second, the oil, was important to Western Europe and

therefore important to us. In some ways you could have a serious discussion over whether that part of the Middle East was vital to American interests. You could argue that from at least the petroleum point of view it was vital only because it was vital to NATO which was a vital interest of the United States. But you couldn't say the oil in the Middle East was literally and directly vital to the United States.

Q: Even then, probably, Saudi Arabian oil was probably more important relatively than Iranian oil.

Mr. Saunders: Yes, but I think if you're talking about Iranian oil but you're not talking about that alone. When you think about Iranian oil being threatened you're thinking about the Gulf as a whole. Of course it was later than the mid 1960s that people began talking, saying that Iranian oil was going to peak out within the foreseeable future and therefore it by itself wasn't all that critical. Saudi oil, Iraqi reserves were far more important. That's true but we didn't talk that way in the middle 1960s at the time you and I are talking about right now.

Q: In the summer of 1962 Ali Amini fell from power. There was a clash between he and the Shah over budgetary questions, over the military budget I think. Do you recall any discussion about his fall from power?

Mr. Saunders: I recall a great deal of discussion about it. Again,

that debate between those two got itself involved directly with the debate in the United States about paring down the military and using the resources for economic development.

Q: Was there any discussion of any effort to support Amini's position?

Mr. Saunders: Yes. Here I can't be precise again. This is where the United States, when I said earlier we were involved in the, "selection" is too strong a word, I was going to use the selection of Iranian prime ministers, so I'll withdraw the word "selection" and say the United States, again in that subtle way through high level administration officials to the American ambassadors subtly communicated, did I think express a preference for a policy of reducing military, increasing domestic-economic expenditures. And therefore did express a preference for prime ministers. Obviously it was the Shah who selected and I can't tell you because I don't know exactly how the ambassador might have twisted an arm or reinforced his expression of preference with the Shah with a stern look or whatever.

Q: I recall reading that later in the 1960s the Shah accused the United States' hoisting Amini upon him.

Mr. Saunders: That sensitivity to the process, and I'm underscoring the fact that there was an expression of preference, exactly what form that took, exactly how it hit the Shah, I'm not sure. But the

Shah felt pressed. I'm confident of that and his later comments are testimony to that.

Q: Do you recall when Amini's position was in danger if he made any special appeal for US support.

Mr. Saunders: I don't remember that. I'm not sure it was that unsubtle.

Q: Later that year of course the Shah announced his White Revolution for land reform, education reform, and so forth. Was there much discussion in the White House as to how to interpret these initiatives, what they all meant.

Mr. Saunders: Yes, I think there was a strong feeling among the people we've been talking about in the White House. You can include a few people elsewhere in the government who were part of this thinking. Rostow was by then in the State Department. I think Phil Talbot who was the assistant secretary responsible for this area in the State Department probably was somewhat more distant but still a part of this thinking. A couple of his deputy assistant secretaries I think were involved. That group of people I think, would have, to use a word that Komer might very well have used, would've said "Eureka!" The White Revolution was indeed the kind of combination of economic change with political sensitivity that they had hoped the Shah would come up with. Indeed it turned out to be for a period of time. There were other things. I can't do the economic analysis but

shortly after the White Revolution, the economic situation began to get itself into a sounder mode. By the 1966, 1967, 1968 period, with the sense of momentum from the White Revolution and the economic act beginning to come together you had the picture of an Iran that was getting its act together. Whereas the students who were in the United States, the young Iranian students who demonstrated against the Shah every time he came in the early 1960s, were specifically recruited by visiting sub-ministerial people in the Iranian government to particular jobs in the Iranian development mechanisms, there was a real effort to siphon those people into the process of growth and in a way co-op them. I think in that, maybe for a three or four year period that worked quite well because there were more resources to play into the process, it was beginning to pay-off, pay dividends. Projects were maturing. But the process of American involvement that we mentioned from 1962 on, to play a role in the review of the allocation of resources in Iran, continued throughout this period. I'm underscoring that for a reason you'll see later.

Q: Some of the documents I see that have been declassified from the early 1960s suggest that the first half of 1963, maybe the following months, some people in the White House, I think Komer, Hanson as well, were somewhat dissatisfied with the rate of progress in implementing the White Revolution and they were also concerned with the State Department. Ambassador Holmes in Iran was not energetic enough impressing the Shah to work on land reform and so on. There was apparently some wide range of debate between the state department and NSC over these issues. Do you recall--?

Mr. Saunders: Yes but I would also say that that was a part of a wider syndrome. Bob Komer himself in that respect played his role effectively because he got under everybody's saddle and made 'em itch. Pushed 'em harder and let's get on with it and so on. Kennedy himself was of the State Department's too slow, bureauacracy's too slow, ambassador's too slow frame of mind. Maybe that's the role of a President and the White House staff. Maybe the role of the man on the ground is to say, "Gosh, darn, let's slow down here a minute. This man's doing everything he can digest here at the moment and I know it's not as fast as you'd like but that's all he can do right now." There's a tension between those two roles and I think that's what you're seeing reflected here. You could probably replicate that debate in six other important situations around the world. Remember, this was, as you know, a dynamic White House. There was a great premium put in the NSC on pushing the State Department, on behalf of the President. That was the spirit of that time; "Let's get this country moving again," was the banner under which Kennedy took office and that was very much the attitude of these somewhat irreverant, highly intelligent, some of them bureaucratically knowledgable people--Very unusual people to come out of a bureaucratic structure but if you took Carl Kaysen, Mike Forrestal, Bob Komer, and Francis Bator, and a couple of others, all of them absorbed this, "let's get things going, kick the bureaucracy a bit harder to make it move" frame of mind. That may have been good, it may have been bad, but that was the mood. I think it's that that explains what you're talking about more than any substantive analysis that the Shah could

move faster than he was.

Q: In terms of the Iran situation, do you recall how successful Komer and Hanson may have been in trying to do what they were trying to do which was to push to accelerate land reform programs?

Mr. Saunders: I don't know how successful they were in accelerating. It seems to me however, if you take those two people as the centers of intellectual agitation, maybe a little bit with Walt Rostow and so on, creating a mood in the American administration that this was the way to go, I can't tell you, I'm not sure if the Shah were alive that he would be able to tell you, I'm not sure there's a scholar who could give you an accurate assessment. I have to believe that without claiming credit exclusively for the administration, this kind of agitation and putting these ideas in the air and giving people this way of looking at the problem, I think it must have had some responsibility for moving things forward. I'm not sure that in a given three month or six month period that the Shah was made to move any faster than the Shah felt he could move. When you get to that kind of thing, the man who's running the show is gonna be the ultimate judge of what he can accomplish and what he can't accomplish. If the Shah was an anchor or dragged his feet, he did it for his own reasons. I'm not sure that anybody really could claim responsibility for accelerating him. I do think we can claim responsibility for giving him a boost, "this is the right way to go, more power to you, the faster you can go, the better," and I think raising ideas. I can't cite a single example from memory but I think

out there poking people to come up with new ideas, I'm sure David Bell, from the AID perspective was probably throwing some of those into the hopper.

Q: I'm going to turn the tape over here.

End Cassette 1, Side 1

Begin Cassette 1, Side 2

Mr. Saunders: Sure.

Q: Did you want to continue along your train of thought or--?

Mr. Saunders: I think I finished that.

Q: Okay, now, June of 1963 there were major anti-Shah demonstrations in the cities of Iran, Tehran among others, that led to military repression and considerable loss of life. Was there any discussion of those developments at the NSC on the staff or in the council itself?

Mr. Saunders: I'm sure there was but I can't remember specific conversations at this point. I think the frame of mind would've been, "Well, this is a period of change. There's undoubtedly going to be reaction to it". And indeed there was reaction to the land reform which came back to haunt the Shah a number of years later obviously. Of course you have, I think Khomeini having his own

mini-role, not so mini later on but a mini-role at that time in that experience. I think the sense in the White House was, of course when you break the crockery and start changing things you're going to have this, so he has to control it, but gradually build a political support that will rally around the course of reforms. I don't remember--

Q: Was there any effort in Washington to influence the Shah's response to the demonstrations, to moderate it or otherwise?

Mr. Saunders: I just don't remember any. I'd be surprised if somebody didn't say something but I just don't remember any.

Q: It was probably somebody in Tehran as opposed to Washington.

Mr. Saunders: There may well have been telegrams going out to the ambassador with NSC concurrence.

Q: In any case, apparently the June 1963 events did lead to greater cooperation between religious critics and secular nationalist opponents of the Shah. During the 1960s in general did policy makers and intelligence officials pay much attention to that development?

Mr. Saunders: Again, I do not have a specific recollection of a discussion about that alliance. There was certainly awareness that the land reform program was going to disquiet some of the mullahs and that you needed some way to cope with that but I don't remember

specific discussions of it. I'm sure there were.

Q: As you mentioned earlier, the Ayatollah Khomeini was a fairly major figure in these demonstrations. Did people, looking around in the 1960s, know much about him?

Mr. Saunders: I don't think so. My answer comes not from that period but from later on. I think when he emerged as the figure that he became later on people like the intelligence analysts would have looked back and very readily sorted out his role from that period. I remember people writing about it but I don't know that there were many people around other than the experts, the real people who'd served on the scene or done the analysis from back here, that had any recollection that a man like Khomeini had been--or knew much about him.

Q: After Lyndon Johnson became president in late 1963, did policy continue along the same lines or was there any kind of a shift in policy towards Iran.

Mr. Saunders: No, there wasn't. The same people continued doing the same thing. I think probably by that time, but I can't remember exactly, Ken Hanson had gone on to other things. Generally I think the thrust was the same. If there was a phenomenon at work it was not that president's changed, it was simply that by then you were three years into an administration. Things had settled down. They were on a course. Maybe it would be shaky at times but a line had

been set. Of course Johnson's watch word was "Let us continue" and indeed, I don't remember his, in any way, putting his hands on this. It didn't seem to need his hand at that point. Yes, when the Shah came, Lyndon Johnson was involved, directly so. But I don't remember anybody--the other thing of course, a couple of years later when Komer went off--but I think it was the evolution of the situation more that the change in presidents that affected the posture of the White House. By the time Johnson began dealing with the Shah you were dealing with somebody who had some of the elements of success in his hands and was beginning to make things work and look like it. It was during the Johnson period I think that finally you didn't have negative student demonstrations during a visit of the Shah. I think during the Johnson period the Shah came to visit almost every year. Again, I'm not absolutely sure of that. I think there were probably in 1966, 1967, 1968, almost a visit a year.

Q: Pretty early in the Johnson administration, in January 1964, I read that the Shah wrote to Johnson complaining that he was not getting enough military aid and that he would turn elsewhere if his needs were not met in the Military Aid Program. I also read that Johnson wrote back to the effect that the U.S. program was adequate and practical. He generally downplayed the Shah's expressed concerns about an Arab radical threat. Do you recall anything about the discussion of that letter?

Mr. Saunders: I don't remember a particular letter but at that time it would have been a letter drafted out of the review procedure that

we talked about, a rather deeply embedded American posture. The purpose here was to keep military expenditures under control for reasons I discussed. A Johnson letter at that time would have been produced by that group of advisers, State, Defense, and Komer and company. I think that's what that amounted to. Be polite to the Shah and be responsive and understanding, but hold the line.

Q: The interesting thing is that several months later the Shah made his first visit to the Johnson White House, I think in June 1964. Johnson agreed to enlarge U.S. aid in terms of military credits. He approved around I think 200 million dollars in credits to be extended over several years which I think suggested a sort of turn-around in Johnson's approach to some extent--in terms of agreeing to enlarge aid after saying that it was already adequate. I'm not sure if I'm interpreting that properly but do you recall anything about that?

Mr. Saunders: The only thing I might do differently from what you just said is to not use the word "turn-around". There's a constant tension between keeping the Shah with you, making him feel that we were responsive to his needs yet trying to reign his appetite in. That was something that continued for a decade. We handled it differently in the 1970s than the 1960s. Rather than a turn-around, I would see it as not being able to hold the line much longer and feeling that we had to give this much. Maybe it was substantial proportionally. Maybe it looks like a turn-around. I think people at the time would have seen it more as, "Okay we've held the line this far. Maybe we have to play out a little bit of line right

then."

Q: Do you think it would have been pressure from the Shah more or less that accounted for Johnson's decision to enlarge--?

Mr. Saunders: Sure. But again the tension was there and it stayed there. The reaction to it was still to deal with it within the framework that we cared about how much he spent. After the Nixon administration came in that's where the change took place and that was no longer a concern. I would see this as an understandable tension where we sometimes held the line and sometimes gave some. At that point we gave maybe a good bit but it was still the framework that we cared about the balance of resource allocation.

Q: As I mentioned earlier, the Shah had said that he felt surrounded by hostile Arab countries, arab radicalism. To what extent did senior officials come to agree that the Shah's definition of perceived --?

Mr. Saunders: I think they minimized it. If you looked in the Shah's neighbors, yes, the Kennedy administration and later Johnson was dealing with Nasser and Nasserism over farther to the west in some considerable detail. At the same time, all the time Kennedy was doing all that we've been talking about, or his White House staff, Kennedy was also cultivating a relationship with Nasser to see if he could somehow work out a relationship with arab radicalism at its source. By the time Johnson became president, by the time that June

1964 visit of the Shah took place, Nasser had told us to go drink from the Red Sea. Johnson wasn't having a good time dealing with Nasser and Nasser's form of Arab radicalism. It wasn't that we didn't recognize that there was a problem over there. I think we did feel that in practical terms that would account for a specific military equipment response, that the threat was quite distant; that the Shah, yes could see it on the horizon over there but if you tried to translate that into a threat projection in military equipment terms, it wasn't there. The Saudi's weren't a threat. Iraq was there but--and so on. That was the mentality. It wasn't to give the Shah the back of a hand, but just to say, "let's be very precise." This, again, was the spirit of the military review. Let's look at the threats. Let's look at them very precisely. Let's look at the response to the threats. If you're gonna hold in the hills here rather than there you need mountain equipment. It was a very nuts and bolts kind of military assessment of a practical series of scenarios that represent a military threat. You couldn't translate Arab radicalism into that kind of threat. Therefore the administration was more inclined to say, "All the more reason, Your Imperial Majesty, to concentrate on the soundness of your society and the economy--because that's where radicalism will take hold. Nasser's threat is in the air waves, literally, Cairo Radio, etcetera--appealing to dissatisfied people in your country. Build a dam. Build an irrigation project. Get the farmers to work. Give 'em a sense you care." That was the response to radicalism, not the military. It was that argument which was so pervasive in the early 1960s all over the world. It was the reason for the Alliance for