Progress. You combat communism, you combat Castroism by helping leaders satisfy the needs of their people.

Q: When the Shah made requests like this, say for long-term grants and credits, was there much debate in the bureaucracy over whether to go along with those, maybe an AID person in the State Department versus the Pentagon? Was there debate?

Mr. Saunders: There was certainly debate. There were differences. I have a sense that there was more coherence and unity in the response than there was deep division. I think people by 1964, 1965 had bought the notion that there were rational ways of assessing threats and gearing our military assistance program. There were important economic things to be done. We'd established this review process. Let's stay with it. I guess there may have been modest differences of opinion but it wasn't State for satisfying the Shah versus Defense and AID which were to hold the--it wasn't that battle at all I don't think.

Q: To what extent when policy makers made decisions about arms credits say to countries like Iran at this period, say the early to mid 1960s, did commercial or balance of payments considerations play a role in shaping those decisions?

Mr. Saunders: I think they were there but I think the practical role was not paramount.

Q: It's been alleged--this is an aricle that Walter Goodman I think at Georgetown wrote some time ago. He suggested that during the 1960s, sometime during that decade the CIA and the State Department phased out their contacts with various opposition groups in Iran which they had had over the years. These contacts were phased out more or less in exchange for agreements that would allow the U.S. to maintain or extend stations monitoring Soviet missle tests to the north. Does that ring true?

Mr. Saunders: The CIA people or I'm sure that you're talking to Gary Sick in New York or somebody--he started his book on Iran at Columbia so I'm sure he's intimately involved. He or Helms or Helms's predecessor or people like that would be much more precise than I am. I'm not sure I would date this that early. If somebody else would I'd agree.

Q: I'm just sort of guessing actually.

Mr. Saunders: I think it was more a phenomenon of the period 1969, 1970 on rather--I'm not aware of it dating back this far. It certainly was a problem in the 1970s. Gary Sick in his book has described very well the ramifications of the problem. We all know what some of the more general ones were. I don't know when, quote, the deal, if indeed there ever was one, was cut. [phone rings]

Q: How are we doing for time here?

Mr. Saunders: Probably if there's a way to move toward wrapping up this portion and then save the 1970s and so on for another session--I'm gonna run out of time in about seven or eight minutes.

Q: I can't think of any--because I had some more questions actually from the 1960s--I was thinking about Soviet-Iran cooperation in the late 1960s and some major arms sales controversies. How do you stop this--?

Interviewee: Harold Saunders Place: Washington, DC

Interviewer: William Burr Date: February 27, 1987

Q: The second part of the interview with Harold Saunders took place in Washington, D.C. on February 24th, 1987.

One thing you mentioned in our last interview was that you noted the U.S. played a direct role in the Shah's decisions on weapons purchases and military spending, generally. I gather this was a source of irritation to the Shah at some point. Do you recall if he tried to find ways to reduce U.S. influence on these decisions during the Johnson administration through 1968, early 1969?

Mr. Saunders: I can't cite a specific instance but I'm sure that every time he came to see the President there was an effort to circumvent that process and go straight to the President and get the President's approval. In preparations for the Shah's visit, this I think we mentioned last time, there were always predictable wish lists that were part of the Shah's equipment when he came on these visits. Our job was to try to prepare the President for these because we knew the Shah would try to hit him directly on--bureaucracy had an interest in letting the President know what position had been taken and what the reasons for it were.

Q: During the 1960s the Johnson administration, maybe even late

in the Kennedy administration, who were some of the influential people in executive agencies who were concerned with Iran issues generally, that you might have worked with at some level?

Mr. Saunders: I think we mentioned a number last time. Of course, there's my boss Bob Komer, Ken Hanson in OMB. During that early period when the review of the Military Assistant Program was going on, I think Bill Bundy was the Deputy Assistant Secretary in Defense, ISA, who was part of that. He did not deal with Iran as Iran, but he had been part of that overall group. I think Walt Rostow, in both the White House and later the State Department capacities, retained an interest in that. I'm not sure who the Policy Planning Staff person was during that period. It may have been Bill Polk who also did a lot of things on Near Eastern Affairs, that is the Arab/Israeli--and of course the Assistant Secretary, Phil Talbot, obviously the Ambassador.

Q: Do you know who at the Pentagon or the CIA may have had some role in these things, besides Bundy, at a lower level at the Pentagon?

Mr. Saunders: I don't remember.

Q: Any CIA people or AID people that you might--

Mr. Saunders: Lost names.

Q: Do you recall--

Mr. Saunders: There's one other person, Armin Meyer, who was not involved in Iranian affairs at this moment but because of his later position, he was in the Bureau at this time. Alot of Iran things may have rubbed off--Stuart Rockwell, who was a retired Foreign Service officer, was I think an office director or a Deputy Assistant Secretary at that time.

Q: I think he was a DCM at one point.

Mr. Saunders: Later on he served as DCM, but I think he was in the Department at this point, but I forget, the times escape me.

Q: Do you get a sense of how influential the ambassadors were in making policy recommendations or--did they have a lot of clout and decisions like on arms sales and so forth?

Mr. Saunders: There are really two kinds of ambassadors as viewed in the Kennedy and early, during the Bundy period on the NSC staff. One was the kind of ambassador like John Bedeau in Cairo who was picked by the Kennedy administration for his special sensitivity to his environment and he was listened to fairly substantially. I think there was another kind and I think maybe Ambassador Holmes may have fallen in this category--very senior career officers, not picked by the Kennedy administration, from outside per se. I think there that the general attitude was of course these people were listened to. But I think also the attitude in the White House was more how to get

those career ambassadors to see things through the President's eyes. Those ambassadors were looked at more as objects than as sources of knowledge--objects, people whose minds needed to be changed and needed to be brought into the Presidential perspective. This is not to down grade their knowledge or analysis but simply to characterize attitudes.

Q: Would Meyer fit that category or the other category? He I guess.

Mr. Saunders: He would fit into the second category.

Q: During the 1960s did you have any discussions with Iranian officials in Washington? Did you ever meet with Iranian embassy officials from time to time?

Mr. Saunders: No. During that early period I was just a junior member of the staff and did not do that.

Q: I read that in the mid 1960s around 1965, the U.S. tried to discourage the Shah from building up Iran's naval presence in the Persian Gulf. Do you recall any NSC discussion of that or any discussion of that issue at all? If that's true. I read it in a secondary source. I don't have any further evidence on it.

Mr. Saunders: I don't remember explicitly but I think it would have come up in the context, the basic thrust of military assistance to

Iran was to rationalize Iran's armed forces and that primarily was thought of in terms of ground forces and air force. The idea of building a navy, in resource terms, was thought to go beyond any reasonable allocation of resources to the military and to be a lower priority. I think to the extent that the subject was discussed it would be in terms of providing Iran with a minimal local capability but not a blue water navy which the Shah ultimately, of course, aspired to.

Q: Around the same time, I guess mid 1960s I read there was a debate between Washington and Tehran, within Washington as well, over the Shah's request to buy F-4 fighter jets. I read that he charged that the U.S. price for F-4s was too high. Apparently he threatened to go to Moscow to buy Soviet MIGs which he claimed were cheaper in price. Do you recall this issue or how it was handled?

Mr. Saunders: I don't remember it explicitly.

Q: In 1967 you became a member of the NSC senior staff. What responsibilities did that bring to you? What did that mean in terms of your activities?

Mr. Saunders: I was doing essentially the same thing except that I was the senior person, instead of working under somebody I was doing the senoir job. But essentially I was working in the same area in the same kind of way.

Q: Were there any important changes in the way the NSC worked in the years since you first joined the staff, say by late in the Johnson administration?

Mr. Saunders: The main changes were those that gradually evolved as Lyndon Johnson became more comfortable in the role of President and particularly came to understand how he wanted to use the NSC system. I think there were fundamental changes. He felt that the Kennedy staff was too ad-hoc, too free wheeling. He felt that he would be more comfortable if there was more of a systematized approach--a system that one could describe and understand and see, see the wheels visibly turning. At that point I think the idea of regional groups under the assistant secretaries was regularized. Not that they hadn't taken place before but there was a three tiered system set up which included the regional grips at the assistant secretary level. Then Johnson did something at the next level up in terms of--I think it was called the Senior Interdepartmental Group which was to be chaired by the Deputy Secretary of State, George Ball and Nick Katzenbach. This was to be the sub-cabinent level at which recommmendations for the President were thrashed out to include not only all of the normal options that a professional team would come up with at the assistant secretary level, one step down, but also to factor in the politics of the options. That group was to present one recommendation to the President. Then the next level, the third level, the NSC level itself, was the President sitting with his cabinent members either more formally in the NSC, in the cabinent room at the White House, or less formally and more frequently in the

Tuesday lunch group. There was a desire by Johnson to have some semblance of a recognized machinery that produced the options for him. What was different between his way of doing things and the later Nixon way, and I guess the previous Kennedy way, was that review function, the review of the options was placed in the State Department whereas Nixon pulled it back to the White House under Kissinger with the feeling that any group of that kind sitting in any department would end up giving a lot of energy to working out one option and the President would be deprived of real choices. Nixon felt that by bringing the review function back to the White House, under his NSC advisor, he would be assured of having a range of options fully staffed out by their respective advocates.

Q: These regional groups that you mentioned earlier, under the assistant secretaries--were they inter-agency groups?

Mr. Saunders: Yes. The NSC system was set up to coordinate [phone rings] --turn that off--

Q: I was asking you about the regional groups that were chaired by the assistant secretaries.

Mr. Saunders: The purpose of the NSC system was to coordinate all those in the government dealing with a particular problem. The assistant secretary level group was really the mechanism for bringing together all those in the bureaucracy at the senior professional level who were dealing with a particular problem. There would be

people sitting there from Defense, CIA, AID, different parts of State, Treasury if necessary and the NSC staff as well, at this, I say of the senior working level. The senior interdepartmental group was the same interdepartmental composition but elevated to the sub-cabinent level.

Q: You, as an NSC officer, were involved in all those groups?

Mr. Saunders: I certainly sat in on the assistant secretary level group, might have sat in on the NSC group--

Q: Would this be the Near-Eastern affairs group, or was it broken down regionally?

Mr. Saunders: When I say the NSC itself I mean I would have sat in on NSC meetings. Normally the person who sat on the senior interdepartmental group would have been the National Security advisor and not I although in the period after Johnson when the NSC advisor chaired that review group then I as an NSC staff member would have attended that group as well so I would have sat at all levels.

Q: Around the mid to the late 1960s, the Shah was pressing the consortion of petroleum companies that invested in Iran. He was trying to press them to expand production and increase revenues for his government. The companies tried to oppose those pressures generally because they feared a glut on world markets, falling oil prices and so forth. Did these issues come to the NSC staff's

attention?

Mr. Saunders: They would have been aware of them but by and large there were not government decisions that were required there because they were between the government of Iran and private American companies.

Q: They didn't make any complaints to the White House that you recall, the companies?

Mr. Saunders: Sure there would be informal contacts and so on but for a period of time when there was reluctance on both sides, the private sector and government to get involved in something that was regarded as essentially a non-governmental affair. I think the U.S. government did not want to get itself in the middle of a negotiation between the government of an oil producing country and these companies. For us to become an arbiter in that would have been complicated given our anti-trust laws and a variety of other legislation.

Q: About this time, late 1967, the British announced their decision to begin phasing out their military presence in the Persian Gulf. Do you recall if they gave the administration much forewarning about their decision?

Mr. Saunders: I can't remember when we were notified but obviously we had forewarning because they weren't actually going to withdraw

until several years later, the beginning of 1970 I think. As I recall though, the bulk of the U.S. government staff work, I would have thought it was done in the first year of the Nixon administration rather than earlier although it's possible some of that got going earlier.

Q: I remember reading somewhere around January of 1968 Eugene Rostow, who was under Secretary of State about that time proposed that a broad security group including Turkey, Pakistan, Iran, and Saudi Arabia be set up to fill in the gap left by the British, as the British withdrew. Do you remember if that was discussed as a proposal that would be developed at this time?

Mr. Saunders: There must have been staff work going on at this time but as I said I can remember the really big systematic effort being in the first year of the Nixon administration.

Q: Another major event, 1967 was the six day Arab-Israeli conflict. Did that have any impact particularly on policy towards Iran that comes to mind?

Mr. Saunders: Not really. One thing that was involved here of course was the fact that Israel had maintained a relationship with Iran. Iran was a source of oil for Israel. That was a factor to be thought about. Certainly Iran's importance to the United States generally was elevated by a slight amount simply because of the relationship with Israel. That's one add-on to Iran, our overall

interest in Iran.

Q: One thing about the arms sales issue, you may not remember this but when the White House made decisions on military credits to Iran during the course of the 1960s was there much consultation with Congress about the credits and arrangements?

Mr. Saunders: There certainly was not the requirement then that exists now to consult at each step of the way but, there was a great deal of attention to the Congress in the context of the annual presentation of those portions of the budget that dealt with military assistance and economic assistance. In those days AID would do a book, a presentation book to the Congress on our aid posture toward Iran for instance and there was a requirement that we look not just at the economic development aspects of it but other programs. It was to be a coherent overall assistance approach to the country, military and economic alike. In that context each year there would have been a presentation of a rationale which justified the allocation of resources between economic and military. In that sense certainly there were discussions with Congress and those presentations were, I think, probed by Congressional staff but whether that was consultation I think it depends on what one means by consultation. Certainly not in the Yea or Nay way in which we pose arms sales today.

Q: I've gotten the sense from reading some of the secondary accounts that there was sort of an effort to evade too much Congressional

scrutiny on some of these decisions. Do you get a sense that that was the case at that point?

Mr. Saunders: I think that may always be true in certain individual cases. The dimensions of the program and its rationale were certainly exposed to Congress.

Q: At the end of the 1960s, say at the close of the Johnson administration what was your reading of the political situation in Iran at that point? Was there much less concern about internal stability by this point, less concern about the Shah's overall position in the country?

Mr. Saunders: Yes, I think there was a feeling that the Shah had come a long way from the period in the early 1960s. The White Revolution was moving along. There really had been a systematic effort to bring Western educated economists, other development specialists into the development planning and implementation process in Iran. I think this was a moment when generally the opposition among the student community in the United States had diminished so that there weren't the same kind of political red flags that there had been earlier in the 1960s. I think, although I wouldn't describe the people in the outgoing Johnson adminstration as feeling that the job was done in Iran and we could wash our hands of the situation in Iran. Not at all. I think there was a feeling, and I mentioned this last time,in the bureaucracy there was certainly a feeling of a need to continue the annual review of resource allocations and that kind

of thing. As I mentioned last time, there was a proposal sometime early in the Nixon administration to continue that review and that's when it was cut off.

Q: Let's move on to the Nixon period, I guess. With the arrival of the new administration in early 1969, did that have any special impact on your position on the NSC staff?

Mr. Saunders: As it turned out, no, my job did continue, but I was the only member of the senoir staff that did continue. Everybody else left and therefore everybody dealing with other areas was new. Kissinger brought in an almost completely new group.

Q: Did your duties largely continue in the same scope as before?

Mr. Saunders: Yes, although some of the specifics changed. As I mentioned before the middle level group in the NSC structure, the sub-cabinent and cabinent level group in the NSC system was shifted from the State Department to the White House. Kissinger became the chairman. So, while the purpose was the same, namely to develop and flush out options and understand their consequences, these were now done in this group in the White House. Kissinger felt strongly about the need for very thorough analytical papers on these issues. The demand on us increased markedly. Although the same mental process, the written product increased many fold.

Q: Had you known Kissinger in earlier years?

Mr. Saunders: Yes.

Q: During the first months of the administration was there any special shift in policy towards Iran or did it sort of continue on the same basis?

Mr. Saunders: I think there was a visible shift. First of all there was this sense that the Shah was one of the statesmen of the world. I can't remember when but it would be pin-pointed as the time when the Shah first visited Washington in the Nixon administration. I remember going up to the Iranian embassy and sitting with Kissinger in a conversation with the Shah. There was a genuine sharing of strategic views of the world and Kissinger was dealing with the Shah as one of the world's statesmen and figures capable of thinking in global terms. In that context, I think, Kissinger's general opposition to involving the U.S. and telling other people how to run their own countries to use his words, was brought out. It was in this context that he said there won't be a U.S. review of the allocation of resources inside Iran. The Shah will do that. There was a sense that the Shah was a global figure, should be allowed to run his own country, should not be subjected to U.S. niggling about the way he managed his programs. I think that was a different posture. It sounds as if I may be making more of that than any particular act would justify. I think, however, it's an extremely important shift because of course later you have, on arms sales, the judgement that the U.S. won't tell the Shah what to buy, whatever the

Shah wants to buy he will buy; that turned loose some opposition in the Congress it also led some people in Iran to think more sharply about the, quote, squandering, unquote, of resources on military buildup to, quote, satisfy the whims of the Shah and his generals, unquote. As time went on this initial attitude produced quite a different posture toward Iran, quite a different relationship between the U.S. and Iran.

Q: This visit by the Shah, was this during the Eisenhower funeral, was that the visit in early 1969, I think it was March or so--?

Mr. Saunders: I can't remember whether it was then or whether he paid a state visit--

Q: There was one in September, a state visit. But in any case, that was the first time you met the Shah, at that meeting?

Mr. Saunders: Probably, yes. Wait a minute, no, no, no. I mentioned last time, he came almost once a year in the earlier years of the Johnson administration. I had met him during those visits.

Q: So you were involved in the discussions people had with the Shah, you sat in on the meetings that they had?

Mr. Saunders: Yes. I can't cite dates but the answer is yes. There would inevitable be the moments when the President went off with just Dean Rusk and Rostow or whatever but I would not be involved in

any--certainly the general talks surrounding the Shah's visits.

Q: What impression did you get of the Shah say in the late 1960s, in maybe his early visit with Kissinger?

Mr. Saunders: Well, he had a very keen mind, quite capable of a very serious discussion with Kissinger on strategic issues and I think a global sense. I don't think it was unjustified to think of him as a figure with a world view. Some of that was overblown in terms of the actual resources that he represented. He was a figure of considerable stature and also, as I say, at this point there was a clear sense that the White Revolution had put the Shah out in front of his opposition and had permitted him to position himself so that he could bring erstwhile critics behind him and give them a sense that they were involved in the modernization of Iran. At that moment he looked particularly successful.

Q: So he seemed confident in himself? There have been suggestions that he lacked confidence at certain points but--

Mr. Saunders: I think that if one looked back over his whole regime one might have picked those couple of years in there, 1968, 1969, as the high water mark. Although the appearance of that continued on in the early 1970s particularly with the kick-off of oil revenues and the boost that gave development. An Iran scholar might describe the span of four years there which would be desribed as the high water mark.

Q: Interesting. In, I guess the summer of 1969, Nixon gave his press conference at Guam which came to be called the Nixon Doctrine. To what degree was policy toward Iran shaping up along the lines of the Nixon Doctrine, the idea of letting regional powers maintain stability in their area. Was that the course that Kissinger was taking?

Mr. Saunders: I think the two are compatible. I don't know which is the chicken and which is the egg. I did not, although Kissinger was a consultant of the NSC staff back in the early 1960s, I--and I remember he had an office across the hall from where Komer and I sat, I didn't really know him then. I became conscious at one point of the fact that he was no longer there. I can't remember when I asked the question, but the question is where's Kissinger? Why isn't he around anymore? Well, at some point either then or after he was the NSC advisor I learned that one of the reasons for his bowing out as a consultant on that NSC staff was that he did not find himself in agreement with the general posture of the Kennedy administration which we discussed before, to use aid, military and economic as a means of playing an American role in the political institutional development as well as the economic development of other countries. Kissinger basically, as I said before, didn't feel we should, quote, tell other people how to run their countries, unquote. One could argue as to whether he was philosophically consistent in other circumstances later on but that's not the point here. The point is that, I think he came into office with some disposition of that kind.

Across the board in Iran there was the posture we've discussed of letting the Shah run his own show. If at the same time you were Henry Kissinger and Richard Nixon looking at the fact that it was going to be increasingly difficult in the American body politic in the future to have another Vietnam, quote unquote, or to go to the aid of any other country under communist threat or suffering some form of internal disintegration which seemed to invite communist involvment in a sensitive area, the American body politic was not going to respond very favorably to that. Therefore, the Guam Doctine or the Nixon Doctrine was designed to meet that problem by saying we weren't going to involve ourselves in the Persian Gulf as the British pulled back for instance. We were going to rely more heavily on strengthening our friends and allies to do their own regional policing. It was compatible with Kissinger's basic instincts. It also was an important response to a very strongly and keenly felt political need to change the public's picture of what these relationships were in order to build political support for the continuation of the relationship. The changed picture was necessary to give people a sense of why these ongoing relationships were important and were not just a potential invitation to walk into another quagmire.

Q: I guess this first year also of the administration, Henry Kissinger also had the NSC prepare a report on the U.S. response to the British decision to pull out of the Persian Gulf over time. Did you have any role in the preparation of this?

Mr. Saunders: No. When I spoke earlier of the heavy staff work, this is what I'm referring to. Yes, there was an elaborate NSC exercise which involved all three levels of the NSC and included everything from the question of arms sales to the Gulf countries on over to diplomatic representation. Would we have an embassy in each country, etcetera? It was quite an elaborate exercise from beginning to end.

Q: In terms of Iran, did the study have any special impact on policy towards the Shah, towards arms sales?

Mr. Saunders: I don't remember at this point exactly what it said but I think if you would go back and look at the study you would certainly find the conceptual seeds of what later came to be called the Twin Pillars Policy. One of the big options dealt with was should the United States replace the British in providing some sort of protectorate role in the Arab sheikdoms. The answer was no. That was option debate number one. What should be our posture, what of the British presence should the United States pick up? That was a major posture decision. If it had not been for Vietnam or this had happened in the middle 1960s one could very easily have seen the United States moving in there, becoming what the British had been in some sort of protectorate role.

Q: Were there any officials who advocated in fact that?

Mr. Saunders: I don't recall any. There was a feeling about the

difficulties, playing that kind of role without the history and the background that the British had. I don't think we wanted to saddle ourselves with that but on the other hand there was a need there, and the question was how to meet the need.

Q: In terms of arms sales, before the famous May 1972 meeting with the Shah, where the so-called blank check was given. How were arms sales handled in those three or four years? Did the Shah ask for more credits and they were simply given or was there some kind of informal review of--?

Mr. Saunders: I think there was the regular bureaucratic discussion unlike the period of the 1970s when there was a real review. There certainly must have been a sort of technical review about the appropriateness of one piece of equipment rather than another, was it usable within the Shah's forces. There must have been those kind of reviews.

Q: One of the visits the Shah made, it was the September state visit, I'm not sure, he raised the question of bartering oil in agreed amounts per year for U.S. weapons--oil for weapons, basically. Do you remember any discussions? Was this proposal discussed seriously in the Nixon administration?

Mr. Saunders: As I recall, it was really an idea that was raised at the end of the Johnson administration, whether or not the Shah would put oil in underground reserves here in the United States. I can't

remember when it first came up but it was an active issue for several years, probably active in the Johnson period and reactivated in the Nixon period.

Q: Was there any interest at all in pursuing it or was it just dropped quickly?

Mr. Saunders: It was very difficult to carry out. There really was an effort made to sidetrack the proposal.

Q: Last time you said at some point during the Nixon years you were heavily involved in Arab-Israeli matters. When did that period of involvement start for you?

Mr. Saunders: Well, really in the early 1960s except that I became a member of the senior staff literally the first of June 1967, so my period as a member of the senior staff was really dominated, or at least a central continuing element after June 1967, was not just the war but all the diplomatic aftermath of the war. That really continued through the rest of my government career--Kissinger shuttles, Camp David, Egyptian-Israeli peace treaties.

Q: During this early period of Nixon, 1970, 1971, did you participate very much in the discussions over the oil price issues as they developped?

Mr. Saunders: No, not really. The whole oil price, energy

availability business was handled in various ways in the White House by an economic group. It was a classic question, looking at the NSC during this period, how were economic issues to be handled. Kissinger gave himself the latitude to incorporate economic issues into the consideration of policy as anybody would agree would make sense. I think he was notorious for not being excessively interested in economic affairs. So there was a perennial problem of how to weave those issues into the NSC process. When it came to the energy problem, there was an energy group set up elsewhere in the White House with overlapping membership. Various people headed that effort, separate from the NSC. So oil price issues tended to be diverted into the economic committee in the White House, not the NSC.

Q: I guess that will bring us to the May 1972 meetings beween the Shah, Nixon, Kissinger, in Tehran. Were you in Tehran at that time?

Mr. Saunders: I was in Tehran at that time. I attended some of the meetings, obviously the meetings where the blank check was given, the Kurdish decision was made and so on. All of that was really done, in not exactily tete-a-tete meetings but meetings where Nixon and Kissinger were the only Americans present. Probably the Shah was the only Iranian present. I don't know who else might have been there.

Q: How would you describe the impact of these May 1972 meetings on U.S. approach towards Iran in the following years?

Mr. Saunders: A lot of people regard them as milestone events. I

regard them more, as should be apparent from what I've been saying, as a capstone event. The decision to let the Shah buy what the Shah wanted or the decision not to have the review, all of that by this time was virtually four years behind, three years behind us in any case. I see the so-called "Blank Check Talk" as simply a ratification of a posture that had long since crystallized. If you ask what the impact was, I think the impact was substantial but it's not the impact of those meetings in Tehran. It was the impact of a policy which was maybe articulated more directly, more clearly in the Tehran meetings and thereafter than had been the case before.

Q: Let me turn this off--[flips tape over].

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Mr. Saunders: If one were to look at the June 1972 talks as a milestone not in the sense only of a culmination but in the sense of new departures, I think it is fair to say that we probably stepped to a new plateau at that point. The sense of closer strategic cooperation was deepened at that meeting. The Kurdish decision would have been one example of that, probably not the only one. But the Kurdish decision needs to be seen in terms of Soviet closeness to Iraq, the need for the American side to build the Shah, to build Iran as one of the twin pillars in providing stability in the Gulf, but in reality a single pillar with the Saudi pillar being a nominal pillar there for obvious necessary regional political reasons, but the Saudi

security development not having yet reached the stage of parity with Iran. In that context we were looking at good ways to keep Soviet influence limited. One of the ways in which Nixon and Kissinger saw us doing that was to demonstrate to people in the area that they would pay a certain price for being an ally of the Soviet Union. There wouldn't be just a home-free relationship. It was gonna cost 'em something. The decision on the Kurds, I think, was made in that context. Here was a group that for its own reasons was set on giving the Iraqi government a hard time. It was a group that had ties across the border in Iran. It was in that context and for that purpose that it was decided to provide assistance to the Kurds through Iran.

Q: The CIA played a role in this apparently. They helped organize the campaign--

Mr. Saunders: It was essentially a CIA operation in the sense that it was they who would have marshalled the logistical apparatus necessary to do that.

Q: The Shah took the initiative in this matter to bring the U.S. in or was it more sort of a joint discussion that led to a decision?

Mr. Saunders: That I don't know. Not having been present, I don't want to mislead anybody by characterizing who took the initiative. I doubt that Nixon and Kissinger would have had it at the top of their personal agendas. It would seem to me, and here I'm entirely

speculating, but it would seem to me it would have been the Shah who would have had some feel for the whole Kurdish rebellion. The Kurds were tricky for him to deal with as well because of the very subtstantial Kurdish element in Iran not to mention Turkey. Of course he had his own, Iran had had its own troubles with the Soviet Union after World War II when the Soviets played up to the idea of an autonomous Kurdistan. The Shah knew that he was playing with a difficult issue but felt, I guess, by that time that Iranian Kurds were sufficiently under control of central authority in Iran that apparently he wouldn't have done this if he hadn't felt that supporting the Iraqi Kurds would not play back into the Iranian Kurdish community.

Q: Apparently, I've read somewhere that Treasury Secretary [John] Connally played some sort of role in orgainizing or orchestrating this operation. He made a special visit to Iran or something like that. Was that something that you'd heard about at the time?

Mr. Saunders: I think it would be too strong to say that he played a special role in organizing this. Yes, he did go to Iran but I think it was not so much in this context. He probably was briefed on it in order not to stick his foot in the program in some way that would send confusing signals to the Shah. I think the Connally trip was part of another outcome of the June 1972 visit. That was, if our cooperation is to become broader and deeper we will cooperate in a number of additional fields. With the impact of oil pricing and oil revenues on global economic stability as a factor in American minds,

it was natural then, as it was later on, to send the Treasury Secretary to consult with the Shah and add that dimension to the political consultation. I see that, in that context and not in the Kurdish context. It just would not have been consistent with the way Kissinger did things to share that with anybody. Moreover, the Treasury Secretary wouldn't have had much to say about that issue.

Q: A little bit with the Kurdish thing--Did you play any role in monitoring this operation from afar, supervising the cable traffic or whatever?

Mr. Saunders: The way it was actually done was that another member of the NSC staff who was in the politcal military work of the staff, actually was the conveyer of Kissinger's instructions to the CIA. I worked with him to the point of offering staff support and so on but I was not in the line of communications to CIA.

Q: This was Richard Kennedy?

Mr. Saunders: Yes.

Q: He worked in the political-military area?

Mr. Saunders: Yes.

Q: As you suggest, it was mainly an effort on Kissinger's part to suggest to the Iraqi's that they had think twice about maintaining a

close relationship with the Russians. That was the major rationale for it.

Mr. Saunders: The way I understand the rationale. Now, you would probably put it in more sophisticated terms, but the way I put it is certainly rooted in a variety of things that were said at the time.

Q: Did you get a sense of how far they would pursue support for this insurgency, to the extent that it could actually realize its objectives, or just be sort of a needling type of thing, an irritant but no more than that?

Mr. Saunders: I'm not sure those two options really existed. I'm not sure that it was ever in the cards that the Kurds would in some way win, quote unquote. A success for the Kurds would have been to force in negotiations with the Iraqi government that enhanced their degree of autonomy. Success was measured in those limited terms. I guess the objective was to make it possible for the Kurds to achieve objectives of that kind. So, yes, I guess in that limited sense that was part of the objective--because that was the way it could be seen to create an entity that could constrain the Iraqi government, cause them to suffer some limitations. It's an exercise of sovereignty to that extent. I think that meant maybe needling was the way you got their--a rather extensive, systematic, consistent, pervasive needling that would cause the Iraqi's to pay attention to the Kurdish leadership.