

because of the contacts that I had made in an earlier period. But the business of confidence building and developing mutual respect and trust is not an easy thing. It doesn't come easy to the Iranians because of their history and cultural heritage and all the rest of it. So, as I say to go beyond that and suggest that it would have been even possible to have somehow or another gotten close to these people is ridiculous. Even the Iranian Western-educated elite! I mean there was an alliance of convenience at one point, at a critical point, but preceding and subsequent to that--no. You don't find many Western educated Iranians play any particularly significant or important role in the Khomeini regime today.

Q: You mentioned earlier, I think the other day, that during the late 1950s, early 1960s there was some contact with opposition figures by the embassy. Did this continue in to the 1970s, or was it dropped?

Miklos: Well, you would see old National Fronters on a social occasion, here and there. You'd see some of the old tribal khans, here and there. Some of them, indeed quite a number of the younger ones, had been co-opted into the system. So they were there--yes! Minister of Health, as I recall, was a former opposition leader. There were numbers in fairly senior positions, spotted around the government. The Shah said to them--I don't know the exact conversation, obviously I wasn't present. But I know that in general, in effect, he said "Well, if you think you're so hot" and so on and so forth "here's the job--let's see you do it." I mean they

were challenged, and co-opted in to the system. Many of them did very well.

Q: I've read from several sources that during the 1970s, maybe earlier, the CIA and the State Department depended to some extent on the SAVAK for intelligence assessments of internal Iranian developments. Was that ever the case?

Miklos: Depended upon, I think, is misleading. Certainly we would get information from SAVAK on what was going on internally. I think a good bit of what we got was received with a high degree of skepticism. We did not have very high confidence in SAVAK's abilities to deal with either internal or external security threats, in the sense of security threats in terms of subversion and agents, and so forth. They did uncover a couple of Soviet-sponsored, Soviet spies. Again this is sort of the myth versus reality. The myth was sort of this omnipotent organization that knew every detail of everybody's life--every Iranian's life--at home and abroad and, you know, sort of the master organization. Well that was about as far from the truth as you could possibly get. The basic picture--Keystone cops! [laughs]

Q: I read that in 1972 one Iran expert in the CIA named Jesse Leaf--

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Miklos: Who?

Q: Jesse Leaf. L-E-A-F. This was an article in the New York Times

I saw about this. I guess he wrote or drafted a report suggesting that by ignoring social and economic aids at home the Shah was sowing the seeds for popular discontent. Were there any CIA assessments along those lines, or drafts or assessments? Did that promote some discussion?

Miklos: There was debate, and quite vigorous debate, about these kinds of questions. I don't remember that particular fellow, but this went on--again--sort-of on a continuing basis. This was nothing particularly new. I think that it was a generally accepted view that we ought to be paying more attention to some of these questions. Not necessarily that this was an imminent danger, but if one took the longer view, that he was going to have to do this at some stage and better if he could begin to address these questions early on so that the disruption that they inevitably would cause would be mitigated to a certain degree.

Q: It's been alleged a couple of places I've read, that at some point the CIA phased out much of its agent network in Iran in exchange for the right to have stations from which it could monitor Soviet missile tests. Some kind of an agreement, formal or otherwise, made with the Shah about this. Sound familiar?

Miklos: The question of size of CIA presence in Iran, or the Iranian SAVAK presence in the United States, I think had been discussed at one stage or another. I don't ever recall that there was sort-of a quid pro quo in terms of "We'll cut back the number of people we have

in Iran if you provide us with these facilities here and there." As Country Director in Washington, I would not necessarily have been involved with that. As DCM in Tehran, the question didn't arise that I can recall. So I'm saying something may have happened prior to my having been in Iran. Again, I don't think on a quid pro quo basis, but I can vaguely recall that there was some discussion of how many people were there. But this was more, or as much, a discussion internally within the United States government. We were constantly fighting the battle of numbers. That there were too damn many Americans running around doing too damn many things. That may have included CIA. That we just had to keep this under control as best we could--it was a constant struggle. I was very active and very firm about identifying, to the extent we could, unnecessary activities and just cutting them out. I mean God we had geographic survey people there that had been there twenty years! I said, you know, "What the hell are you guys doing here?". I finally got our Armed Forces Radio Network people to pack up and go home. You know, things like, well there was just--

Q: Lots of programs. During the 1970s, Iranian critics of the Shah were fairly active in the United States in various cities. Did these activities have any diplomatic repercussions, particularly?

Miklos: Yes. Well, the Iranians--I don't recall the Shah personally, but certainly his Prime Minister and Foreign Minister, Deputy Foreign Minister and so forth--would periodically give us a blast about one or another egregious behavior of some Iranian

dissident in the United States. I got a lot of heat on that, personally.

Q: Who was the ambassador at this time? Was it Hushang Ansary at this time, or was it Ardeshir Zahedi?

Miklos: No, Ardeshir came back as an ambassador in 1969. No! I'm sorry, not 1969. I beg your pardon, maybe that was Amir Aslam Afshar. He was ambassador when I was there--most of that time if not all of that time. I can't remember the precise date.

Ansary was ambassador--I remember [Spiro] Agnew was Vice-president because they used to play poker together.

Q: Poker?

Miklos: Yes. [laughs] Then Aslam Afshar came. Very nice man. Then a man who had been--no. Sorry, I can't remember the chronology now.

Q: It's okay. Did they have any special influence back in Tehran? Were these influential people in their own right?

Miklos: Well, Ansary had some influence and made some impact. Aslam, he was from an old wealthy, distinguished family back in Iranian history. So he had a certain amount of independence but he wasn't a political force or anything like that. He was just, you know, a rich man, a distinguished man with a distinguished family who had been at the service of the Imperial court for years, he and his

family.

The impact on policy--no. Again, as I say, ninety to ninety-five percent of our really serious substantive work was conducted through our embassy in Tehran.

Q: Now, in the summer of 1973 the Shah made another visit to Washington.

Miklos: When's this?

Q: The summer of 1973. Right before the price explosion in the fall. Do you recall anything about this particular, or does it just escape?

Miklos: I don't recall a visit by him at all. 1973?

Q: July. When I talked with James Schlesinger, he remembered the meeting with the Shah, talking about his concerns about arms sales and so forth.

Miklos: Why do I draw a blank? I was around! [laughs] Okay, I'm sorry. Yes. I think this was when Ardeshir, in fact when he, was ambassador. Yes. Right, okay. Now what was the question about?

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Q: I was reading the New York Times of that period, and they suggested there were discussions in the meetings of the guarantees of petroleum supplies

from Iran, things like that. Do you recall that was discussed, whether there was a concern about the security of supplies coming from the Persian Gulf?

Miklos: I can only answer "Yes," that I remember that this was a question, and it must have been discussed. Again, it was one of those sort-of ongoing kinds of questions. But I can't recall any details of it.

Q: The following months of course--October, November--oil prices increased dramatically. Were there any efforts by the State Department to try to get the Shah to take a less hawkish approach, take a less hawkish role in OPEC? How were these questions handled?

Miklos: Yes, there were a lot of efforts put in to getting, well not only Iran but other nations of OPEC too--to moderate their position. I'm sorry to say that we would be given some very specious economic arguments to make to the Iranians on these points, which were so bad that I was embarrassed to follow my instructions, because it was assumed that the Iranians didn't know anything about economics or the international oil market. That was implicit in the kinds of things we were being asked to tell them--as if they were a bunch of morons. We were talking to PhDs from Harvard, or MBAs from Wharton, and so, you know, they could just shoot holes--as they did--with many of the so-called arguments that we were asked to make.

Q: What were the arguments you were asked to make? What were the

thrust of them, I guess?

Miklos: The thrust of it was that this was inflationary--gosh, I can't even remember, they were so dumb. I mean, one didn't really want to remember! [laughs] They just weren't good economic arguments. I remember one of the things that the Shah would say, "Well, you know, why shouldn't I? I mean, you know, the market is this and so on and so forth. And furthermore, you are charging, you know, the price on whatever I'm getting from you has gone up 500 percent here." And he would site chapter and verse, particularly in the military field. He said, you know, "What the hell are you complaining about?," in effect. "You're doing just fine. Getting all this back from us, for one thing one way or another." But anyhow, there was a lot of to-ing and fro-ing and gnashing of teeth in the U.S. government. We were being asked to make numerous representations, and so forth. As I say, by and large the arguments were specious, or certainly there was another side to the discussion. But given the international situation of the times--the international oil market situation, what are you gonna do?

Q: Around the turn of the year, early 1974 I guess, Secretary of the Treasury [William] Simon suggested that the U.S. use arms sales as leverage to get the Shah to help roll back prices. Was this discussed in the State Department before he made this proposal? Did he do it independently, do you recall?

Miklos: The only thing I recall about Simon--I don't know that this



was an argument made to the Shah.

Q: I think it may have been touched in a speech.

Miklos: He may have made it in a speech, I don't know. I don't believe it was ever accepted U.S. government policy.

Q: I think it was just a proposal on his part.

Miklos: I think it was just a proposal on his part. I do vividly recall his saying, "The Shah was a nut," or something like that. My having to go in and explain that he really didn't mean he was a "nut."

Q: Did you tell this to the ambassador?

Miklos: No, I was in Tehran at the time. I had to tell the Shah. I told [Assadolah] Alam, who was Minister of Court. Who, fortunately, was a good friend--but that was not one of the easier jobs that I had to take on in my life. The Shah knew goddamn good and well what Simon said. He just didn't like him at all. You know, you don't talk about the head of a state like that--the head of state of a friendly ally.

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Q: Now, during this period did the oil corporations make representation to the State Department to try and get--did they put much pressure on the State Department on these pricing questions, on

OPEC questions? To get the State Department to move in some way?

Miklos: I don't recall an instance. Certainly there was a certain amount of exchange. The person to talk to about that is Jim Akins. Jim was in charge of, I forget the exact name of the office, in the Bureau of Economic Affairs.

Q: Energy policy, something like that. At that point, he was in charge? Around 1973?

Miklos: About that time, yes.

Q: Okay. In March 1974, the spring of 1974, you became Deputy Chief of Mission at the embassy in Tehran. How did this come about?

Miklos: Well, Dick Helms asked for me. Actually I was very pleased. It was as simple as that.

Q: As DCM, what were your responsibilities, your basic responsibilities? In a nutshell? Is it difficult to generalize?

Miklos: Well, DCM and what he does, it's sort of like the Vice-president. What does the Vice-president do? The ambassador sort of defines what he's going to do, obviously with a certain amount of direction in so far as the DCM is concerned. In terms of, say, government to government contact relations the ambassador decided, depending on his own bent, and background, experience, and

so forth. He may carve out certain spheres of interest if you like. Bill Sullivan was very interested in the military side. So when Bill was there, when he came, and I was still there for a while, he spent more time on the military side of things than Dick had before. So I consequently spent less time on that. But the DCM is first the ambassador's alter ego. When the ambassador's not there he's the acting ambassador. So he has to know what's going on right across the board. And to a greater or lesser degree--again depending on the ambassador's own predilections--be involved in all of these things. We had so many activities at that time in Iran, so many things going on vis-a-vis the Iranian government. We were deeply into the field of atomic energy, which was an area that I became quite deeply involved in myself, in terms of negotiating with the Iranians on fuel supply, the reprocessing question, and so on and so on and so forth. It was just so difficult--we just literally had hundreds of things, and as I told you the size of the mission was 2,500 people. It was enough just to keep abreast, you might say.

My basic function was, I suppose, being sure that everybody was sort-of marching to the same tune, that there weren't any egregious departures. If contact with government was necessary, that it was the appropriate person at the appropriate level doing it, that we certainly didn't want or need a narcotics attache running around trying to pop everybody in the government. If there was a particular issue, why, they would talk to me about who would be the person to deal with, and whether it needed to be escalated and so forth. This is just a tiny little example, but it was that kind of thing that went on all the time.

I also of course paid very careful attention to what was being produced in the way of communication going back to Washington. The very substance of what went out of the embassy. This was particularly true with the substantive reporting--telegraphs as well as dispatchs--from the economic section or the political section that dealt with oil questions, dealt with political developments, dealt with economic developments, etcetera. There is a significant element of representation involved. Not only vis-a-vis the Iranian government, but just the Iranian society in general. There was a certain amount of ribbon-cutting and appearing here and there, and doing that kind of thing.

Q: You were appointed Minister Counselor some time in those periods? Is that the same post, DCM and Minister Counselor?

Miklos: That's right. The Deputy Chief of Mission is an operational title. Minister Counselor is the diplomatic title--it's the same thing.

Q: I wasn't sure what was the distinction.

Miklos: There is a distinction, actually. Well you have minister counselors of economic affairs, or counselors of economic affairs, depending on the size of the embassy, generally, and its importance. But the usual progression is Ambassador, Deputy Chief of Mission or Minister Counselor--same guy, same person, then economic Counselor, political Counselor, public affairs Counselor, administrative

Counselor, and so forth.

Q: Now, Helms was Ambassador at this point. How did he approach his job?

Miklos: What do you mean , approach it?

Q: I'll rephrase it. How would you assess him as ambassador?

Miklos: Well, he's very effective, knowledgeable. First, of course, we know what his background was. He had known the Shah over the years, had contacts with him. For example, it was traditional that when the Shah made a state visit to the United States there would be a private meeting with the director of the CIA, and Dick was in that position. So, he didn't have to learn everything from ground zero when he arrived there. Of course by the time I arrived he'd already been there, what, a year and a half, a couple years. So he was well in to the job, well acquainted throughout the Iranian government apparatus as well as just society generally.

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Begin Cassette 2, Side 1

Q: Who were some of the other major officials at the embassy? Who ran with economic affairs for them, for example?

Miklos: Well, when I arrived there Bill Lehfeldt was the economic

counselor. He was there for, I guess, about six months before a replacement--Bill Brewen was Bill's replacement. He was there throughout the balance of the period that I was there, and he was economic counselor. Political counselor was Hawk Mills for about the first two years I was there, and then George Lambrakis replaced Hawk when Hawk went off to become DCM in Athens. We had two different--if not three, I think two--certainly two different MAAG [Military Assistance Advisory Group] chiefs when I was there. Trying to remember their name now. One was son of the former chief of the Air Force, Vandenberg. There were three. The last one that was there was there after I left. Then we had Brett, Rocky Brett. He looked like a prize fighter from Brooklyn, but actually he was from a very distinguished military family.

Q: How do you spell his last name?

Miklos: B-R-E-T-T

Q: Oh, okay.

Miklos: His family goes back in our history. His father was a Lieutenant General. Rocky finally ended up Lieutenant General. I'm trying to remember the name of our Public Affairs counselor. Sorry, his name escapes me at the moment. Then within the economic section we had a science advisor, narcotics people. In the economic section we had Treasury department people, we had Internal Revenue Service people, Department of Agriculture, Department of Commerce,

FAA--almost a replica of Washington.

Q: Was [Alan] Conway still the CIA station chief, or was that another person by that time.

Miklos: No, it was somebody else.

Q: You can't mention who it was , or you can't recall?

Miklos: I can't remember the name off hand. I mean I'm sure if I thought about it, but off the top of my head I can't.

Q: You mentioned earlier in talking about the arms sales issues, there was some discussion about the absorbable capacity question and the questions of maintenance and training. Was this something that took much of your time at the embassy, monitoring these issues or discussing, handling these issues, following up on them?

Miklos: We tended to rely heavily on the MAAG, Military Advisory Group, to do, you know, the grant work on this. There was an awful lot to be done, and we didn't have the resources at the time to really get in to it in great detail. We did have within the political section an officer--political-military officer--who worked very closely with our MAAG and to a certain degree with the Iranian military themselves in covering in more depth this sort of thing. I relied on the MAAG and our political military officer to keep me sort of abreast, as did the ambassador. So, you know, intervention

into the detail was not something that the ambassador and I did to any great degree--depends again on the question or the issue. We identified, or we all sort of consciously came to consensus about some of the major problems and the fact that they needed to be addressed and then we'd try to keep abreast of what was being done on our side and on the Iranian side, the contractors side to deal with these things.

Q: Were there any occasions when the State Department or Pentagon was concerned about a particular arms purchase, and maybe turned down the Shah's request or try to convince him not to make a certain purchase? Or was it that things never got that far.

Miklos: Well following the President's instructions about sort of letting the Shah decide himself what he wanted to do and so forth, we wouldn't in any--certainly not to the degree that we might have in the past. But it would be more in the context if there were a problem, or we thought there would be a problem, would be in terms of absorptive capacity. You know, can you really do this? Or this is the implication of this purchase in terms of manpower availability and training and all the rest of it. He said, you know, he wanted an American air force. He got very close to just exactly that. In terms of doctrine, training, skills all of the Iranian pilots took their pilot training in the United States originally. What did they call it? I've forgotten the term they used, but they did their pilot training in the United States, came back. You walk on to an Iranian air base and you might as well be on an American one in terms of the



whole set-up, visually and in every other way. They even had--you know we have the Blue Angels? The Iranians had a counterpart.

Q: Skydivers?

Miklos: Very proficient. Fantastic job.

Q: One aspect of this increased arms sales--you already alluded to it earlier--was the growing presence of U.S. technicians and trainers in Iran. Did embassy officials fear that this expanded U.S. presence might cause a nationalist reaction in Iran, might cause cultural, or political problems?

Miklos: Constant. This was one of my bigger headaches. How to cope with it. Well first, you try to keep it within some kind of manageable level. The pressures were always for expansion, always for larger things. Not just up on the U.S. government side, but the contractors and all the rest of it. Some of the Yahoos they brought over there were real Yahoos. So that in retrospect it was almost a miracle that we didn't have a lot more incidents, cultural clashes, so on and so forth. But, there were a number of occasions where the Iranians were heartily and with good reason unhappy with the American presence, or at least specific American individuals and their behavior, which was not good.

Q: What would the embassy do in such cases, try to encourage them to leave?

Miklos: Well basically we put pressure on the contractors, the managers of the contractors, the people who were bringing them over and say "You've really got to get your act together. These people can't behave--well, you know, they've got to go. We can't have people like that here." So, trying to influence them going right back to the recruitment process, I mean the screening process, to try and weed out the malcontents, and misfits, and all the rest before they ever get here. But if they do get through this screening process, try to educate them into what kind of an environment they're coming into and what the proprieties are and all the rest of it. It is a different culture and different people, and you've got to behave accordingly. But if all that fails and you still have these clowns misbehaving then just, you know, get them out.

Q: How responsive were they, generally?

Miklos: They were generally responsive. They were, I would say, sensitive--quite sensitive--to our views and representation. What we're trying to do is a difficult job. Go out and get 1,500(?) helicopter trainers because they were getting an incredible number of helicopters. A lot of these guys were Vietnam veterans, rough and tough--real cowboys.

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Q: I think I read somewhere else that there were rumors, maybe actually charges, of corruption within the MAAG at some point. People were getting too close to certain military contractors--army

officials getting too close to military contractors, things like that. Did that come to your attention?

Miklos: Yes. There had been some allegations, some of them pretty vague, that something was not quite right. But the only really concrete things that I became aware of turned out to be very--hardly corruption. I mean really petty things like, you know, one of the MAAG section chiefs or something like that might have had some--I remember one time--bathroom fixtures put in the house that he was provided that were more than his share or what he should have. You know, some damn thing like, you know--petty things. No major scandals.

There was allegations from time to time about undue contractor pressures heeded and abetted knowingly or otherwise by the MAAG--that is some MAAG person--for purchase of this or that or the other thing. [James] Schlesinger may have talked about this, because he ended up wanting to have, in effect, have his own man there in Iran with a direct line back to him. I remember I got quite upset about this because I felt this could undermine the ambassador's authority, and the ambassador was, and in my view should be, the ultimate U.S. authority in the country. I was not prepared and I didn't want the ambassador to stand for any of this back channel stuff and all the rest of it. If anything was happening then he should be in on the take-off as well as the landing.

Q: Now one official that Schlesinger did send was Richard Hallock, I guess, initially. How did that work out in practice?

Miklos: I never personally met Hallock. At the time I think I met him very briefly at some social function later on, but at that time I did not personally meet him. He did come in and talk to Dick Helms. Dick in effect told me he was satisfied with what Hallock was doing--that he was satisfied that he knew what Hallock was doing. So that was about it. I did become aware, at what time I don't know, that Hallock had made some concrete recommendations to the Iranians about an air defense system which we came to believe, I certainly came to believe, didn't make sense in so far as the Iranian situation was concerned. This was a view that was shared I think ultimately by the Pentagon and certainly by the MAAG people over there. The defense was basically to build radar stations virtually around the entire border of the country. You know to do this and the man power involved, you know, boggled the mind. That's where the AWACS question came up. Because just in terms of cost effectiveness there was no comparison, just none whatsoever. You could do with three or four AWACS planes what you could do with God knows how many of these radar stations. Totally impractical.

Q: Later on it became, I guess, almost known that Hallock mixed his departmental business with private business with private contractors. Did you hear about this at any stage?

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Miklos: In the vaguest terms. Nothing concrete.

Q: Later, in the fall of 1975, Schlesinger sent Eric von Marbod as