

a special defense representative in charge of these arms sales issues. Did you get a sense of what he was up to? Did you work with him closely?

Miklos: Yes. Unlike sort of the mysterious Mr. Hallock--mysterious in so far as I was concerned. Well in the first place when it was proposed they send a special representative out. I said, " Now we're going to have, "terms of reference", before this guy ever gets here, and it's going to be agreed on and it's going to be in writing with the Department of Defense. So we sat down and we wrote what the "terms of reference" would be, and exactly where Erich or whoever it might have been would fit in to the structure. As I say, one thing I felt very strongly about was sort-of lines of authority and responsibility. So this was done, and was accepted by Defense. So, that we already had something before Eric ever showed up, and he knew exactly where he fitted in. In so far as his relations with the MAAG were concerned that wasn't something I was going to worry about. I don't know that there ever were terms of reference in that context. Certainly in so far as his relations with the embassy were concerned, or particularly with the ambassador, why that was clear from the outset.

Q: Now how did those efforts work out in practice? Did you work with him closely?

Miklos: Yes. Oh yes. Eric would attend--I mean he was a member of the county team, he attended country team meetings. We had

continuous contact. Indeed sometimes he didn't always get along 100% with the MAAG chief, but I ended up sort of having to be a referee between him and the MAAG chief.

Q: I should have asked earlier--how did you define his position, basically? What kind of role did you see him playing in the arms sales issue, basically?

Miklos: Well, to try and help the Iranians to set priorities and rationalize their military development efforts, to define the costs, to make choices where choices were happening, and or necessary, to do forward planning. A whole range of things like that. I think that Erich, you know, he played a very useful role in all of this.

Q: Did Kissinger have any problems with this proposal? Did it dovetail with his earlier approach toward the Shah, about letting the Shah make his own decision, or was this seen as a needed modification?

Miklos: No it wasn't seen as a modification I don't think at all. Not at all. I think it was more within the context of this general policy, that this was just part of the implementation, if you will, of it. Were trying to be helpful with it.

Q: All right. Now apparently, as I'm saying here, in the fall James Schlesinger was becoming more and more concerned about the volume of arms sales to Iran, the increase. Apparently he requested President

Ford to have NSC do a special study of policy toward Iran and the Persian Gulf states generally. Did you hear about his request? Did that ever come to your attention?

Miklos: Yes it did-- I can't remember. We didn't get deeply involved in it. As I recall, at some stage or another I think we'd heard about it of course. I think that I had registered the view that we sure as hell wanted to see the draft, and have an opportunity to make whatever comments seemed to be appropriate. Indeed I think we did, in fact, get the draft and make whatever comments we felt were appropriate. After that I don't know.

Q: Did it ever get beyond the draft level, that you know of?

Miklos: I can't tell you.

Q: Do you recall what the thrust of it might have been, the thrust of the paper? Or was it a restatement of the old policy, basically?

Miklos: Sorry.

Q: That's okay. I have a couple of OPEC questions. September 1974--fall of 1974--Henry Kissinger came to Tehran to meet with the Shah to discuss oil price questions, I guess international economic implications of oil price increases. Were you present at that meeting?

Miklos: I was not present. Dick Helms was there then. He and Kissinger saw the Shah. I know that the visit, certainly in so far as the press was concerned, was characterized as this [the oil question]. My perception was that this was not, by any means, the full burden of his visit. There were a lot of other things. The international--intention, as always big thinkers must discuss the geo-political environment of the world and all the rest of it. I do know that there was some exchange between Kissinger and the Shah on the subject, the details of which I don't recall. Yes there was some discussion. I think I remember even in advance of our saying, our telling Kissinger, "Here's what he's gonna say to what you have to say, just so that you'll know." Because we'd already been through this several times--had been asked by one or another element of the government. So it was an exchange.

Q: The following year, during the depths of the recession 1975-1976 I guess Kissinger warned the public that the U.S. might seize some oil fields in the gulf area if OPEC price increases continued to strangle the west economically. Did this statement have any particular impact on relations with Iran? The Shah?

Miklos: Yes, sure. It got the wind up! [laughs] I don't remember the precise scenario or conduit, but certainly we were told one way or another that--the Shah wanted to know right away "What the hell was Kissinger talking about?", "What did it mean?". I mean that sort of happened at the speed of light. We got an answer back with what we should tell the Shah, what was meant. Which was certainly

not confrontational.

Q: What were you told to--

Miklos: I don't remember the details. I do remember it was not confrontational.

O: Was serious consideration given to developing plans along those lines of Kissinger's statement back in Washington? Or was that just something--what was the point of it?

Miklos: I really never knew exactly how serious this might have been in the minds of some people back in Washington. As far as I was concerned, it was ludicrous. You know, somehow we were gonna parachute in there and take over the oil fields was just, well as I say--ludicrous. I think that applied to the other side of the Gulf too, although the Saudis may have taken them a little more seriously, and were a little more nervous about it. They did get a report about some U.S. army division exercise in the desert of Texas or Nevada or something like that. This was sort of a run-through for the real thing and such and such. It did get the wind up! [laughs]

Q: In the summer of 1974, I guess, as his oil revenue expanded the Shah doubled financial investment program. Investment was planned at very great levels--millions and millions of dollars.

Miklos: Against the advise of almost everybody.

Q: Did they discuss this with you or the ambassador?

Miklos: No this was basically, we felt, an internal policy-- you know, it's his money and so forth. But when I say "against the advise of almost everybody" that means his own ministers, including the Prime minister. Now it had always been the Shah's practice to set goals which seemed to be well beyond anybody's reach. This was just a tactic--well just a tactic maybe is a slight distortion. But it was a tactic. He'd say, you know, "If I don't set these goals then we're not going to go anywhere because people will say 'Well, what's realistic and what is possible?' and so forth. We'll never emerge from the sixteenth century. So I've got to set these goals. Albeit we may fall somewhat short, but still we'll go somewhere!". But when he did this in, whenever it was, 1974 as I say against the advise of almost everybody. I mean it was like a sailor going you know, on shore leave after six months on the ship and he'd saved up six months of pay and he was going to quickly do it.

Q: Did this decision cause concern at the embassy?

Miklos: Sure.

Q: About its potentially de-stabilizing effect?

Miklos: I don't know per se de-stabilizing effect. I mean it was just so far out. Again, because of the manpower constraints and so

forth-- the infrastructure constraints. They were going to have these trucks that were going to go down the north-south, the only basic real road, were going to pound the hell out of it within six months and we'd have to build the thing all over again. Just one out of many many many considerations. Congestion in the port--I mean you just couldn't move the stuff out of the port. It was wild. It finally, you know,--to jump ahead a bit--finally it became apparent that, you know, this really was not doable. It really was causing severe dysfunction in the economy, and would slop over in to the social-political side of things too. He began to back off.

Q: When was this?

Miklos: Well, when he put Jamshid Amuzegar in as Prime Minister and basically Jamshid was given a mandate, not total authority, to get things back under control.

Q: This was in 1977-1978.

Miklos: No.

Q: Earlier than that.

Miklos: Jamshid became Prime Minister I think either late 1976 or beginning of 1977, somewhere around there. He was Prime Minister when I left. As a matter of fact he very graciously gave a farewell lunch for me, which was unusual to do for a DCM. Unusual to say the

least, I mean it never had happened! [laughs]

Q: After Ford became President, 1974, was there any particular shift or modification in the approach to the Shah?

Miklos: No. Well of course Kissinger was still there.

Q: Some people suggested there's a little bit of a cooling in the relationship between the White House and the Shah because of different personalities.

Miklos: Well as always with any change in administration there was always evidence of a certain uncertainty in the court. Not the Shah personally, although it probably was the Shah. You know, "How's this guy gonna be and what's he gonna do?". So there was an initial period--but this again was not unusual. There is an initial period of uncertainty with every new administration until there was either a substantive message or meeting, or some specific actions which convinced the Shah that things were, you know, okay. In the case with Ford I think it was fairly early on in the Ford administration when the Shah went to the United States. This was part of, you know, letting him know that things were alright--no problem.

Q: During this period when you were in Iran, mid 1970s, did you ever get kind of a sense of the atmosphere of the Shah's court, including some of his major advisors and their influence.

Miklos: Very few people had any by that time. The Shah had become very much his own man. The court was by and large ceremonial functionaries. They weren't real advisors in that sense. Amuzegar, of course, even before he was Prime Minister he was the principal representative in OPEC councils all the time, and had been a senior minister of one sort or another for years. So Jamshid was one person. Hushang Ansary was another. As long as he was alive, Dr. [Manuchehr] Egbal, who went way back and was one of two closest advisors to the Shah. Alam being the other one. Of course the Prime Minister, Hoveida preceding Amuzegar. There were several military people, heads of his military services, and SAVAK, the head of SAVAK.

Q: Did any of these individuals have real influence on their own in terms of the Shah? Able to change his mind, say, or influence his thinking?

Miklos: I would say only Alam and Egbal. Only Alam and Egbal. I mean if he really made up his mind, and even then it had to be a--well obviously I wasn't privy to it. But I would say if there was anybody--oh! And the Queen [Farah]. Now for example on the question of human rights, and making himself a little more accessible, or at least appearing a little more accesible or flexible, she played an important role in that area, and also was an important factor to the degree that the royal family enjoyed, you know, a fairly good reputation and was seen with some affection--she was a major factor in that.

Q: There were charges that there was some corruption among the Shah's family, the people around the Shah's family. Did you get a sense of that?

Miklos: Oh, yes. Well this sort of ebbed and flowed. I'm sure there was corruption, and I'm sure that at some point it just got to be too much and the Shah or somebody would say, "Now, you know, that's it." As I recall at one time--sorry this is jumping back and forth in time--but he cut off the royal family from outsiders. He in effect told them, you know, "You just aren't dealing with outsiders." Now that didn't hold for Ashraf his twin sister, or a few others--I've forgotten now. But, so we in the embassy, we didn't see other members of the royal family except on an official state visit or something like that. But otherwise we didn't see them at all. So, we didn't know as much about what was going on in the direct sense as we heard through the grapevine. But I don't have any serious doubt at all that there was corruption in certain ways. Corruption in the Persian context is not quite the same thing. It's endemic in a certain sense. There's always baksheesh, you know, from the lowest peasant, the tea-bearer whatever, right on up. It's just when it gets to be, you know, beyond reasonable bounds. Like thirty percent instead of five percent, something like that.

Q: In Gary Sick's book he suggested some embassy officials in the 1970s tended to refer to the Shah in reverential terms, like "His Imperial Majesty", you know, when they were talking about him among themselves. Was that common? Or was he making more of it than there

was?

Miklos: I never heard it. I mean when we were talking about him from a distance we said "the Shah." Now, when you addressed him it was His Imperial Majesty, I mean that's how you addressed him. But nobody would say "Your imperial majesty" this and "Your imperial majesty" that. I can't imagine it, you know.

Q: Yes, I was surprised when I saw it. Thought I'd just ask to check up on this. According to some of the captured documents or some accounts of them, during this period some intelligence experts had some concern about the Shah's political and psychological reliability. Were you familiar with those speculations? Where they could be depended upon in a crunch, I guess, in terms of working with the United States.

Miklos: I don't recall anything specific, but let me say this. We never assumed that the Shah was going to do something that he did not see as being in his or Iran's best interest. So whenever we considered an approach on a given question, either consciously or otherwise, we presented it in a way which would illustrate or highlight the mutuality of that interest or that course of action or whatever it might be. If there was one thing you could certainly say about the Shah, he was an Iranian first--very much a nationalist. A ferocious nationalist, you might say. Which accounted for a lot of things that he did. So, you know, saying that he might not be reliable. There might have been some speculation that, you know, he

might not see that the way we see it, and therefore he might not do it. There could have been some of that--I don't recall any specifics, exact details.

Q: We have to wrap up now, for the day. Thank you very much for your time.

[End of interview]

DDR

Interviewee: Jack Miklos

Session #3

Interviewer: William Burr

Oakland, California

June 21, 1988

Q: In March 1975, the Shah visited Washington to meet with President Ford and other policy makers. During the visit, the Shah met with Defense Secretary James Schlesinger, and brought up the possibility of buying Boeing 707s with AWACs systems. I believe this was the first time the question of AWACs was brought up by the Shah with the U.S. Government. Do you recall how this question was handled at the embassy? You were DCM at this point, in 1975. Was the question of AWACs brought up in embassy discussions or discussions between Ambassador Helms and the Shah around this time?

Miklos: I don't remember the sequence of how this question arose. I do recall, however, that there was an ongoing discussion about the best way of providing Iran with an air defense radar capability. At one point, early on, certainly before the AWACs question developed, there was a proposal to create a circle of land-based radar stations virtually around the entire perimeter of Iran, which, on closer examination, proved that it would be really infeasible, both from an expense point of view, as well as from a manning and maintenance point of view.

I suppose that AWACs technology had progressed to the point where this loomed larger and larger as a viable alternative. Now, whether we raised this with the Shah, or the Shah raised this with us, because, as you remember, he was very knowledgeable about defense matters and technology and the latest developments in technology, I really don't know. But it arose from those basic considerations of a radar defense capability and the most feasible, viable solution to what was seen as a problem.

Q: Do you recall how far the discussions over the AWACs system as such went under the Ford Administration, whether there was any tentative agreement that the Shah could buy them or would buy them? I know it was decided under Carter that he would have access to them.

Miklos: No, I don't remember whether there was or not.

Q: Another issue came up a few months earlier, in October of '74, when Kissinger visited Iran to discuss the oil price question, among other things. Before Kissinger left, Clark McGregor of United Aircraft wrote to Kissinger about the proposals for helicopter co-production, in which United Technologies, Boeing, and Bell Helicopter were all competing for the contract for co-production of the helicopters. McGregor was worried, according to this letter, that Bell Helicopter had a political edge over United Technologies, and he asked Kissinger,

who was about to visit the Shah, to let the Shah know that the U.S. supported the idea of equal opportunity. That is, the U.S. had no preference over any of these companies as to who would get the contract with the Shah. Did this question come to your attention while you were in Tehran?

Miklos: No. To say that Bell Helicopter had a "political edge," I don't know whether that would be an accurate description or not. It may be that they had some preference in Iranian eyes, because, as you know, they were buying hundreds of Bell helicopters, some of them, if not all of them, produced in Italy at one point.

Then co-production was a thought that was brought into almost every question of military equipment procurement versus a transition to co-production or simply in-country production per se. So I'm not surprised that competitors would suggest for one reason or another, that the United States should be politically neutral or even economically neutral in suggesting one company or another. But this is the kind of thing that I think came up all the time, not just specifically this instance or this company.

But back to your original question, did it come to my attention, if it did, it didn't loom large in my memory.

Q: Sometime later in April '76, Henry Kissinger visited the Shah again at the Shah's summer palace by the Caspian Sea, and there they announced a plan for \$10 billion in arms sales that would be

part of a \$50 billion package that would be in effect from '76 through 1980, during those four years. Do you know how these arms sales packages were put together? A \$50 billion package for four years, how did this kind of a package get put together, and that kind of a number reached?

Miklos: It had always been our contention, and with Iranian agreement, that the only way to develop and maintain an economic and efficient military defense system would be to do it on a multi-year basis. So when you talk about projecting out to 1980 or whatever it might have been, that was consistent with the idea of multi-year planning. Insofar as the content of any particular plan was concerned, this was something that the Iranians themselves developed, very much like our own military develop their plans and project them out, in terms of equipment purchases and costs and all the rest of it. This was part of their systematic planning program. I don't recall these precise figures or even the content of such a plan, but, yes, the concept is certainly a valid one and one that was followed.

Q: Do you recall anything about Kissinger's visit in particular? Was this announcement of this package the main reason for his visit, or was that just sort of incidental to it? Do you recall anything about it?

Miklos: I recall the visit, but I don't recall that this was the

centerpiece of it or whether it was simply convenient timing or whatever.

Q: How much contact did you have with General Houssain Toufanian, who handled arms sales negotiations for the Shah?

Miklos: Not on a regular basis. Of course, I knew General Toufanian and saw him professionally several times, socially several times. But Henry Precht, who was our political-military man in the embassy, saw Toufanian a great deal, and in coordination with the MAAG, dealt with him.

Q: Did you pick up any impressions of Toufanian? How would you assess him as a negotiator?

Miklos: He was a shrewd, intelligent man, who obviously enjoyed the Shah's trust. He was, as we all know, his principal arms procurement man and negotiator, and he was a very good negotiator. I'm certain that many American company representatives would testify to that.

Q: Over the years, there have been conflicting reports as to whether Toufanian personally benefited from the arms sales that he had negotiated. How much merit do you think those allegations have?

Miklos: Let me just say General Toufanian did not leave Iran a poor man.

Q: Nothing came to your attention that would suggest proof to the story?

Miklos: Over the years, there were allegations of one sort or another, not just with reference to American companies, but other countries, and companies as well. But certainly nothing was ever hard, factual information. They were stories. In hindsight, you just have to wonder where his means today come from.

Q: Those were suggestions from the Shah, basically, that the Shah took care of him, which is maybe an alternative explanation. I don't know.

Miklos: I suppose. I don't either.

Q: At our last meeting, I asked you about the U.S. special defense representative to Iran, Eric Van Marbo, and his efforts to systematize the Shah's arms purchases. What impact did Von Marbo's presence have on the stature of Armish-MAAG and the stature of the Armish-MAAG chief? Was there averse impact on the status of Armish-MAAG because of the special representative's presence in Tehran, sort of giving overall perspective to the arms sales transactions that were going on?

Miklos: In the eyes of the Iranians?

Q: Or the U.S. Either way, actually.

Miklos: Certainly insofar as we were concerned in the embassy and, I suppose, back in Washington, there were two separate distinct jobs. There was a feeling in the Department of Defense, as we know, and Schlesinger in particular, I recall, that the Iranian military purchase program was getting out of hand, and that they weren't getting the best information that they could, that American companies were coming over there and, naturally, they were putting the best possible face on whatever proposal they might be making, and that some objective input was a desirable thing, and that the MAAG chief was not necessarily a technically competent source of information for this. So that Eric's job was to fill that perceived gap, which did not diminish the role of the MAAG chief. I don't think that it did insofar as the Iranian military.

Insofar as, say, the relationship with General Toufanian was concerned, yes, Toufanian might well expect to get information he hadn't gotten before from Eric, and not from the MAAG chief, but he still dealt with both. One wasn't cut out because of the other, or vice versa.

Q: That's interesting. During the mid-Seventies, Richard Secord

was a chief U.S. Air Force official with Armish-MAAG. Did you have much contact with Secord at this stage?

Miklos: Oh, yes, I knew Dick quite well. Dick was originally there as a colonel. I guess he was number two or something like that in the section, something like that. But at the time, he impressed me as a very bright, personable officer, and I carry that impression to this day. He was very able. I can't comment on later events in life because I don't know them, but certainly my association with him and his performance there was outstanding in every way.

Q: From what I've read, General Robert Huyser, who, at this stage, was with the U.S. European Command, had been a frequent visitor to Iran since the 1960s. Did you meet him on any of his visits?

Miklos: Yes, I met him several times.

Q: Did you get to know him very well?

Miklos: No.

Q: Did you get a sense of what the purpose of his visits were, what he was there for?