

instability?

Miklos: I'm not so sure that there was particular concern about that, per se. It was more that finally, this was another reason for them to retrench and draw in their horns, so to speak. They were trying to do too many things on too many fronts all at once, which was manifestly ridiculous. So cutting off their water, so to speak, we didn't cut it off, their water being cut off simply because of circumstances meant they were going to be forced, whether they wanted to or not, to do what they ought to have done anyhow. I don't recall there was a great deal of thought. If any thought was given to the social or political consequence, it was more the reverse, of, "This is going to ease the tensions, rather than exacerbate them."

Q: I see. Last week, when I interviewed Michael Metrisko, he said that when he was working in the consular section in the spring of '77, he was surprised at the number of professionals and businessmen from Iran who were making arrangements to pull their capital out of Iran and invest it overseas in the U.S. or Western Europe. He said that many of these people told him that they had lost confidence in the economy and the future of the country to some extent. Did you get this kind of information at the embassy, reports of people taking capital out?

Miklos: Capital flight. Sure. Oh, yes.

Q: Did you see it as sort of a sign of something?

Miklos: We heard a lot about this. It concerned us as evidence of a possible diminishment of confidence, but I think there was another interpretation.

Q: Let me turn this tape over.

END SIDE 1 OF TAPE 2; BEGINNING OF SIDE 2, TAPE 2

Miklos: I think there was another interpretation, and that was, again, just sort of hard-minded business calculation that they were going to do better, in investment terms, in something in Europe or the United States or wherever, than they were in Iran; that the government was spending so much, they couldn't compete. So I suppose it was basically a mix of both, but from time immemorial there's been capital flight from countries like Iran, and certainly including Iran. The amounts were substantial, but then the growing wealth was substantial, too. But I do remember this being discussed in the embassy on a number of occasions, and some "What does this mean?" and "What can we conclude? Is this a bunch of rats deserting the ship, or what?" That kind of question.

Q: Interesting. By this time, around '77 or so, how much of the

embassy's resources were devoted to reporting on internal social and political conditions in Iran? You had an economic staff looking at the economic scene, generally, but in terms of internal social and political changes that were going on.

Miklos: We had a political section doing that all the time in its regular reporting program.

Q: Some were examining the foreign political relations.

Miklos: Yes.

Q: Not necessarily domestic political.

Miklos: That is true. That is true. But it was both. The political section had responsibility for dealing with the question overall. Now, I will say this, that we had never been satisfied--ever--with the quality or quantity of our political or economic reporting, for that matter. In other words, we were never convinced that we really knew everything we ought to know about that, but this is not unique either to that time or that country or that embassy. This is something that you can go through inspector reports from around the world over the last 50 years, and you'll find the same kind of comment being made. So everybody's saying, "You should have done more about this," or, "You should have done more about that." Of all people, we were

conscious of that and constantly trying to address it.

Q: With economic problems developing, the Shah made some policy changes, some Cabinet changes, in the course of '77. He retired Hoveyda and brought in Amuzegar as prime minister. What did you think of the Amuzegar appointment?

Miklos: Jamshid is a very close long[time] personal friend of mine. We practically grew up together, in a sense, and I always thought he was an extremely able, very, very intelligent individual. The one thing that he didn't have that Hoveyda had was he was not a politician. Hoveyda was a politician almost in the Western style of politician--glad-hander, back-slapper, all that sort of thing. Jamshid was a totally different type of person in that sense. He informed himself, analyzed things, and then tried to act accordingly. Missing from that analysis, perhaps, was that political intuition, certainly to the degree that Hoveyda had it. No fault of his. Indeed, his rational analysis was probably superior to what Hoveyda's might have been. But as I say, that added dimension, that political dimension may not have been there to the extent that it was previously, and therefore, certain things were decided on that Hoveyda might not have decided on.

Q: They were decided without looking at the political consequences?

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Miklos: I wouldn't say not looking at them, but just not quite having that fine instinct that I suppose politicians are born with. I don't know. [Laughter]

Q: How much of a difference did it make otherwise, though, this change in prime minister?

Miklos: Not an enormous difference one way or another. It was a new face, but everybody knew the Shah was still boss. I think that one anticipated there would be improved efficiency in the running of government, the bureaucracy, and things like that to a certain extent, but basic policy changes, no.

Q: In November '77, a few months later, the Shah visited Washington to meet with Carter for the first time. What kind of a role did the embassy play in planning for such visits? Or was it mostly just a matter of being in Washington and planning for these kinds of State visits?

Miklos: Usually that's done in Washington, yes.

Q: Charles Naas recently mentioned that the Shah was somewhat nervous--he used the word "nervous"--about this visit, because he was unsure about the direction of Carter's policy. How visible was this nervousness to you at the embassy or Sullivan?

Miklos: I think it manifested itself in the kinds of questions we'd get from either the Shah or his senior advisors about some specific issue. The tenor of the questions would convey an uncertainty or a question mark about something or another. So if Charlie felt that he was nervous, maybe it was because of that. Otherwise, I didn't see anything particularly one way or another.

Q: One issue that interested Carter and Vance, as well as other people, at this point was what I mentioned earlier, this question of OPEC oil price increases and the Shah's role in determining the direction of OPEC's price policies generally. How much discussion of this issue was there at the embassy before the Shah left for Washington, trying to get an agreement with the Shah on this question of his role in OPEC?

Miklos: I don't really recall any specific discussion. I would only say that it had always been our--certainly my--earnest hope that any argument we would make would be a very sound, economically persuasive argument, that we wouldn't try to fog him with a lot of B.S., which we had tried in the past and which they saw through, which was absurd. So that's about all I can say on that.

Q: According to one of Sullivan's messages that was found in the captured documents, I've seen a copy, the Shah eventually called

for an oil price freeze partly because of--this is the quote from the cable--"some blunt talk to the Shah" about the problems caused by his oil price policies and OPEC price policies generally. Was that the reason the Shah acted as he did?

Miklos: I don't know. That's news to me. I don't know what the time is of that particular message.

Q: Sometime in the fall of early '78, late '77, before you left.

Miklos: I left in May of '78. It doesn't ring a bell.

Q: Naas suggested in some ways that the Shah made this concession before he had arrived in Washington, he had agreed to play some role in calling for a price freeze in OPEC. Naas suggested this was not really politically wise in some ways, because it might reduce credibility at home as a strong supporter of OPEC and standing up for Iran's interest in getting more income from Western countries. Was this issue discussed at the embassy? Was there much talk about what the implications of this move may have been domestically in Iran?

Miklos: Charlie must have been much more sensitive to this than I was because of being in Washington, where he maybe got a lot more pressure and just talk about this than we did out in Tehran.

Q: Of course, this might have been retrospective on his part.
I'm not sure.

Miklos: Yes. As a matter of fact, when you talk about price freeze, I don't even remember anything about that specifically. I do remember sort of the theme of ~"moderation" and "be reasonable" and that sort of thing always, but beyond that, not. Again, as I said, I'd always been firmly of the belief that if we were going to be making arguments to the Shah, whether it was the arguments about balance of trade or balance of payments or world economy and everything else, that whatever arguments we made had to be sound economic arguments, and not just baloney or self-serving arguments that they could see through in a minute. They were as sophisticated and knowledgeable as we were, and to try and B.S. them was stupid.

Q: From your vantage point in Tehran, did you have a take on how successful this visit was in the fall of '77 by the Shah?

Miklos: Generally successful, as I recall. This was followed by--

Q: A few months later.

Miklos: Right.

Q: Did the Shah say anything about the visit when he returned?

Miklos: I didn't see him. I don't know. Wait a minute. I did see him when he came back, and as a matter of fact, I was at the airport, but why I remember this was that one of our advisors had just been shot the day before, killed, murdered. I was at the airport, and he got off the plane, and he made some sort of half-cryptic remark to me about--he said how sorry he was about the advisor and about the news which had just come to him on the plane, on his way back. But then he said something about law and order, and reflecting how the riots on the campuses in the United States and that sort of thing. It was sort of a half-cryptic, half-snide remark, you know, "We handle our people and you're not very good at it."

Q: Demonstrations against the Shah during his visit, the tear gas near the White House.

Miklos: I guess that was it. But I mean, it was--you know.

[Laughter]

Q: That's interesting. Of course, these demonstrations got a lot of attention worldwide. The Shah's making a speech with President Carter, and there's tear gas. Were there complaints about that later on from the foreign ministry about the demonstrations, the usual complaints? This occasion, as well?

Miklos: Complaint is--

Q: Or comments.

Miklos: Lots of comments.

Q: And the usual response.

Miklos: Well, what can you say?

Q: I've read that during the Seventies, the Shah, at the request of the U.S. Government, provided military aid to various governments in Africa, such as: Chad, Somalia, Zaire. This question came up in the Washington meeting.

Miklos: I don't recall military aid. It was financial. I don't recall military aid, per se, it was financial.

Q: Naas talked a little bit about this, that there were some arms shipments expedited with the Shah's cooperation. Maybe not in all cases, but in certain cases, perhaps.

Miklos: I just don't remember. I do remember the money.

Q: Apparently the U.S. took the initiative in some cases to ask

the Shah if he could provide assistance. Do you recall any of the occasions or circumstances?

Miklos: Egypt.

Q: Aid to Egypt.

Miklos: A country in Africa.

Q: Besides Egypt.

Miklos: Sub-Saharan Africa.

Q: Chad, maybe?

Miklos: We asked him about Chad, too. Where was it? Well, it was one of the Sub-Saharan Africa, and we asked him to help out. We asked him to do a lot.

Q: How would you explain his willingness or interest in cooperation in these kinds of cases?

Miklos: I don't want to oversimplify it by this comment, because it was, I think, much more complex than this, but obviously part of it was he felt our interests were parallel, and that in the context of his analysis of the international situation, this made

sense, and therefore it was not just because the United States asked him to do this, but that it made sense from Iran's point of view and from his understanding and appreciation of what was going on internationally. Therefore, he would do it.

Q: Did you play any role in the discussions over the form or quantity of aid to these countries?

Miklos: I remember on one occasion--and I think we talked about this before--the question of aid to Egypt, and it was aid in kind. The Iranians said, "Fine. We will give them Iranian trucks," assembled, basically, not manufactured from the ground up, but Iranian trucks. And back in Washington there was a certain amount of grumbling about this, and we said, "Well, look, they just took a lesson from the United States aid program. When you say aid in kind, you get it in the United States; you don't get it in some other country."

Q: Was that when you were at the country desk?

Miklos: I don't remember when that was.

Q: Over the course of '77, there was increasing opposition activity in Iran. I guess the campuses were in ferment.

Certainly by the fall, many campuses were undergoing lots of activity. There were some protests in the bazaar against the

Shah's economic policies. How much did you know about these developments during '77? How closely did you follow these developments? Or how much were they followed at the embassy?

Miklos: To the extent that we could, they were followed. I'd say intensely followed.

Q: Or intently, maybe.

Miklos: Or intently. Not only followed, but reported. I mean, it was not something that we were trying to conceal from anybody in Washington or anything like that. I think that I always worried about whether our analysis of these events were on track or not, were they realistic, but I don't think I can characterize it beyond that.

Q: To what extent did they raise any questions at the embassy or in your mind about the durability of the Shah's position?

Miklos: I certainly never dreamed, in my wildest dreams, that what eventually happened would happen. We understood that as he introduced these measures, as he understood, there was going to be a certain amount of turbulence on the political front, as well as on the economic front. So that what was happening didn't come as a major surprise, but I think having said that, we also believed--I believed--maybe not a belief shared by everybody in

the embassy, that these were manageable, this was manageable turbulence, and it was just a necessary part of the evolutionary process. He was among the first to say, "This is not going to be easy, and there's going to be some problems, but I'm going to go ahead."

Q: Later that same year, at the end of December, President Carter returned the Shah's visit by stopping in Tehran after a visit to Poland, I think. What kind of planning did the state visit by the President require of the embassy?

Miklos: I'm not sure I understand the question.

Q: When the President visits a country, what does the embassy have to do to arrange for such a visit?

Miklos: Oh! I don't want to go into all of it. It is a major, major operation. These days, before a President moves anywhere, you have advance parties, hundreds of people descending on you, all kinds of communication facilities put in, scenarios worked out to the minute in discussions with the Iranians who were going to be responsible for executing much of this, the Secret Service--I mean, it is just God-awful. The second coming of Christ won't be as complicated.

In terms of substance, a good part of this is already worked out. Washington prepared issues to be discussed, and responses

and so on. We get to make our contribution. Charlie may have talked about this if you raised the question with him. A hundred and one details about who's going to be here and who's going to be there, down to the question of what the hell the menu's going to be, you know. Just unbelievable. So involved, yes. A major part of my time, my life, was spent dealing with all these kinds of questions in receiving these people and trying to be sure that there wasn't major friction between these clowns that didn't know an Iranian from an Indian, and the Iranians who thought they were a bunch of barbarians descending on them, which, in many cases, it was. But you know. [Laughter] God-awful.

Q: This was a very short visit, as well.

Miklos: It doesn't matter! Ten minutes, it doesn't matter! You've got this incredible circus, moving circus. The British Prime Minister comes to town, they've got two security guys and a P.R. guy, you know. Oh, it's just awful. We've become so goddamn imperial. Talk about imperial! [Laughter]

Q: In terms of the actual substance of the meeting, was there much to Carter's visit? I think there was another arms agreement that was announced at this stage.

Miklos: I don't remember. There may have been some little thing, you know. You always have to have something that you can

say, the communique at the end, "We did this," or, "We did that," or, "We agreed to something else." I don't remember.

I remember the fine New Year's Eve party we had, but that was something else.

Q: Did you hear anything about the discussions between the Shah and Carter? Did they talk about human rights issues, for example?

Miklos: I do not know. I was not present.

Q: At the banquet, Carter made his famous toast, of course, about the Shah being a man loved by his people, and Iran as an island of stability in a troubled part of the world. Do you know who wrote the toast? Charles Naas has disclaimed any responsibility for it.

Miklos: He disclaimed?

Q: Yes.

Miklos: He did?

Q: Yes.

Miklos: Because I was going to say, usually those things are

drafted, at least initially drafted--

Q: He might have had an initial draft, but it was transformed completely.

Miklos: I don't know who. I thought it was just Jimmy Carter himself, carried away. But I don't know. I know initially, because I've been on the other end, too, those things are drafted back in the Department, sent around, and on and up, and they go into a great big book like that.

Q: Only a few days later after the Carter visit, a Tehran newspaper published an article that attacked the Ayatollah Khomeini, and the article sparked demonstrations in Qom that led to violent repression by the police of these demonstrations.

Miklos: Meshed or Tabriz?

Q: First there was Qom. The demonstration was at Qom first, because that's one of the religious centers, as you know.

Miklos: Yes.

Q: And later on, there were demonstrations in Tabriz and Meshed and elsewhere. But the Qom incident, I guess, was the first incident of this sort. What was your initial reaction to this,

or your initial reading of this development?

Miklos: I would say the first thing we would try to do was find out what the hell really happened, because the newspaper reports are always exaggerated in one way or another, and the official version is something else. Basically, we were interested in finding out what really happened. I think that, and certainly at Tabriz and elsewhere, generally came across that these were pre-planned. I mean, it wasn't just a spontaneous development, that it had been planned in advance, that stacks of rocks had been placed at certain strategic points so that when the moment came, they were available to throw, and so on and so forth.

Beyond that, I think, again, this is part of the expected turbulence that these changes are provoking, one; two, that the opposition is testing how far this liberalization is going to be permitted, what are the outer limits; three, the test of the government's ability to deal with it, the question of how they deal with it, not only in terms of the incident, per se, but the P.R. aspects of it, etc.

Q: Forty days later, in mid-February, there were new demonstrations as part of the period of mourning under Muslim practices.

Miklos: Cycle of viciousness in the end.

Q: So there was Tabriz, repression against the demonstrators. This led to a fairly extensive loss of life in Tabriz, at least so I've read. Tabriz was under marshal law into mid-February, and there were demonstrations and violence in other cities around Tehran, as well. And forty days later, in late March, there was another cycle, more violence and response as an outgrowth of the period of mourning that led to new protests and more repression by the government.

Miklos: Right.

Q: What was your reading of the political situation by the late winter of '78? Was it, again, the same idea, that this was manageable turbulence?

Miklos: I was gone by then.

Q: March or April of '78, then.

Miklos: In March-April of '78, I thought that this was still containable, that the authorities were making some serious mistakes, but hopefully that they would learn from these mistakes and deal with the next round, which we could all anticipate better. I think, as a matter of fact, they did deal with it in a more sophisticated way, some of the later demonstrations. Generally, I think things died down after a while, and I thought,

well, we're back down to a quieter period of time, not necessarily that this had disappeared, but that it's just quieted down, both sides had realized, "Okay, we've gone so far and we're beginning to understand what those outer limits are on both sides, so we're going to behave accordingly."

Q: Back in Washington, in a State Department seminar that I guess Naas had organized, partly for his edification because he was planning on leaving for Iran, I think it was March the seminar was held. James Bill gave a presentation, arguing that the U.S. did not have a bright future in Iran, that the social turbulence and demonstrations were an indication of serious problems, he was arguing. Did you get reports about his presentation at the embassy?

Miklos: I can't remember what the timing was. Certainly I heard about what Bill said. It wasn't just Bill; there was a bunch of them, there was Marvin Zonis and other people that were coming in and giving us their views, some at our invitation, others on their own. So I just don't remember the timing of when I heard about this.

But let me just say this, that I never heard any clear, articulated, reasoned, extended analysis of where this was all going to go from anybody--from anybody. Now, there are always people who are predicting for the 30-some years that the Shah was on the throne, that he was going to fall the next day, for this