

Lehfeltdt: Not particularly, except that it was a convenient place to spend New Year's, and you'd rather do it amongst friends than any place else. He did indulge in some hyperbole that I don't think Mr. Nixon would have, but that's all right. Which he lived to eat a year later.

END OF SIDE ONE, TAPE ONE; BEGINNING OF SIDE TWO, TAPE ONE.

Q: You were saying?

Lehfeltdt: It wasn't exactly a state dinner anyway, but that's all right. No, it was just another ceremonial stop without a-- it didn't seem to us a heck of a lot of substance. There couldn't have been. They were only there twenty-four hours, if that long. And so the kind of substance that took place would be pretty limited. That's right, Bill Sullivan was there for that. he had to be. But he got there just before. He couldn't have been there very long before that.

Q: Now in his campaign, of course, Carter emphasized the importance of human rights issues. Did your contacts in the Iran government, or people you talked to who were with the Embassy, did they suggest that this concern had a real impact on the way the policy was conducted?

Lehfeldt: Yes, it was very much in everybody's portfolio. Miss Darin's strictures on democratization and all the rest of her baggage were always brought to mind, and the general human rights issue was one that was constantly hammered by the Carter Administration in Iran, into Iran. And it was probably that as much as anything else that sort of forced the Shah, or moved the Shah, into making a lot of steps, taking a lot of steps in 1978, early '78, that eventually probably led to his downfall. Easing opposition activities, permitting the street demonstrations. Maybe he had no choice, I don't know, but the spectacle of the Shah and the Shabanu on the White House lawn wiping away tears caused by tear gas was really pretty shocking. And that happened about four months later, I guess. It was April, wasn't it?

Q: No, November, I think. Before Carter's visit to the country.

Lehfeldt: Was it '77 or '78?

Q: '77. Like November or October. November.

Lehfeldt: At any rate, that was caused by Iranian students abroad. Vast numbers of them. I thought it was later than that. I thought it was after the New Year's visit.

Q: It was before.

Lehfeltdt: I guess it was before, yes. Memories tend to get fuzzy.

Q: Some of the accounts I've read recently suggest that in practice, as his administration proceeded, Carter tended to subordinate the human rights issue to the strategic issues of arms sales, the role of the Shah in the Persian Gulf, et cetera.

Lehfeltdt: But that was after Afghanistan.

Q: No, even before. Did you get a sense of that? You didn't get a sense of that apparently from your vantage point?

Lehfeltdt: No. Not from our vantage point we didn't get a sense of that. Brzezinski, of course, was an apparatchik of realpolitik to some degree. But it was only after Afghanistan--which was '77, I think, wasn't it?

Q: Nine.

Lehfeltdt: No, no.

Q: The invasion? That was '79.

~~Lehfeltdt: The invasion, but the--~~

Q: Oh, the coup?

Lehfelddt: The coup, right.

Q: Yes, right, that was a year or two earlier.

Lehfelddt: In '77, I think. I'm almost certain.

Q: Yes. Yes, that's right.

Lehfelddt: That the American attitude towards Afghanistan and the area began to-- the Carter attitude towards Afghanistan and the area began to shift, because clearly the regime that came into power in Afghanistan was a pro-Soviet regime, no matter how bad it was, how badly organized it was. And so that caused a rethinking, I think, of a lot of the problems in the area. And the problem of Bhutto was another one that sort of impinged on all of this. That's about the time he was-- killed, wasn't it? '76? '77?

Q; Thereabouts. Now shortly after Carter's visit the Iranian government ran a newspaper article that criticized Ayatollah Khomeini, which led to demonstrations in Qom that were violently repressed? That's sort of the sequence as I recall.

Lehfelddt: Now that article was allegedly written by Daryoush

Homayoun. He denies it. He's a very nice man, by the way.

Q: Actually in James Bill's book, he suggests a lower level person actually wrote the article?

Lehfeldt: Yes, exactly. Exactly. But his name was associated with it. And it needn't have happened, needn't have been written, but, yes, that was one of the proximate causes of demonstrations and more distaste for the Shah's regime. Just solidified opposition. But, you know, hell, by that time-- as I've pointed out many times-- they had managed to offend almost every aspect of government, civilian, intellectual, religious, business, and trade in the country. And the only thing they thought they had going for them was the military, and that turned out to be a weak reed.

Q: Now the repression of the demonstrations at Qom touched off a cycle of demonstrations and protests that encompassed the whole country?

Lehfeldt: Yes. The exact progression is a little fuzzy in my mind. I thought the first demonstration that caused the repression took place in Tabriz, because there were people killed up there, and forty days later they started holding the funerary-- the mourning period. And that then took place in Qom, and then there was Tabriz and then there was this, there was that, there

was the Abadan fire, and it just sort of snowballed.

Q: Did you witness or know about the protests that were taking place in Teheran the first months of '78, as part of the cycle?

Lehfeldt: Yes, we knew about them, but it wasn't really until later on that we could see and feel the effects, for instance, of the strikes in the passport section, the foreign residence section of the Interior Ministry. When you couldn't get exit permits and so forth and so on.

Q: What was your initial evaluation of the protests that were breaking out in early '78? Did you see them as very striking?

Lehfeldt: Yes, we were concerned about them, but we never really felt--I never really felt and most of my colleagues never really felt, with one or two exceptions--that the Shah was in any danger. All he had to do was tighten the faucet a little bit, tighten the screws a little bit, and everybody would go back in their holes was the attitude. And that this was permitting a little bit of pressure to escape, and that when enough pressure had escaped, why, they would put the lid back on and we'd go on our merry way, and maybe this would have had a salutary effect over the long run for the people of Iran, but that this was simply one more step in the progression of Iranian political development that had to take place in an orderly, slow, stately,

step-by-step manner. Going overnight from dictatorial Shahdom to democracy was clearly not in anybody's imagination.

Q: You said there were a few exceptions, people that took a more somber interpretation of what was going on. Do you recall who they were?

Lehfeldt: Oh, yes. James Saghi, an American of Lebanese extraction, who was the Kimberly-Clark man [Novzohour Paper and Novzohour Sports] and a very active-- he pulled out in '77. He saw the writing on the wall, he now says, and he sold his house at the top of the market for something approaching two and a half million dollars cash, which he took out of the country immediately. Moved lock, stock and barrel to San Francisco, where he lives happily ever after with a four hundred acre spread in Napa, a luxury apartment in San Francisco and numerous other investments, of course. Still very wealthy.

Lloyd Bertman was another one. Lived in Iran for twenty-eight years. Ran something called Jupiter Trading Company. His proximate cause, proximate complaint, was the anti-corruption act [Foreign Corrupt Regent Act of 1976]. He says, if I have to live and report under that, I can't, because there's no way to do business in this country unless you play by the Iranian rules. You can't impose American rules here. Then besides that, he said, there are things that are happening that make me uncomfortable, so I'm going to leave. So he sold out, again towards the end of '77

I think it was.

Q: This is all before '78 then?

Lehfeltdt: All before '78.

Q: Before the demonstrations? Okay.

Lehfeltdt: Yes, yes, before the demonstrations. Another one who voiced his suspicion that everything was going to fall apart was Bill Shashua, who was an American citizen of Iraqi-Jewish ancestry, who was the Peugeot, among other things-- the Peugeot representative in Iran. We talked often about how the place was going to hell in a handbasket, and he kept thinking that he ought to withdraw and move out, but he waited until the last minute. He had enough money abroad anyway, but that's neither here nor there.

But they were really the only ones that I know who acted on their feelings, their suspicions, that something dire was going on. And there was one Iranian who did the same thing. He moved out in-- well, I guess he didn't move out until '78, but he moved out in the summer of '78 when it was still possible to go. With all of his chattel, all of his extensive collection of priceless Iranian artifacts and things, carpets and so on. He lives in London and New York and does very nicely, thank you.

Q: Did your contacts at the Embassy-- did you discuss these issues with them in '78, the demonstrations, with them?

Lehfeldt: Yes. Well, you know, the Chamber of Commerce had a periodic meeting with the Embassy, with the Ambassador. Now they tended to become a little bit stilted, because we now had a couple of Iranians on the board. Rahim Iruani, the head of Melli Shoe Company, the Melli Group. Ahmed Ladjevardi. But those two especially would come to the meetings with the Ambassador and naturally there were some restrictions on how open we could be.

Nonetheless, most of us felt the Embassy was never very forthcoming with us when it came to difficulties, that to some degree in the latter part of the summer of '78 and the beginning of the fall, the American business community was being urged to stay put, not to show, not to desert, not to show any lessening--

Q: On the part of the Embassy?

Lehfeldt: Yes. Not to show any lessening of support for the Shah and so on. We were, in a sense, being held hostage by the Embassy [chuckles] for this policy of supporting the Shah.

Q: Did any of your contacts in the government of Iran or the business community-- were they trying to find ways to smooth things over between the government and the opposition? Were any people taking any initiatives?

Lehfeldt: I never ever came across anybody who was trying to do that. The few people who had bridges built to both sides, at least to some degree in the intellectual side, were not sufficiently tied in or were overly identified with the regime to be useful in this. No, I never got the feeling that there was any real attempt at dialogue between the different parts. And, you know, when the religious element began to make itself felt, it was clear that they weren't interested in dialogue.

I have often and publicly said that I did not consider the Iranian revolution in its fullest to be a religious revolution. It was a middle-class revolution. It was a revolution in which all sides agreed on only one thing, that was to get rid of the Shah, but there was no agreement on what the form of the government would take after the revolution. And that's where it all became terribly, terribly difficult.

Q: Now in August, '78, the Shah tried to find ways to placate the opposition by promising Western style democracy. He promised to change the calendar to please the religious opposition. He promised, I think, tax cuts and wage hikes to please business and labor. And he appointed Sharif-Emami as Prime Minister.

Lehfeldt: Who took all the lids off the press. We had a completely free press for about a month in Iran for the first time in my memory. But by that time, there was nothing the Shah

could do. This is hindsight speaking now. Sharif-Emami was a discredited politician to begin with. They were all-- most people did not-- he did not have the respect of even the people he purported to represent. That is, the upper crust. And even there were some who said, well, this is the Masonic Lodge at work. The Masons were widely reputed to be the managers of the whole country anyway. Have you ever heard that?

Q: Yes, I've heard of that theory.

Lehfelddt: Well, Sharif-Emami was one of the senior Masons in the country. Very much so. So was the Speaker of the House. His name begins with an R.

Q: Speaker the majlis?

Lehfelddt: Yes.

Q: Going back to that time. Do you think that those concessions of Emami had any immediate impact at that point in time?

Lehfelddt: Those concessions?

Q: Yes.

Lehfelddt: No, we did not. But by that time, you know, strikes

were all over the place. Banks-- you couldn't get money sometimes. You couldn't get exit visas. There were a lot of things you couldn't do. And it was very difficult, in August, September, October, just to go about your daily life. And by November, early November, which was when Tehran was pretty much-- they burned Teheran. That's when the revolutionary-- sorry, the riots really got out of hand, no amount of concessions by the Shah would have satisfied the opposition. They had the bit in their teeth then. And by that time they knew that they had pretty well eaten into the integrity of the military. By that time too-- no one knows for sure when he turned, but General Fardust, who was the Shah's closest adviser, had turned traitor apparently. And maybe one or another of the other Generals as well.

So by that time-- and again this is all hindsight-- the Shah knew how ill he was, but nobody else knew except the French doctors.

Q: Had there been rumors about that?

Lehfeldt: Oh, there were rumors all the time about the Shah having kidney problems, impotence, a few other serious things. Heart problems.

Q: Nothing like a fatal-- ?

Lehfeltdt: No, no. You know, this is true of any dictator. I remember when I was first in Spain in '55, Franco was about on death's door every week. When I went back in '75 he was still there.

Q: But closer?

Lehfeltdt: Yes, but closer. He did die later that year.

[Laughs]

Q: In September there were the famous Black Friday events in Jalal Square.

Lehfeltdt: Yes, in Jalal Square. Those were known. Well, and the fire in Abadan was a month before and was a terrible catastrophe, and that's what led to Amuzegar's downfall. He didn't show any sensitivity whatever. He didn't go down there to investigate for himself. He may have sent a representative, but it was widely rumored that the theater was locked by SAVAK and set fire to on purpose, to blame it on the opposition.

And then there was the-- when did the earthquake in Tabas take place?

Q: I'm not sure about the chronology in that.

Lehfeltdt: Somewhere in the same-- not too long after that. And

that's when the Empress decided that she didn't really love her people all that much after all.

Q: You mentioned that last time.

Lehfeltdt: Yes, I guess I did. Yes.

Q: Now with the Black Friday events, the killing of protesters in the square, around that time, September, did you think there was any possibility for the government to make an accommodation with the opposition?

Lehfeltdt: Again, you know, quoting-- I may have quoted him before-- I quoted (Khodadad) Farmanfarmaian, who said, you know, "We all expected the old man to pull something out of his sleeve." Only this time he couldn't. He didn't have anything up his sleeve to pull out. And many people, including myself, had sort of blind faith the Shah would survive, and U. S. government support for the Shah was well placed and should continue. The evidence to the contrary was widely discounted.

Q: This was true of the Embassy as well, I take it?

Lehfeltdt: It's hard for me to say. It's hard for me to say about that. I wasn't that close to the Embassy in those days.

Q: But did you have a few contacts and talk about these things? Or were they very guarded?

Lehfelddt: Yes, sure. They were very guarded in their analyses, but, you know, Brzezinski was still very staunch in his support of the Shah, and the trouble is the State Department was less staunch in its support. By the sounds of things. At least ex post facto.

Q: At any point during the late summer or fall of '78 did you travel outside of Tehran?

Lehfelddt: Let me stop and think. Did we travel outside of Tehran in '78? We did at Nouruz. We took our traditional trip to--

Q: That's in December?

Lehfelddt: No, it was in March. We did in March in '78. I went to Kashar, as I recall, and farther down, Haft Tapah. Dezful and so on. And we went to the Caspian. But I did not go to Tabriz or Mashad or any place else in '78. I was spending more of my time for General Electric briefing them on what was happening. So in October, for instance, I went to Copenhagen to brief the chairman of the company and the international board on events in Iran. By that time-- I had written a speech, with slides and all

the rest, which I still have, as a matter of fact. Headlines of daily newspapers and so on. It was very discouraging. Well, my boss in London said, "Don't be so discouraging." So I softened it a little bit, but not--

Q: What was the thrust of your argument?

Lehfeldt: My thrust was that this is a tough time and that it's questionable whether the guy's going to survive. But by the time my boss had worked me over a little bit, I pushed it a little bit to the other side, that, yes, he would survive.

Q: By October you were not so sure then?

Lehfeldt: I was not so sure of it.

Q: I guess it was the same month, important U.S. establishment figures like John J. McCloy were pressing the State Department to push the Shah to begin a military crackdown on the opposition?

Lehfeldt: Yes.

Q: Were there any foreign businessmen in Iran who were putting pressure on the Embassy to take a similar approach, pressing the Shah to sort of crack down?

Lehfelddt: No, I wouldn't say-- you know, the business community in Iran were not in that position vis-a-vis the Embassy, to urge them to urge the Shah to crack down. That role had never been created for us. They wouldn't have listened to us in the first place probably.

Q: Did word about things like McCloy's pressure come back to Tehran?

Lehfelddt: No. But when Dick Cooper, for instance, came out to look things over--

Q: For the Treasury?

Lehfelddt: Well, he was Under-Secretary of State for Economic Affairs. I had a dinner for him at the house, and I think that was October as well. Of course everybody came in armored cars, and they had to leave by ten o'clock because of curfew and so forth and so on. So it was a very-- and I had all the establishment there. The head of the Central Bank, the head of Bank Melli, and, you know, some other--

Q: What was the atmosphere?

Lehfelddt: The atmosphere was nervous. Questioning. Wondering whether the economy could survive. This was mostly looking at

the economy, because everything was tied up in strikes by that time. It was a difficult time for anybody.

Q: Now you mentioned earlier some of the concerns of the American community vis-a-vis the Embassy. I take it they grew more and more as--

Lehfeldt: They grew more and more real, especially in the first-- I think it was the first week of November, when the rioters moved up into the middle of Tehran and burned, for instance, the Waldorf Hotel, which I could see out of my window. I had Dennis Neill from U.S. NEWS & WORLD REPORT with me that day, and I was on the eleventh floor of a building downtown and we could walk around and watch the whole city burn. There was smoke coming from every direction. The rioters swept up north of Takhti-i jamshid and, you know, set a number of places on fire. And broke a lot of windows and were trashing things. Why they missed my building, I don't know. They trashed all the windows of all the airlines except Aeroflot and-- I don't know who the other one was, but there was an Eastern European one.

Then about three o'clock the troops came down from the north, and as if by arrangement the rioters withdrew to the south and the northern part of the city was once again in the hands of the government.

By that time, in November, we were all starting to move our-- the business community was moving dependents and other

unessential people out of the country. Now some companies bugged out very early, much to the distress of the Embassy, and some of the dependents of the Embassy wanted to leave and did leave. And Bill Sullivan was quoted at one point as telling one officer, "Well, you will never work for me again in any Embassy of mine if you send your people home."

So that was the attitude that we felt, that we were being held hostage for a policy that seemed to be failing by that time.

Q: What were some of the companies that were leaving?

Lehfeldt: Westinghouse sent everybody home. Didn't leave anybody. Some of the companies simply couldn't function, because you couldn't get residence permits, you couldn't get-- and you had to send your people out while they still had valid exit permits. You couldn't pay your personnel. So a number of companies simply decided, well, let's get everybody out of here that we can while we can and maintain a skeleton crew and we'll come back when things are back to normal.

Q: Now I've seen a State Department cable that was declassified a while ago, from around October, maybe early November, that suggested that some Iranian businessmen and government officials were concluding that the demonstrations and strikes would not cease until the Shah left the country. Did you hear such arguments before you left Iran? During the fall?

Lehfeldt: Yes. By that time it was clear that there was a good deal of pressure on the Shah to leave, and he was resisting all those pressures. But from the Embassy-- no, I never heard anybody from the Embassy-- I wonder who wrote that? George?

Q: I think it was one of Sullivan's cables.

Lehfeldt: One of Sullivan's cables.

Q: But he now.
But these are Iranian contacts that were discussing this with you?

Lehfeldt: Well, you know, many of my Iranian contacts had already left the country. Not all of them, of course, because some of the businessmen stayed on thinking, well, you know, we're businessmen, we're not politicians. Little did they realize that they too would be held up. But there was no-- you know, people like Reza Fallah, who was the Deputy Head of the National Iranian Oil Company, he left early on. And even on the plane I left on, when I left Iran-- which was December 21st or 22nd, '78-- there were a dozen businessmen and government officials of one sort or another that were bugging out at that time. But they'd stayed late. Many of them had already left.