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INTERDEPENDENCE OR REALISM: A STUDY  
IN UNITED STATES-IRANIAN RELATIONS

THESIS

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This study analyzes recent developments in U. S.-Iranian relations during the Nixon administration and attempts to portray the principal objectives of the United States and Iran vis-a-vis each other. Complex Interdependence is the model for development of the arguments. Due to the circumstances, however, the study substantially draws on Realism as well. Chapter I discusses methodology. Chapter II focuses on the Nixon Doctrine and its impact on U. S.-Iranian relations. Chapter III discusses the evolution of mutual interests between the two nations in the Gulf area. Chapter IV drawing on the previous chapters, concludes that an interdependent relation between the two nations has developed to the extent that in some areas policy of one nation would have an impact on the other, i.e., increase in the price of oil.

## TABLE OF CONTENTS

	Page
LIST OF TABLES . . . . .	ii
LIST OF ILLUSTRATIONS . . . . .	iii
INTRODUCTION . . . . .	1
Chapter	
I. INTERDEPENDENCE . . . . .	6
Power and Interdependence	
Sensitivity	
Vulnerability	
Complex Interdependence	
Characteristics of Complex Interdependence	
(A) Multiple Channels	
(B) Absence of Hierarchy Among Issues	
(C) The Minor Role of Military	
Realism	
Balance of Power	
National Interest and National Security	
II. THE NIXON ADMINISTRATION . . . . .	26
The Economic Consequences of the Nixon Doctrin	
The Principle Objectives of the United States Foreign Policy in the Persian Gulf	
The Nixon Administration and Iran	
Arms Sales	
Opposition to Arms Sales	
Justification for the Arms Sales	
The Capital Treaty Organization and American Foreign Policy	
III. EVOLUTION OF U. S. INTEREST IN IRAN AND THE PERSIAN GULF (1968-1976) . . . . .	60
Evolution of Iran's Interest in the U. S. Support	
IV. CONCLUSION . . . . .	82
BIBLIOGRAPHY . . . . .	93

## LIST OF TABLES

Table	Page
I. Conflict in the Persian Gulf . . . . .	35-36
II. Arms Transfers to Major Persian Gulf . . . Countries, Iran, 1970-1975	44-45
III. U. S. Foreign Military Sales to the . . . Persian Gulf	54
IV. Oil Demand and Supply Projection, . . . . Free World	62
V. Daily Average of U. S. Net Imports . . . . of Energy	64
VI. Imports of Petroleum Products and Crude Oil from the Persian Gulf States into the United States for the First Quarter of 1977, and the Fourth Quarter of . . . 1976	67

## LIST OF ILLUSTRATIONS

Figures	Page
1. OPEC Oil: Supply/Demand	70
2. Soviet Crude Oil Production	80

## INTRODUCTION

For decades following 1945, the Cold War and the problem of security dominated the foreign relations of most states. Leaders in both the Eastern and the Western poles shaped their foreign affairs within the limiting context of national security and national interests. Realists' views of international politics dictated foreign policy making in almost every instance. Leaders used the rhetoric of national interest and national security as an ultimate appeal to stimulate support for their foreign policy goals. In the United States, Presidents Truman and Eisenhower used these elements in the forties and fifties to push for foreign aid, to increase the defense budget or to gain approval for alliances and treaties. President Nixon used national security rhetoric to justify his involvement in the Watergate affair. Furthermore, power, mostly defined in terms of military capability, played a major role and was used to preserve peace or enhance particular policy.

However, political and economic development in the 1950's and in the 1960's injected new elements and factors into world politics. Concepts such as national security and national interest increasingly became insufficient. Scholars, political leaders and the news media throughout the world began to realize the importance of economic, social, and cultural factors in

determining domestic and foreign policies. The Cold War and its security threat began to lose total dominance in world politics and was forced to share its position in foreign policy-making with economic, cultural, and social factors. Leaders and policy makers realized and admitted that international order was in a period of transition. Some developed and developing nations began to rely upon economic aspects of their relations with others for their foreign policy objectives. Sources of conflict as well as means of negotiating peace changed.

In the same vein, several prominent scholars began to study international relations from different angles. The development of European Coal and Steel Community (ECSC) and the European Economic Community (EEC) led many students of international politics to embark upon a new way of analyzing this complicated subject by stressing cultural, economic, and social factors tending to integration or disintegration.

In mid-1950, Karl W. Deutsch and Ernst B. Haas, by developing a new approach in international relations, began to challenge the old notions of world politics. Deutsch and Haas concentrated on "regional integration" as a new method of analysis for describing what was happening. Deutsch, by using the "cybernetic" approach, focused largely on transactions and exchange of goods among nations, as well as changes in public attitudes. Haas pioneered "neofunctionalism" and focused on the interests of elites and institutions and

the extent to which they altered their behavior through learning. In short, the discipline underwent deep and revolutionary changes. However, despite these changes, and severe criticism of Realism in the discipline, it is extremely difficult to ignore the views and theories of this school of thought. It would be unfair, and in fact wrong, if it is assumed that Realism has totally lost its credibility and validity. Some scholars are convinced that Realism will sustain its validity and usefulness because there are still matters in world politics which involve the security or survival of a state. Relations between the United States and the Soviet Union, or the Sino-Soviet relationship still involve national security and military affairs, and the issue of military capability is still first on the agenda. But the point is, unlike in the past, the Realists' assumptions in molding the foreign policy are inadequate in some, if not most, circumstances. Force and the rhetoric of national security are not the only instruments used by nations in all situations. In fact, the terms "national interests" and "national security," once taken for granted, have themselves been criticized as being ambiguous and immeasurable. Therefore, new concepts, as Robert O. Keohane and Joseph S. Nye point out, have been developed to help make up the shortcomings of Realism, particularly the concept of interdependence in international politics.<sup>1</sup> Despite their

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<sup>1</sup>Robert O. Keohane and Joseph S. Nye, Power and Interdependence, World Politics in Transition (Boston, 1977), p. 7.



criticism of the "Realism," Keohane and Nye, too, allude to the fact that Realism has not lost its relevance. They believe, in some instances, Realists' views are more appropriate and have a better explanatory power.<sup>2</sup> But they also conclude that the new concepts of Interdependence and Complex Interdependence are superior to that of Realism in explanatory power in certain circumstances.<sup>3</sup>

In this analysis of U. S.-Iranian relations in the post-war decades, the author has chosen to employ "Complex interdependence" as a model, following Keohane and Nye. This approach presents the researcher with substantial problems concerning the availability and reliability of data. But these difficulties and unforeseen problems did not change the author's original plan. Rather, he decided to find and use as much reliable data as possible.

Furthermore, though he tried to analyze these relations within the context of Complex Interdependence, the author had to incorporate a great deal from Realism as well. The strategic location of Iran, its political role in the Persian Gulf, Soviet influence on other states' policies, especially Iraq, all involve considerations of power politics.

The first chapter will discuss Interdependence and Complex Interdependence. It also discusses and clarifies two concepts from Realism; Balance of Power, National Interests and National

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<sup>2</sup>Ibid., p. 24.

<sup>3</sup>Ibid., pp. 8-24.

Security, since these concepts have been proven to be ill-defined. The second chapter opens its argument on the setbacks experienced by the United States in its Vietnam policy during the Johnson Administration, and holds that situation responsible for the changes in U. S. foreign policy during the Nixon Administration. However, the chapter focuses mainly on the Nixon Doctrine and its impact on U. S.-Iranian relations, militarily and strategically. The third chapter will discuss the evolution of western interests in the Persian Gulf, especially the United States, as well as Iran's concerns over the security of the area. The arguments in this chapter tend to demonstrate the evolution of an interdependent relation between the United States and Iran, as well as some other Persian Gulf states. The thrust of the argument is that the international situation of energy is the main factor for this development. Finally, Chapter four, by examining some questions about the present U. S.-Iranian relationship, will illustrate the interdependence between the two nations' foreign policies.

## CHAPTER I

### INTERDEPENDENCE

Interdependence has usually been defined as a condition existing between, or among, nations. Oran Young defines the concept as a condition in which an event or a set of events or policies in one nation in the world system affect the policies or events in others in the system.<sup>1</sup> Keohane and Nye define dependence as "a state of being determined or significantly affected by external forces. Interdependence, most simply defined, means mutual dependence. Interdependence in world politics refers to situations characterized by reciprocal effects among countries or among actors in different countries."<sup>2</sup>

These effects usually take place as the result of international transactions, such as exchange of goods, tourists, students and messages across international boundaries.<sup>3</sup> For instance, as will be discussed at a later point in this study,

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<sup>1</sup>Oran R. Young, "Interdependencies in World Politics" International Journal, XXIV (Autumn, 1969), 727.

<sup>2</sup>Keohane and Nye, Power and Interdependence, p. 8.

<sup>3</sup>It may seem similar to "Integration," but there are some differences. Robert O. Keohane and Joseph S. Nye, "International Interdependence and Integration," in Handbook of Political Science Vol. 8, International Politics, Edited by Fred I. Greenstein and Nelson W. Polsby (Massachusetts, 1975).

the decision by the Organization of Petroleum Exporting Countries (OPEC) in 1970's to increase the price of oil imposed many changes in the importing nations, and, to some extent, increased inflation throughout the world. As another example, Iran's strong role in controlling the price of oil in the world market forced President Carter to retreat from some of his commitments in regard to Human Rights, arms sale, and the sale of nuclear reactors.<sup>4</sup> As is obvious, Interdependence does not consist of one type only, but has a wide variety of types, such as Economic Interdependence, Social Interdependence, Policy Interdependence and even Strategic Interdependence (Soviet-American Strategic Interdependence).<sup>5</sup>

The term interdependence does not necessarily refer to a situation of mutual benefits. Since an interdependent relationship always involves costs and reduces autonomy, the final judgment depends on the participants' or the researchers' subjective judgment as to whether a specific interdependent relationship is mutually beneficial or not. Furthermore, an interdependent situation does not merely refer to an evenly balanced dependence. In this game, one actor may prove less dependent upon the other, while the other is more dependent

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<sup>4</sup>Christian Science Monitor, January 13, 1978, p. 26.

<sup>5</sup>Keohane and Nye, Power and Interdependence, p. 9, and "International Interdependence," pp. 368-74.

upon the first one. As a result, one state is likely to have more power, in terms of bargaining, than the other. It is unlikely that there will be a situation of evenly balanced mutual dependence. In fact, Richard Cooper defines Economic Interdependence as a "sensitivity of economic transactions between two or more nations to economic developments within those nations."<sup>6</sup> Furthermore, he points out that if two nations establish a high mutual trade with one another while the value of their trade proves insensitive to price and income development in those nations, the degree of interdependence is extremely low, and perhaps one should not refer to this as an interdependent situation.<sup>7</sup> However, Cooper points out "two countries would be highly interdependent if their transactions were greatly sensitive to economic developments even if their mutual trade were initially at a low level."<sup>8</sup> Therefore, it is relatively safe to claim the existence of sensitivity and vulnerability as a condition for an Interdependent relation.

#### Power and Interdependence

Power has been one of the major elements in foreign policy and an essential element in international relations. Yet, it is one of the most ill-defined concepts. Power, despite the long-standing criticism regarding its vagueness in meaning and

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<sup>6</sup>Richard Cooper, The Economics of Interdependence: Economic Policy in the Atlantic Community (New York, 1968), pp. 159-60.

<sup>7</sup>Ibid.

<sup>8</sup>Ibid.

its immeasurability, still has sustained its central conceptual role.

Arnold Wolfers has defined power as "the ability to move others or to force them to do what one wants them to do and not to do what one does want them to do."<sup>9</sup> Hans J. Morgenthau interprets it in terms of ability of man to control the minds and actions of other men.<sup>10</sup> Keohane and Nye define it "in terms of control over outcomes."<sup>11</sup>

For quite some time, it had been perceived that the ultimate source of power in international relations was that of military capability. Nations strengthened their fighting ability to increase their bargaining power, and dealt with each other in the light of their military capability. But this attitude has been changed in recent decades.

In this study the concept "power" will refer to the means of control over resources, or the potential to affect outcomes. A nation which is incomparable in terms of military capability such as Saudi Arabia with the United States, in an interdependent situation, might get so much power that an adverse decision by Saudi Arabia might bring severe difficulties in the U. S. economy while the United States government would have no

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<sup>9</sup>Arnold Wolfers, Discord and Collaboration, Essays on International Politics (Baltimore, 1962), p. 103.

<sup>10</sup>Hans J. Morgenthau, Politics Among Nations, The Struggle for Power and Peace (New York, 1973), p. 28.

<sup>11</sup>Keohane and Nye, Power and Interdependence, p. 11.

physical control over the situation, unless through a bargaining process. In other words, unlike in a Realist situation, in Interdependence it is political bargaining which demonstrates the elements of power rather than military capability.

In this bargaining process, the element of power can probably be measured, to some extent, better, though not completely. There are two elements which are central in measuring and understanding the power in Interdependence; Sensitivity and Vulnerability.

#### Sensitivity

One of the important ingredients of Interdependence is sensitivity. "Sensitivity involves degree of responsiveness within a policy framework--how quickly do changes in one country bring costly changes in another, and how great are the costly effects?"<sup>12</sup> Sensitivity is measured by the volume of goods, the kind of goods, and the degrees of effect in the system and its economy. For instance, as will be discussed, the whole economy of European nations, the United States, as well as Japan, are sensitive to OPEC's decisions regarding the flow or the price of oil, since these nations import a great deal of oil from the OPEC countries. One unfavorable decision, a sudden rise in the price of oil, or a decision to hold or cut the production in these countries, would affect remarkably the economy in importing nations, as was demonstrated in three

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<sup>12</sup>Ibid., p. 12.

occasions in the early 1970's. The degree of adjustment to these external elements, however, is a different matter than the Sensitivity, and here the Vulnerability appears.

### Vulnerability

Keohane and Nye define Vulnerability in terms of "actor's liability to suffer cost imposed by external events after policies have been altered."<sup>13</sup> Again this can be illustrated by referring to the OPEC and the increases in the price of oil in 1970's.

Let us take Japan and the United States as examples. The increase in the price of oil in 1971, 1973 through 1974, and 1975 affected both the United States and Japan. In other words, they both showed sensitivity, but the United States proved less sensitive than Japan, since it imported less crude oil from the OPEC countries. Therefore, the United States could, in the long run bear the cost, but Japan was unable to cope with the price increases since it imported about ninety per cent of its energy needs from the OPEC countries, and thus the cost imposed great changes on the Japanese economy. Of course, within the last three years the U. S. is also becoming more sensitive, and consequently vulnerable too, since the volume of imported oil by the United States has dramatically increased. The economy of some nations, such as Italy, was so sensitive to the price increases of the 1970's, that they could not adjust their

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<sup>13</sup>Ibid., p. 13.



situations effectively, and as a result, their economy was heavily damaged. In short, the degree of the cost and the political ability carried by the importing nations is the measure of vulnerability. Japan can be categorized as an extremely vulnerable nation to another increase in the price of oil, but the United States may not be as vulnerable, since it imports less and produces more oil than Japan. Of course, this is subject to a detailed discussion.

Vulnerability is an important factor in the politics of Interdependence, since this is the situation where nations acquire their bargaining power. The thesis argued here is that the U. S., as well as its allies in Western Europe and the Far East, are extremely sensitive, and in some cases vulnerable to the flow of oil and the stability of its price by the Persian Gulf states. They are also sensitive and vulnerable to the availability of the potential markets in the Gulf states since these states possess huge cash reserves. The significance of this situation is that the price and the flow of oil, as well as the availability of the markets all depend on the policies and preferences of the Gulf states. This, therefore, forces the Western nations to have a deep respect for the preferences of those countries. Sensitivity or vulnerability is not limited only to the exchange of goods and services; it can occur in the sociopolitical area as well, since some nations, such as Sweden, particularly depend on tourism for their economy.

Of course, it should be borne in mind that economic or sociopolitical interdependence, sensitivity or vulnerability has limits. Military power still dominates economic power, and indeed economic capability alone could prove ineffective in some cases. For example, during the Arab oil embargo in 1975, the United States threatened to apply force if the involved nations insisted on too much. But despite this, economic interdependence in some cases has helped to decrease the possibility of conflict. This is evident in the present Irano-Soviet relations. The Soviet Union has sometimes pursued a neutral policy toward Iran in its political disputes with Russia's strong ally, Iraq, and has even accepted the dominant military role of Iran in the Persian Gulf. These moderate policies are a result of recent increases in Irano-Soviet trade in both volume and quality.

#### Complex Interdependence

Complex Interdependence, as constructed by Keohane and Nye is a challenge to Realism. As they view it, Realist arguments in most cases are inadequate and cannot really correspond to all situations in international relations, since the international environment has undergone changes.

Complex Interdependence differs in some respects from that of Realism, but there are three areas in which they are distinctly different. Unlike Realism, military security is not the dominant goal. Goals in Complex Interdependence vary by

the issue area. Furthermore, military forces play a less effective role in conducting relations. Instead, manipulation of Interdependence, control of international organizations, or transnational actors will play the most effective role. Finally, international organizations have an effective role in this system. For instance, in today's international order, international organizations have helped to activate potential coalitions in world politics. International organizations, such as the United Nations, have become a source of hope for small and weak nations through the system of one-state-one-vote.

#### Characteristic of Complex Interdependence

##### (A) Multiple Channels

It is a widespread assumption among scholars as well as statesmen that nations and societies are connected through many channels by increasing contacts among non-governmental elites, either face to face or through highly developed instruments of telecommunications. Bankers, investors, and bureaucrats from different nations meet together to discuss and decide issues which consequently affect their nations and their people, without the direct involvement of governments. This, in itself is a change in the shape of world politics.

##### (B) Absence of Hierarchy Among Issues

Issues affecting foreign policy have vastly increased within the last three decades. Unlike in the past, all foreign

policy issues are not subordinated to the military and security affairs. Nowadays any issue, depending on the circumstances, can receive the highest priority. Domestic affairs, more than ever before, have a direct impact on the conduct of foreign policy. In 1975, energy proved to be an important problem in foreign policy, and again in 1978, President Carter, in his first tour around the world, showed more concern with the state of economy, energy, and Human Rights than with security issues.

#### (C) The Minor Role of Military

Unlike Realism, Complex Interdependence assumes a less important role for the use of military force in conducting foreign policy. It would be a fair assumption to say that among the more integrated European nations fear of attack in general has declined and the perceived margin of fear has widened. In short, force, as it used to be, is not a very appropriate means for achieving political and economic ends. Even the dictatorial nations are hesitant to apply force, since it may interrupt other relationships.

Of course, the possibility for military power to become a dominant factor in international relations is still great. A drastic change, socially or politically in one important country could give the military force a dominant role. This possibility appeared strong in 1975 when the United States warned the Arab nations in their embargo against the West.

Despite these factors, considering the destructive power of nuclear weapons, it is less likely that nations will resort to military force to resolve their differences, or to achieve their goals. But it is "important to determine the applicability of realism or of complex interdependence to each situation."<sup>14</sup>

### Realism

As indicated earlier, in developing the arguments about U. S.-Iranian relations some concepts and assumptions from Realism have also been employed. This has been done since the security factors in the Persian Gulf, for Iran as well as the United States, are important. For instance, Iran feels threatened by Iraq's regime, and this constitutes a reason for the United States to be concerned with the security of its ally. Besides, the balance of power in the Persian Gulf is an important issue in U. S.-Iranian relations. Therefore, to avoid confusion, an attempt will be made to define, as precisely as possible, two Realist concepts which will be frequently referred to; balance of power and national interests and security.

### Balance of Power

Perhaps in the history of nations the most effective way to offset power has been through countervailing power. Balance

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<sup>14</sup>Ibid., p. 29.

of power has been one of the major concepts of political Realism for the last few centuries. It would not be too much of an exaggeration to say that the nature of man has created and sustained this phenomena.

Balance of power suffers from the absence of a precise and commonly accepted definition. Hans Morgenthau has used the term in four different meanings; "(1) as a policy aimed at a certain state of affairs; (2) as an actual state of affairs; (3) as an approximately equal distribution of power; (4) as any distribution of power."<sup>15</sup> Ernst Haas has recorded eight verbal meanings for the term used either by scholars, journalists or statesmen. He has found balance of power meaning "distribution of power," equilibrium and hegemony. He has also noticed that Francis Gould has taken the term as a way to peace and stability. Finally Haas has found this term meaning "power politics" a "universal law of history" and as a system and guide to policy making.<sup>16</sup> Of course, most definitions overlap each other one way or the other. George Schwarzenberger defines balance of power as alliance, counter alliances, or a set of treaties which aim to produce a certain amount of stability in relations of nations. He calls this equilibrium the balance of power.<sup>17</sup>

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<sup>15</sup>Morgenthau, Politics Among Nations, p. 167.

<sup>16</sup>Ernst B. Haas, "The Balance of Power: Prescription, Concept or Propaganda," World Politics, vol. 5, no. 4, (July, 1953), pp. 442-77.

<sup>17</sup>George Schwarzenberger, Power Politics (New York, 1951), p. 179.

These numerous interpretations have caused a great deal of controversy and criticism. In fact the term has not been immune from the criticism of realists themselves. Morgenthau, the prime defender of the concept, has noticed some problems with it. He finds the term uncertain, because there are not any tools with which one can measure or compare power as it exists among the nations. He indicates that the term cannot be used as a policy guide because the policy makers aim for superiority, rather than equilibrium. In other words, the policy makers have a tendency to acquire more offensive and defensive power in their stockpiles than their opponent(s). This is done based on the assumption that a possible miscalculation of the distribution of power may put them in a disadvantaged position. Therefore, they aim for superiority as a margin of safety.<sup>18</sup>

Morton A. Kaplan claims that balance of power has been broken down and does not exist any longer. He maintains several factors are responsible. Most of all, in a balance of power system, it is necessary to have at least five essential actors and preferably more. Since World War II, Kaplan believes the world system has shifted from balance of power to the loose bipolar system. In the bipolar system Kaplan sees very little role for states other than the superpowers, the United States and the Soviet Union. He forecasts if the Soviet

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<sup>18</sup>Morgenthau, Politics Among Nations, pp. 203-11.

Union in the near future can possibly achieve a higher manpower production ratio than that of the United States, it may become practically impossible for the United States to compensate for this change. Therefore, Kaplan concludes "two centers of rapidly growing economic potential make for a bipolar international system rather than a balance of power system."<sup>19</sup> One of the major differences between the balance of power and loose bipolar systems is that in the loose bipolar system, there are supranational actors and national actors, while in the balance of power system there are only national actors (Russia, Germany, and Great Britain in the eighteenth and the nineteenth centuries). Kaplan then divides the supranational actors into "bloc actors," such as NATO and Warsaw Pact led by the United States and the Soviet Union respectively, and "universal actors," such as the United Nations. There are also national actors, such as Yugoslavia, India and China, which are in neither bloc. According to Kaplan, if the NATO and Warsaw blocs are hierarchical, only the uncommitted nations, such as China and India, can disturb the alignment. However, if the blocs are not hierarchically organized, the loose bipolar system will resemble the balance of power, but with fewer changes.<sup>20</sup>

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<sup>19</sup>Morton A. Kaplan, System and Process in International Politics (New York, 1957), p. 33.

<sup>20</sup>Ibid., p. 37.



If that is the case, as Kaplan insists it is, then one may argue that the present world order resembles the balance of power system more than it does the loose bipolar system. To be sure, within the last decades the organizations NATO and Warsaw, both have experienced some instability. In NATO, France's dissatisfaction; in CENTO, Iran's and Pakistan's dissatisfaction, and Iraq's withdrawal can well demonstrate this instability. For instance, Iraq has shifted its position one hundred and eighty degrees. Once it was in alliance with the West, now it is aligned with the East and has become one of the major bases of anti-west influence in the Middle East. Since the Indo-Pakistani War in 1973, Iran has lost faith in CENTO, and has begun to rely on its own strength for its defense. Within the last decade, it has furthered this objective through an independent foreign policy which has resulted in friendly relations with the Soviet Union. Unaligned nations, such as India and China, have begun to upset the equilibrium by lending themselves to the East and the West respectively. The emergence of the continent of Africa has been another source of instability in the loose bipolar system. In fact, there have been some serious struggles between the East and West to influence these nations. Latin America has also proven unstable since the spread of Communism and emergence of Castro in Cuba.

If one takes Kaplan's definition of balance of power, the absence of the loose bipolar system will become more visible. The balance of power system operates on the basis of short term

alignments of a flexible nature. Kaplan maintains that "it is a system in which alignment preferences on specific and limited interest. Thus, the enemy of today may be the ally of tomorrow,"<sup>21</sup> or vice versa. In the 1950's Iraq, a long time Western ally, became an enemy of the West. In the same way, one may refer to the Sino-Soviet or U. S.-China relations in the 1970's. In short, it seems that in the 1970's the world system is not operating the way that the loose bipolar system should as Kaplan claims. Quite to the contrary, the world system resembles the balance of power system, though with a slight difference from its pre-World War conditions. Unlike the eighteenth and the nineteenth centuries, Europe is no longer the center of world politics against which local balances could group themselves. Today the balance of power in Europe has "become a mere function of the world-wide balance of which the United States and the Soviet Union are the main weights placed on opposite scales."<sup>22</sup>

What all these arguments indicate is that despite the existing difficulties, the balance of power has been, and still is a major, but not the only, instrument in international relations and in the history of nations.

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<sup>21</sup>Morton A. Kaplan, "United States Foreign Policy in a Revolutionary age" in Great Issues of International Politics, The International System and National Policy, edited by Morton A. Kaplan (Chicago, 1970), p. 197.

<sup>22</sup>Morgenthau, Politics Among Nations, p. 201.

In summary . . . it can be said that the balance of power is not so much imposed by statesmen on events, as it is imposed by events on statesmen. It is not to be eliminated by declamation, but if it is to be eliminated at all, by altering the circumstances that produce it.<sup>23</sup>

The term in this project will be used as a device for the self-defense of nations whose independence and security is threatened by a disproportionate increase in the power of other states in the area. Because, as will be pointed out in brief, ever since the British government announced its intention to withdraw its forces from the Persian Gulf, Iran felt insecure in its southern and eastern borders. Therefore, it became determined to build a deterrent force to insure its security. Furthermore, the security of the Gulf is significantly important to the United States and the West as a whole, since the Gulf states are the major, if not the only, source of energy supply for the West and Japan.

#### National Interest and National Security

Although national interest and national security are two different subjects, in practice they cannot be separated. Both concepts are open-ended and can be misused or misinterpreted, but the fact remains that in conducting foreign policy,

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<sup>23</sup>Kenneth N. Waltz, Man the State and War, A Theoretical Analysis (New York, 1965), p. 209.

the use of vague terms is sometimes necessary. As Henry Kissinger once put it, foreign policy language is ambiguous by its nature.<sup>24</sup>

These two concepts are commonly used by realists and policy makers to justify or develop arguments. Ever since man has entered society and accepted sovereignty, he has adopted national interest and security as the basic guidelines for conducting the nation's affairs with others. Therefore, it is safe to say the foreign policy of nations is molded and shaped in the light of national interests. Conflicts and wars too, often erupt in the name of national interest and national security.<sup>25</sup> "The foreign policy of a nation," writes Hartmann, "represents its judgment of national interests."<sup>26</sup> Thus, it is necessary to determine what the national interest and security are and how they are to be defined.

Hartmann defines national interest in terms of "what states seek to protect or to achieve vis-a-vis other states."<sup>27</sup> Kaplan has defined it more objectively; "the interests of a nation is to satisfy national needs." Then he goes further

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<sup>24</sup>Kissinger Remarks on Panama Canal Treaty, CBS Evening News With Walter Croncrite, September 26, 1977.

<sup>25</sup>Fredrick H. Hartmann, The Relations of Nations, 2nd edition, (New York, 1962), p. 268.

<sup>26</sup>Ibid., p. 5.

<sup>27</sup>Ibid.

and says "thus national interests are objective, and there are as many national interests as national needs."<sup>28</sup> The primary responsibility of governments is to preserve the security of the state and protect the lives of its citizens as well as their property, internally or externally. This would indicate the national investments of citizens outside the state, such as the American oil companies' capital investments in the Persian Gulf, and the lives of those who are engaged in enhancing the American national interests in the foreign nations. Therefore, as the above arguments suggest, the real meaning of national interest and security vary according to the circumstances.

Lack of a coherent and precise definition of the terms and their open-endedness, has exposed the realists to heavy criticism. For instance, these concepts are so elusive and susceptible to interpretation that they may lead one to pursue an imperialistic foreign policy. Serious problems arise when one tries to find how much security is desirable, how much security is necessary, how much market is sufficient, or how much aggression a country should employ in the name of national security and interests. Realists are well aware of these difficulties: "The argument has substance as far it goes," says Morgenthau,

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<sup>28</sup>Morton A. Kaplan, Macropolitics, Selected Essays on the Philosophy and Science of Politics (Chicago, 1969), p. 168.

"but it does not invalidate the usefulness of the concept."<sup>29</sup>

Morgenthau, in further defense of the national interest indicates,

The concept of national interest is similar in two respects to the great generalities of the Constitution, such as the general welfare and due process. It contains a residual meaning which is inherent in the concept itself, but beyond these minimum requirements its content can run the whole gamut of meaning which are logically compatible with it. That content is determined by the political traditions and total cultural context within which a nation formulates its foreign policy. The concept of national interest then, contains two elements, one that is logically required and in that sense necessary, and one that is variable and determined by circumstances.<sup>30</sup>

As is evident in today's diplomatic relations and as has been in the past experience, it is difficult, if not impossible to replace these concepts. It seems that a nation can not really commit its foreign policy to a precise goal. Rather, leadership of a nation should be flexible enough to use any reasonable option. Conducting a foreign policy under precisely defined and measurable terms prevents the flexibility necessary to the conduct of a healthy foreign policy. After all the Prince, as Machiavelli maintains, should be able to change faces if necessary, for the general good of all.

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<sup>29</sup>Hans J. Morgenthau, "The Primacy of the National Interest," in Bishop and Hendel's Basic Issues of American Democracy, 7th edition, edited by Samuel Hendel (New York, 1973), p. 602.

<sup>30</sup>Ibid.

## CHAPTER II

### THE NIXON ADMINISTRATION

By the time that Richard Nixon became President of the United States, the increasing dissatisfaction of the American public with the Johnson's Administration regarding its handling of the war in Vietnam forced the new Administration to a reevaluation of foreign policy. Unlike World War II and the Korean War, the Vietnam War had a negative impact on the U. S. domestic economy. The costs of war, both in man power and military operations had angered the American people. Critics of the war were seriously questioning the absence of morality, the use of military force and the concept of national interest in conducting foreign affairs. Some were advocating "the possibility of major reduction in . . . foreign policy commitment abroad."<sup>1</sup> Others alluded to the opinion that direct intervention by American forces in containing communism "could very well lead to disaster and was even likely to be immoral."<sup>2</sup> Furthermore, the critics, including some of the allies, were unhappy with the deep involvement of the U. S. in Southeast Asia, because the war in Vietnam occupied a dominant place on

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<sup>1</sup>Paul Y. Hammond, Cold War and Detente, The American Foreign Policy Process Since 1945 (New York, 1974), p. 329.

<sup>2</sup>Ibid.

the agenda of the United States foreign relations, thus having priority over the problems of the rest of the world. Given the conditions, most of the allies had been left in the dark. As Paul Y. Hammond put it; "Johnson's decision to strive for a military solution to the Vietnam problem made all other foreign policy considerations secondary from 1966 to 1973."<sup>3</sup> In a sense President Johnson's pride and ego had prevented him from accepting the fact that sometimes it is in the best interest of the nation to retreat, rather than lead the country to a point of disaster.<sup>4</sup> Under the circumstances, the demand for a new foreign policy increased.

The post-Kennedy liberal critics assumed that the United States could protect its interests as well as its security in developing nations, without employing any military action or direct armed intervention.<sup>5</sup> The liberal critics also emphasized "the extent to which a once rigidly bipolar world had evolved into a multipolar world, politically and economically, if not militarily."<sup>6</sup>

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<sup>3</sup>Ibid., p. 326.

<sup>4</sup>President Johnson reportedly said that "I am not going to lose Vietnam. I am not going to be the President who saw Southeast Asia go the way China went." He also told reporters that "I am not going to be the first American President to lose a war." Alexander L. George and others, The Limits of Coercive Diplomacy, Laos-Cuba-Vietnam (Boston, 1971), p. 161, also, James David Barber, The Presidential Character, Predicting Performance in the White House (New Jersey, 1972), p. 33.

<sup>5</sup>Robert W. Tucker, "The American Outlook: Change and Continuity" in Retreat From Empire? The First Nixon Administration (Baltimore, 1973), p. 44.

<sup>6</sup>Ibid., p. 41.



The Nixon administration, being aware of the new world situation, and noting the deep concern of the people in the United States, decided to respond in the most favorable way possible. President Nixon introduced a new formula for American foreign policy in the seventies; retrenchment without disengagement. Throughout its terms, the Nixon administration tried to dramatize this new approach in foreign policy by comparing it to the Monroe Doctrine or Truman Doctrine, hoping it would be considered as a similar major contribution in American diplomatic history. Whether it is a Doctrine or not is an argument beyond the scope of this discussion, but as Robert E. Osgood has noted, "as a guiding principle of policy and action, it obviously suffers . . . a lack of coherence by comparison."<sup>7</sup>

The major point of this policy tended to release the American people as well as the American system from the burden of guarding the free world and other countries at the expense of American lives and tax money. Again the prime source for this policy was the long and costly involvement of the United States in Vietnam. The American people were psychologically unable to continue to support the U. S. involvement in Vietnam at the expense of American lives and economic resources. In short the new Doctrine stipulated that: (1) the United States would respect all its treaties and alliances and would protect

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<sup>7</sup>Robert E. Osgood, "Introduction: The Nixon Doctrine and Strategy" in Retreat From Empire?, p. 3.

its friends who were threatened by aggressors; (2) the United States would extend protection by offering its friends a shield, if any of the U. S. allies were threatened by a nuclear power and the survival of the threatened country proved to be vital to the security of the United States; (3) if the aggression took place in a form other than a nuclear attack the United States, according to its commitment, would provide economic and military assistance at the request of the ally, but the latter nation would remain responsible for providing the manpower.<sup>8</sup>

President Nixon, criticizing American foreign policy in the past, stated; "We Americans are a do it yourself people, an impatient people. Instead of teaching someone else to do a job, we like to do it ourselves."<sup>9</sup> The Nixon Doctrine was now supposed to teach others, and encourage allies to share a more active role in securing their interests.

There were two significant changes as a result of the Nixon Doctrine. First, a substantial reduction occurred in American military operations and obligations abroad. Second, since the Nixon Doctrine promised to supply its allies by easing arms sales restrictions, a new market became available to the American economy.

#### The Economic Consequences of the Nixon Doctrine

The economic crisis and devaluation of the British pound in 1967 forced the British Labor government to speed up the

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<sup>8</sup>U.S. Department of State Bulletin, LXIV (March 22, 1971), 34. (Hereafter cited as DSB.)

<sup>9</sup>DSB., LXI (November 24, 1969), 437.

withdrawal of its military forces from the Persian Gulf. Washington thought that the British decision would "change the pattern of regional security" in the Gulf region.<sup>10</sup> The ultimate question was, how should the power vacuum created by the British withdrawal be filled? The newly invented Nixon Doctrine provided the answer, at least for the time being. Iran was a wealthy and anxious nation in the region whose leadership, in the past, had unsuccessfully asked the West, especially the United States, to help in building up a margin of deterrence. The time was ripe for both nations to realize their ambitions: for Iran, building a significant deterrent force; for the United States, protecting its interests at no cost. When the Shah asked Washington to aid Iran in up-dating its military equipment, he received a favorable response. It was not only the Shah who received such a response; in fact all those nations which Washington perceived as loyal to the West received a similar friendly answer. In a sense, the Nixon Doctrine began to ease the limitation on arms sales. This policy, which helped the United States to reduce the cost of military operations abroad, also helped the economy of the country in many respects. In the early seventies, when the war in Vietnam ended, orders for the military industries began to decline significantly. The U. S. settlement in Southeast Asia had minimized the demand for new hardware. As the result the arms industries were in serious trouble.

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<sup>10</sup> DSB., LXIV, (May 31, 1971), 692.

Ironically enough, in 1971, during the same period, the United States foreign trade balance showed a deficit, something which had not been experienced since 1893.<sup>11</sup> The Nixon Doctrine helped in solving both difficulties: (1) the crisis in the arms industry, and the consequent unemployment; and, (2) the balance of trade deficit. During the same period, the oil producers in the Persian Gulf decided to raise the price of crude oil. For instance, the price for the Arabian light crude oil, (a measurement in the market for the producing nations), "rose from \$0.91 in 1970 to \$1.27 under the Tehran Agreement of 1971, to about \$3.30 in October 1973, and around \$8.00 in January 1974."<sup>12</sup> This event played another major role in encouraging the arms sales. This tremendous and unexpected increase in the price of oil immediately affected the economy of the industrialized world and widened the gap between the value of imports and exports. For quite some time, it seemed impossible for the industrialized nations to cope with these changes through the regular trading pattern, based on their current list of exchange goods. S. Stanley Katz, Assistant Secretary for Economic Policy and Research in the Department of Commerce, believed that the fastest way to re-establish a logical balance between the import-export trade

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<sup>11</sup>Anthony Sampson, The Arms Bazaar, From Lebanon to Lockheed (New York, 1977), p. 243.

<sup>12</sup>T. M. Rybczynski and George F. Ray, "Historical Background to the World Energy Crisis," The Economics of the Oil Crisis, edited by T. M. Rybczynski (New York, Holmes & Meier, 1976), p. 2.

was to add military goods to the list of export commodities.<sup>13</sup> In other words, the Commerce Department wished to see more arms sales concluded in order to keep the economy of the country balanced. This sort of thinking among government officials, as well as the increasing pressure on the United States regarding the power vacuum in the Persian Gulf and the danger of subversion in Iran, convinced the American leadership to arm Iran. The pressures were reinforced by Iran's insistence on more arms while offering hard currencies in return, and the shift of power in Iraq in favor of the Soviet Union.<sup>14</sup>

The Principal Objectives of the United States  
Foreign Policy in the Persian Gulf

In 1972, Joseph J. Sisco, Assistant Secretary for Near Eastern and South Asian Affairs, outlined the essential objectives of American foreign policy toward the Persian Gulf states. These objectives were basically derived from the general foreign policy of the United States around the globe, which had its basis in the Nixon Doctrine. According to Sisco

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<sup>13</sup>National Defense, Vol. XL (May-June, 1976), 448.

<sup>14</sup>Since 1958 Iraq has experienced four bloody revolutions and almost all these regimes have been closely associated with the Soviet Union. Today, Iraq's major port in the Persian Gulf, Omm Qasar, serves the Soviet Union as a major naval base in the area. Shahram Chubin and Sepehr Zabih, The Foreign Relations of Iran, A developing State in a Zone of Great Power Conflict (Berkeley, 1974), pp. 170-192.

the basic purpose of United States foreign policy has been: (1) to avoid involvement or interference in the internal affairs of the Gulf States; (2) to encourage all the littoral states to cooperate in regional alliances to promote peace and stability in the area; (3) to encourage and support all friendly littoral states to provide for their own security and development; (4) to avoid confrontation in such areas of the world, as it was principally enunciated at the Moscow summit; and finally, (5) to encourage the international exchange of goods and services.<sup>15</sup>

Three years later, another State Department official went further and specifically pointed out that Iran and the United States were pursuing the same interests in the Persian Gulf; that is, the states in the area should "remain independent and free to choose their own course of political and economic development, that this oil-rich and strategic region remain free from hostile external influence, that destabilizing and destructive radical movements not gain a foothold, and that the trade route from the Persian Gulf to the rest of the world remain open."<sup>16</sup>

To realize this goal, the United States, with the Shah's encouragement, tried to convince the littoral states to come

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<sup>15</sup>DSB., LXVII (September 4, 1972), 242.

<sup>16</sup>Address by Alfred L. Atherton, Jr., Assistant Secretary of State for Near Eastern and South Asian Affairs, DSB., LXXIII (December 15, 1975), 862.

to terms and establish an alliance system for the stability and protection of the Gulf from outside forces. In one respect this alliance, if formed, could very well minimize the arms race among the states in the region, and ease tensions. However, this attempt failed. Despite the improved relations between Iran and Saudi Arabia, these two states were not able to achieve a common ground as to protection of the Gulf.

Iraq, the second most populous state in the Gulf, has had a completely different attitude and foreign policy; extremely pro-Soviet and anti-West. Iran and Iraq have had a number of border clashes throughout the 1960's and there are some issues which have not been resolved and remain as a source of conflict in the region, (see tables on pages 35-36). Iraq also trained and sent subversive groups to Iran and other smaller states in the Gulf, while the Shah supported some anti-Iraqi elements, called Kurds, in Iraq who were fighting Baghdad for their independence. Of course Iran and Iraq have settled a number of their differences but their major point of difference regarding the continental shelf in the Gulf has not been settled.

Within the last decade Iraq has claimed some border territories in Kuwait and Saudi Arabia. Most importantly, as long as there are differences among the major states in the Gulf, it is extremely difficult to establish a sense of cooperation in the form of alliances. The Shah and the United States tried to achieve this collective security, but soon both realized the difficulties involved. Today, the United States has

TABLE I

CONFLICTS IN THE PERSIAN GULF REGION

Opponent	Source of Conflict	Status
Iran and Iraq	Boundary dispute	Agreement signed in March, 1975 may temporarily resolve conflict.
Iran and Iraq	Iranian support for Kurdish rebels fighting for autonomy from Iraq.	Iran has agreed to cease support in return for settlement of river boundary.
Iran, Saudi Arabia, Iraq, Kuwait, UAE, Oman	Domination of Persian Gulf-Iran has treated Gulf as own lake-- has seized islands of Abu Muss and Tunbs-Iraq, Saudi Arabia and Kuwait resent Iranian domination of Gulf. Conflict also embedded in ancient antagonisms between Iran and the Arabs.	Unresolved--source of tension
Iraq, Kuwait, Saudi Arabia	Iraq claim to Kuwait territory to insure access to harbor at Umm Qasr. Saudis back Kuwait.	Temporarily resolved--Iraq has withdrawn claim to Kuwait land.
Oman and Dhofar Rebels, Peoples Republic of Yemen	Rebels in Dhofar Province of Oman are fighting for independence--Oman government supported by U. K., Iran, Jordan, and U. S.	Rebellion is in continuing state of ferment.

Continued on the next page.



TABLE I - CONTINUED  
 CONFLICT IN THE PERSIAN GULF REGION

Opponent	Source Of Conflict	Status
Afghanistan and Pakistan	Afghanistan has supported aspiration of Pashtu tribes for independence from Pakistan. Iran has provided military assistance to Pakistan.	Unresolved-- in state of ferment.
India and Pakistan	Long history of India & Pakistani hostility--3 wars in past 30 years--most recent in 1971. Iran opposed further dismemberment of Pakistan and has expressed support for Pakistan.	Unresolved-- source of tension.
Pakistan and Baluchi Rebels	Baluchi tribesmen seek independence from Pakistan--Pakistan trying to keep remainder of territory intact--Iran has provided military assistance to Pakistan.	Unresolved-- in state of ferment.

SOURCE: The Defense Monitor, Center for Defense Information vo. IV, no. III, (Washington, D. C., May, 1975), p. 4.

reached the conclusion that it must look "to Iran as a stabilizing influence in its region."<sup>17</sup>

#### The Nixon Administration and Iran

The primary objective of United States foreign policy in the seventies, including that of the Ford Administration, was to enhance three major goals: (1) the strengthening of unity among the industrial democracies; (2) the preservation of equilibrium and to assure a lasting peace; and (3) the establishment and strengthening of positive economic relations between developed nations and developing nations in order to insure mutual respect.<sup>18</sup> The official foreign policy makers, especially Secretary of State Henry A. Kissinger, had flatly pointed out that the United States would never "tolerate a shift in the strategic balance against" the United States, "whether by violations of agreements already concluded, by making unwise new agreements or by neglect of our own programs."<sup>19</sup> This statement was very influential, and undoubtedly his remark was applicable to the Persian Gulf. Earlier, Kissinger had explicitly expressed the importance of the area to the United States by commenting that the U. S. is very vulnerable to instability in the Middle East and the Persian

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<sup>17</sup>DSB., LXXIII, (December 15, 1975), 862.

<sup>18</sup>Remarks by Secretary Kissinger, DSB., LXXIV, (May 10, 1976), 598.

<sup>19</sup>Ibid., p. 601.

Gulf, because of dependency upon oil from the area.<sup>20</sup> A conflict in the Persian Gulf or in the Middle East would have an immediate effect on the United States' security as well as its economy.<sup>21</sup> Thus the United States, because of its deep interest in the area, began to look to Iran's stability as the primary source of "global peace and a major factor in the stability of the Middle East."<sup>22</sup> To state this situation differently, Washington assumed that if Iran played the major role in the Gulf and Saudi Arabia the minor role, then the stability and protection of the area could be guaranteed.<sup>23</sup> As Sisco put it; "Iran like Turkey and perhaps other NATO countries provides the U. S. with a very tangible benefits vis-a-vis the Soviet Union and global strategic consideration."<sup>24</sup> This assumption convinced the United States that the alternative to direct American military and economic involvement in the area was a build-up in military strength for Saudi Arabia and Iran. This notion began to bear fruit in two ways: first, a policy of arms sales, completely different from that of the past, was designed to allow these countries to acquire the

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<sup>20</sup>DSB., LXXIII, (October 6, 1975), 496-7.

<sup>21</sup>Ibid., p. 501.

<sup>22</sup>DSB., LXXV, (September 6, 1976), 306.

<sup>23</sup>U. S. House of Representative, The Persian Gulf, 1975: The Continuing Debate on Arms Sales. Hearing before the Special Subcommittee on Investigations of the Committee on International Relations, 94th Congress, 1st session, 1975 (Washington, D. C., 1975), p. 40 (hereafter cited as Persian Gulf 1975).

<sup>24</sup>Ibid.

necessary equipment to remodel and modernize their armies; and second, Iran, frustrated and disappointed by CENTO's inefficient performance and lack of response in the Indo-Pakistan war, began to receive more solid recognition and support from the United States.<sup>25</sup>

#### Arms Sales

As indicated earlier, the relatively high ambition of the Shah in regard to increasing the defense ability of Iran, has placed that country on the world market as the major Middle East purchaser of arms. As early as 1965 Iran had in its possession a number of Tiger fighters, supposedly a highly sophisticated type of fighter plane. The Shah's relatively good relations with President Johnson enabled Iran to purchase the most sophisticated air plane of the time the F-4D.<sup>26</sup> Furthermore, the Shah, since he played nations against each other, did not depend heavily on the United States for his military needs, and began to shop around in the world market. France and England became other sources of arms supplies for Iran. In 1967, the Shah visited Moscow, and during his

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<sup>25</sup>Iran as well as other CENTO members were shocked and dismayed at finding little or no CENTO or SEATO aid for Pakistan in its struggles against India in 1965 and 1971, or CENTO or NATO aid for Turkey on the Cyprus dispute. Iranian leaders on a number of occasions have revealed that they could not rely on CENTO as a reliable source of security. Rouholah K. Ramazani, Iran's Foreign Policy 1941-1973, A Study of Foreign Policy in Modernizing Nations (Charlottesville, 1975), pp. 354-59.

<sup>26</sup>Sampson, Arms Bazaar, pp. 246-7.

negotiations with the Russian leaders, concluded an arms deal worth \$110 million.<sup>27</sup> These developments proved the fact that Iran had the potential for absorbing the Nixon Doctrine far more easily than other countries in the Persian Gulf. In addition, the long and deep friendship between President Nixon and the Shah, dated as early as the Eisenhower Administration, and the oil nationalization in the fifties, reinforced the position of the Shah and gave Iran the option to buy as much as it could absorb.<sup>28</sup>

Arming Iran to defend Western interests through the Nixon Doctrine reached its highest peak in 1972 when President Nixon, on a return trip from Moscow, stopped at Tehran to hold a discussion with the Shah. During the discussion the Shah convinced President Nixon that since the Russians' most sophisticated airplane, the MIG 25, had been observed flying over Iranian territory, Iran should have more sophisticated equipment to cope with this problem. The argument evidently impressed Nixon, and the outcome was indeed surprising, because President Nixon agreed that the Shah could purchase any kind of

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<sup>27</sup>U. S. Senate, hearing before the Senate Foreign Relations Committee, Near East and South Asia, 92nd Congress, 2nd session, p. 186.

<sup>28</sup>In the early fifties Prime Minister Mohammad Mossadegh tried to nationalize the Iranian oil industry. However, this ambition led Iran to a dangerous crisis. The Shah left the country, and the danger of a radical take-over threatened the nation. But the Eisenhower Administration through a covert CIA plan helped the Shah to return and restore his power. Ramazani, Iran's Foreign Policy, pp. 249-50. Also Chubin and Zabih, The Foreign Relations of Iran, p. 89. Also, Sampson, The Arms Bazaar, pp. 245-6.

conventional military hardware, but no nuclear weapons. President Nixon also agreed to supply as many technicians as needed for training the Iranian army.<sup>29</sup> This was the most astonishing part of the United States diplomatic history with Iran. President Nixon, during his visit in Tehran, offered the Shah the choice of purchasing either the Tomcat (F-14), or the Eagle jet fighters, and Iran finally decided to purchase the Tomcat. To demonstrate the sophistication of the Tomcat it is sufficient to state that it has sweep-wings which enable the plane to shoot up like a rocket at a speed of over Mach 2, and to turn and maneuver for dog-fights. It can carry a multi-barrel gun and launch four Phoenix missiles simultaneously against four targets. The Tomcat also carries an intricate tangle of electronic equipment, including a computer to control the wings. Therefore, it is considered the first flying computer and has been designed as a "MIG-killer."<sup>30</sup> One official in the Pentagon described President Nixon's decision pessimistically when he said the decision "opened the way for the Shah's massive expansion and thereafter . . . the Pentagon had difficulty in maintaining any logical policy towards Iran: for Nixon's decision was based not on what the United States thought best, but on what the Shah wanted."<sup>31</sup>

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<sup>29</sup>U. S. Senate, Senate Report; U. S. Military Arms Sales to Iran, 94th Congress, 2nd session, p. 41.

<sup>30</sup>Sampson, The Arms Bazaar, p. 249.

<sup>31</sup>Ibid., p. 252.

In February, 1973, the Pentagon announced that Iran had concluded contracts with American industries to buy \$2 billion worth of armaments. Among the items listed were, 175 jet fighters, five hundred helicopters, and a few air-to-surface missiles.<sup>32</sup> In 1974, Iran increased its order for the Tomcats, and brought the number up to 80 planes. This one deal amounted to nearly \$2 billion.<sup>33</sup>

In 1976, in the heat of the controversy over arms sales to Iran, Secretary Kissinger met with the Shah in Tehran and promised that U. S. would provide Iran with more up-to-date armaments. Soon after this visit, Iran signed a contract to buy 160 General Dynamics F-16 fighters, which NATO had recently ordered, a deal worth \$3.4 billion, with missiles costing an additional \$600 million.<sup>34</sup>

As the result of the Nixon Doctrine, today Iran has 359 jet fighters, all highly sophisticated and worth \$2,716.6 million dollars. It has also 10,814 different kind of sophisticated missiles worth \$911.6 million dollars, 709 helicopters worth \$1,007.5 million dollars, 1500 tanks,<sup>35</sup> worth \$418 million dollars, forty-three ships worth \$871.62 million dollars and

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<sup>32</sup>New York Times, February 16, 1973.

<sup>33</sup>Sampson, The Arms Bazaar, pp. 253-4.

<sup>34</sup>New York Times, August 30, 1976.

<sup>35</sup>This figure includes only 800 of the British made Chieftain tanks, but according to Anthony Sampson, Iran, as of 1977, had an order for another 1680 more tanks. See, Sampson, The Arms Bazaar, p. 256.

other military hardware worth \$76.4 million dollars.<sup>36</sup> The defense budget of Iran for 1975-76, was \$10,405 million dollars, more than the British defense expenditure (\$9,974 million).<sup>37</sup> The Defense Monitor in 1975 projected that by the year 1985, Iran will spend from ten to twenty billion dollars on its military. It also will increase the number of its aircraft to 2000, ships to 90, and tanks to 2460.<sup>38</sup> As of this date, Iran has surpassed the Monitor's prediction by spending more than ten billion dollars on defense and having more than 3000 tanks.

Furthermore, Iran has acquired six DD-963 destroyers,<sup>39</sup> and has expressed interest in purchasing the B-1 bomber, but President Carter decided against the deployment of the B-1.<sup>40</sup> Finally, the United States agreed to sell Iran a few submarines, (see the Tables on pages 44-45).

All these sales to Iran as well as other Persian Gulf states, have been a by-product of the Nixon Doctrine. Ever since the military build-up in the Persian Gulf, a number of Senators and Congressmen, as well as some prominent military officials, have been raising questions about the validity of this policy.

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<sup>36</sup>The Defense Monitor, vol. IV., no. III, p. 5.

<sup>37</sup>Sampson, The Arms Bazaar, p. 256.

<sup>38</sup>The Defense Monitor, vol. IV, no. III, p. 6.

<sup>39</sup>Persian Gulf, 1975, p. 97.

<sup>40</sup>The Defense Monitor, vol. IV, no. III, p. 7.



TABLE II

ARMS TRANSFERS TO MAJOR PERSIAN GULF COUNTRIES  
 IRAN  
 1970 - 1975  
 (Millions of Dollars)

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Weapon	Supplier	Year Ordered	Cost	No. of Weapons
<u>Fighter-Bombers</u>				
Phantom II (F-4)	USA	1971,72,74	Cost \$2716.6	No. 359
Tiger II (F-5E)	USA	1972	581.6M.	138
Tomcat/Phoenix (F-14)	USA	1974	285.0M. 1850.0M	141 80
<u>Transport Planes</u>				
Hercules (C-130)	USA	1970,72	Cost \$ 412.03	No. 125
Fokker (F-27)	Neth.	1971,73,74	203.30M.	50
Bonanza (F-33 690)	USA	1972	30.93M.	20
Aero-Commander	USA	1972	1.60M.	30
Boeing (707)	USA	1972	2.50M.	3
Aero-Shrike	USA	1973	62.50M.	6
Fokker (F-28)	Neth.	1973	5.00M.	6
Boeing (C-747)	USA	1975	7.20M. 99.00M.	4 6
<u>Missiles</u>				
Antitank (SS-11-12)	France	1970	Cost \$ 911.6	No. 10,814
Antitank (TOW)	USA	1972	4.65M.	(1000)
Surface to air (Rapier)	UK	1970	15.0 M.	2880
Surface to air (Seacat)	UK	1971	113.0 M.	( 24.)
Surface to air (Hawk)	USA	1972	2.5 M.	12.
Air to air (Sidewinder)	USA	1971,72,74	100. M.	( 240)
Air to air (Sparrow)	USA	1971,72,74	78.7 M.	(3462)
Surface to Surface (Sea Killer)	Italy	1971	521.7 M.	(2616)
Surface to Surface (Exocet)	France	1974	1.8 M.	( 60)
Torpedo (Mk 46) (Launchers)	USA	1975	4.27M.	( 142)
<u>Helicopters</u>				
<u>Other Aircraft</u>				
Fwd. air control (O-2)	USA	1970	Cost \$1007.5 Cost 111.0 1.0M.	No. 709 22 12
Reconnaissance (RF-4)	USA	1971	20.0M.	4
Anti-Subwar (P-3 Orion)	USA	1972	90.0M.	6

ARMS TRANSFERS TO MAJOR PERSIAN GULF COUNTRIES  
 IRAN  
 1970 - 1975  
 (Millions of Dollars)

Weapon	Supplier	Year Ordered	Cost	No. of Weapons
<u>Tanks</u>				
Med. tank (Chieftain)	UK	1971	Cost \$ 418 346M.	No. 1500 800
Lt. tank (Scorpion)	UK	1972	41M.	400
Armored car	UK	1972	31M.	300
<u>Other Equipment</u>				
Blindfire radar	UK	1973	Cost \$ 76.4	No. 475
Artillery (175mm, 155mm, all self-propelled)	USA	1973	14.4M. 12 M.	Unknown 75
Arm. personnel Carrier (BMP-76)	USSR	1974		
Self propelled Anti-air gun (ZSU 23/4)	USSR	1974	(25 M.- 50 M.)	(200-400)
Artillery	USSR	1974		
<u>Ships</u>				
Patrol boats	USA	1970	Cost \$ 871.62	No. 43
Hovercraft	UK	1970, 71, 73	2.1 M.	3
Frigate (Saam)	UK	1971	32.62M.	10
Store, repair ships	UK, USA	1971, 73	32.0 M.	4
Destroyer (Summer)	USA	1972	18.0 M.	3
Fast patrol boat (Combattante)	France	1974	.7 M. 57.6 M.	3 12
Patrol boat	Germany	1974	2.1 M.	3
Destroyer	USA	1975	726.5 M.	6

SOURCE: The Defense Monitor, Center for Defense Information vol. IV, no. III, (Washington, D. C., May, 1975), p. 5.

### Opposition To Arms Sales

The opposition to these arms sales has ranged from a moralistic position to the strategic point of view. In 1967, Henry Kuss testified regarding arms sales to the Shah and tried to convince the Senate Foreign Relations Committee that the Shah was an exception because he was in position to pay for the military hardware he was receiving. But Senator Fulbright angrily objected and said; "I have been in Iran and it is a most desolate country." He believed there were more poor people and a few rich. He accused Kuss of doing the Iranian the greatest harm."<sup>41</sup>

General La Rocque, Director of the Center for Defense Information, in his testimony before the Senate Committee on Government Operations, stated that "U. S. sales of arms to Iran and Saudi Arabia can only serve to further increase tensions and reduce the chance of peaceful cooperation. Arming one power leads in return to increased demands for arms by others." He further stated that, "such a policy stimulates business for U. S. arms manufacturers, improves our balance of trade, and may in the short run gain a few friends. In the long run we will probably rue the day we sold all these modern weapons to Iran and Saudi Arabia."<sup>42</sup> In short, he believed

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<sup>41</sup>U. S. Congress, Senate, Senate Foreign Relations Committee, Near East and South Asia, Hearing, March 14, 1976, p. 110.

<sup>42</sup>U. S. Congress, Senate, The Export Reorganization Act, 1975, Hearing before the Committee on Government Operations, 94th Congress, 1st session, 1975, p. 456. (Hereafter cited as Export Reorganization Act, 1975.)

that the arms industry has overridden the interests of the United States in the Persian Gulf.<sup>43</sup>

Senator Frank Church blamed the higher price of oil on the policy of arms sales; "the appetite for sophisticated weapons feeds the need for revenues to pay for the arms, which leads to more pressure for oil price increase."<sup>44</sup>

Furthermore, according to the opposition the availability of highly sophisticated military equipment has increased the offensive ability of the nations in the Persian Gulf, especially Iran. Constant purchases of armaments by these nations and increasing concentration of these weapons may be a potential source of destruction, especially if war erupts. There are a wide variety of unsettled issues existing between these states, which may endanger the peace and the stability of the region (see the charts on pages 35 and 36). In support of this argument it is mentioned that the powerful nations in the Gulf desire to dominate the Gulf. Iran has been treating the Persian Gulf as its own lake, and before the British withdrawal seized three islands in the Gulf; Abu Musa, the Big and the Small Tumbs. Iraq, Kuwait and Saudi Arabia vehemently objected to Iran's military invasion and Iraq severed its diplomatic relations with Great Britain. Iraq has not

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<sup>43</sup>Ibid., p. 457.

<sup>44</sup>U. S. Senate, Multinational Corporations and the United States Foreign Policy, Hearing before the Subcommittee on Multinational Corporations of the Committee on Foreign Relation, 94th Congress, 2nd session, p. 52.

completely ceased its claim over the Kuwait territory and a part of Saudi Arabia. In short, the opposition argument is that arming these nations may lead to an unexpected war, which would involve the United States. There are a great number of Americans living with their families in these countries, to train their military forces or to enhance American economic interests. Besides, arming the Gulf States may create a "military power that some day will turn against us."<sup>45</sup>

Of course it is necessary to mention that opposition to arms sales to the Arabs is far stronger than to Iran, since they are indirectly fighting Israel.

#### Justification For The Arms Sales

The official policy makers claim that before any arms sale is concluded, they give serious consideration in three respects regarding the country which is to receive the armaments. The considerations will focus on the political effects of the arms sales, the economic effects of the deal, and finally on the military effects.

The political assessment tries to evaluate the United States' interest in light of the arms sales; what is the U. S. interest in the country which is about to receive the armaments? Does that country play a fundamental role in preserving the national interests of the United States? Will the arms sales

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<sup>45</sup>Export Reorganization Act, 1975, pp. 473-6.

further U. S. involvement or obligations in regard to that particular part of the world? Does this sale provide the United States with better political leverage regarding that state and the region in which the state is located? Will this sale encourage the neighboring states of the client to ask the United States or possibly others for similar or other type of weapons? Is the recipient country politically stable? Where does that nation stand regarding Human Rights? And what will be the possible cost if the United States denies the request?

The economic assessment tries to evaluate the economic effects of the sale regarding both nations; what are the major benefits to the United States by selling or co-producing arms? Will the sale have a negative affect on the economic position of the recipient nation, and thus slow the process of political development? Will the sale deepen that country's obligation, economically? And finally, Is that nation capable of repaying at all?

Finally, militarily, the officials try to evaluate the strategic value of the recipient state as well as its military effect on a larger scale; why does the client state ask for armaments: Is the security of the client state in doubt? How serious is the threat? Does the United States share the view put forward by that State, or does the United States believe that there is too much exaggeration? What will be the side effects of the sale? Does the sale disturb the balance drastically? Is the client state capable of absorbing the arms?

And finally, can the United States control or restrict the use of these arms? In the same line, the policy makers claim that the United States has always refused to transfer portable sensitive military equipment such as surface-to-air missiles, except in special cases.<sup>46</sup> However, according to the Defense Monitor, Iran has twelve Surface-to-Air British-made Seacat, and two hundred forty U. S.-made Hawk Surface-to-Air missiles. (See the tables on pages 44 and 45.)

If all these considerations are taken as the basic guideline for U. S. arms sales in seventies, it can well answer most questions in favor of arms sales to Iran and Saudi Arabia. When Secretary of State Henry Kissinger was questioned as to why Iran needs all these armaments, his reply was; "If one looks at threats, the potential threats, that Iran faces, the armaments of its neighbors, and the role that Iran has played in international affairs, it's evident that its self-defense is strongly in the American interest. This is not a favor that we do to Iran."<sup>47</sup> Joseph Sisco, in his testimony in the House Committee, warned the committee that international relations cannot be treated separately, they are all one piece. The United States cannot treat its relations mainly on its own terms, and choose the elements with which it feels "comfortable and ignore others." The United States cannot ignore the sensitive issue of security in its relations with its

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<sup>46</sup>DSB., LXXIII, (July 21, 1975), 98-9.

<sup>47</sup>DSB., LXXV, (September 6, 1976), 314.

allies. He reminded the Committee of the fact that "the region's energy resources and its growing financial wealth dictate an American interest in the security as well as the political and economic progress of the states located therein."<sup>48</sup> Mr. Sisco tried to justify the arms sales by arguing that these sales were serving mutual security interests for both; the United States and Iran or other countries who were receiving the American-made weapons.<sup>49</sup>

In the same hearing, Principal Deputy Assistant Secretary of Defense for International Affairs, Amos A. Jordan, justified the sales in a more explicit way; "one of the objectives that we have in the area, which our arms sales support, is continued access to the region's oil supplies, and in that sense consideration of oil is in the background of our entire policy in the area."<sup>50</sup> In a Senate hearing on Foreign Assistance Authorization, "Arms Sales Issues," in 1975, Secretary Kissinger remarked that the issue of balance of payments is not the reason for arms sales, but it is a by-product of the sale. He assured Senator Clifford P. Case that if "this were the only reason for submitting it, we would not be doing it." Senator Case then criticized the request based on the assumption that this vast concentration of military hardware would create trouble rather than stability. Kissinger agreed,

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<sup>48</sup>Persian Gulf, 1975, p. 14.

<sup>49</sup>Ibid., p. 29.

<sup>50</sup>Ibid., p. 115.



but he further defended the sales by observing,

The questions we have to ask . . . first of all are what the perception of the countries concerned are about their security, second, whether we share those perceptions, third, what would be the alternatives of these countries if we do not supply them whether our failure to supply arms would mean that other countries would step in and prevent arms going in, fourth the degree of influence that we gain

as a result of these sales. Kissinger alluded to the point that if the United States supplies these countries with their military needs, it can better keep them in check politically. The fact is that if the United States refuses to sell, there are other nations which are willing to sell.<sup>51</sup> In fact, according to the Defense Monitor the ". . . United States is not the only supplier of arms to the Persian Gulf . . .," in 1974, Russia transferred \$1.5 billion, France \$1.5 billion, and Great Britain \$50 million worth of arms to the Persian Gulf.<sup>52</sup> The Shah has repeatedly warned Washington that if the United States refuses to stand by Iran and supply it with the arms it needs, Iran will turn to other sources for its needs.<sup>53</sup>

Despite the fact that the Human Rights issue has fueled opposition to the arms sales, it has also provided an opportunity

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<sup>51</sup>U. S. Senate, Foreign Assistance Authorization, Arms Sales Issues, Hearing before the Subcommittee on Foreign Relations, 94th Congress, 1st session, 1975, pp. 269-70. (Hereafter cited as Arms Sales Issues.)

<sup>52</sup>Export Reorganization Act, 1975, p. 473.

<sup>53</sup>Sampson, The Arms Bazaar, p. 186.

for future arms sales. Mrs. Lucy Wilson Benson, Under Secretary of State for Security Assistance, Science and Technology, in a speech on "Controlling Arms Transfers as an instrument of foreign policy," mentioned President Carter's emphasis on Human Rights, but raised the question, "How do we apply our concern in this area since Human Rights are not just the right to vote or the right to fair trial or freedom from fear of torture?" She said, "Human Rights also include the right to safety from terrorism and from external threat. We used to call this (freedom from fear) 30-odd years ago." Her answer to this important question is "There are no easy answers."<sup>54</sup>

The Central Treaty Organization  
and American Foreign Policy

When the Central Treaty Organization (CENTO), then the Baghdad Pact was initiated, the Cold War was running at a high fever, and tension between east and west was at its peak. Being a member of such an organization was highly desirable for the weak nations, since the alliances provided the weak nations with a source of protection, and for strong nations provided the opportunity to intervene at their convenience. When the Shah began to express interest in joining this alliance, he was apprehensive of both the Soviet Union and of the destructive movements in the Middle East. The Soviet Union also was unhappy because it thought such a treaty would

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<sup>54</sup>DSB., LXXVII (August 1, 1977), 159..

TABLE III

U. S. FOREIGN MILITARY SALES TO THE PERSIAN GULF  
(Thousands of Dollars)

	1950-1969	1970	1971	1972	1973	1974	1975*	Total
Iran	\$647,497	\$113,284	\$396,613	\$528,022	\$2,108,787	\$3,794,369	\$1,935,242	\$9,523,816
Iraq	13,152							13,152
Kuwait					53	18,154	331,671	349,878
Oman							1,613	1,613
Saudi Arabia	161,468	14,854	95,815	342,295	83,984	587,698	1,101,774	2,387,887
Total	\$822,117	\$128,138	\$492,428	\$870,317	\$2,192,824	\$4,440,221	\$3,370,330	\$112,276,346

\*First nine months of fiscal year.

SOURCE: The Defense Monitor, Center for Defense Information vol. IV, no. III, (Washington, D. C., May, 1975), p. 2.

reinforce the Western foothold in the Southern border of the country. But everything has changed drastically. As of 1977 perhaps this organization has lost the political value it had when it was founded in the late fifties. The international environment in the Middle East, and the United States itself have undergone remarkable changes. The weak and demolished nations of yesterday, after World War II, have been replaced with politically and economically strong and prosperous nations of today. As of 1977 economic interests and ties have convinced east and west to approach each other as well as other nations with a more moderate foreign policy. In short, the threat is not as great as it was at times when alliance with strong nations was so highly desirable. Iran has found more reasons to approach the Russians with less fear than ever before. It has shifted its concentration militarily from the north more toward the south and its border with Iraq. The Shah believes, unlike before, that the Soviets have a deep political and economic interest in a stable Iran. The relations between Iran and the Soviet Union have improved to the point that Moscow began to approach Iran with a more respectful perception than before. In recent years, Iran not only has provided opportunity to the Russians in terms of economic interests, but it has also welcomed Russian technical assistance. From the Iranian perspective, this policy is desirable because in the long run it will deter Moscow from

taking a pro-Arab position toward Iran and the Persian Gulf. It can also show the United States that Iran is not totally dependent on the west, especially the United States, since there are alternatives besides Washington.<sup>55</sup> The United States, too, has shifted its position, probably one hundred and eighty degrees. It is no longer willing to assist others economically and militarily except in special circumstances. Rather, it is ready to assist these nations by providing them arms in return for hard currencies. It is no longer in its earlier position to conduct covert activities, or to do so at least as much as it used to do before. As the liberal critics charge today; world politics has taken its earlier form, and now it is more like a multipolar system than a bipolar which existed in fifties and early sixties. In short, diversion and a sense of dissatisfaction is felt among NATO, CENTO, and Warsaw members and all other major alliances. Bearing this assumption in mind, one can easily assume that CENTO cannot and does not play an effective role in providing security measure in the seventies. Furthermore as President Nixon once affirmed, it is the United States' interests which "should shape out our commitment rather than the other way around."<sup>56</sup> If American interests dictates that survival of Iran is vital, it will bail out Iran at any cost. But once Washington, for instance,

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<sup>55</sup>Robert Sullivan, "The Architecture of Western Security in the Persian Gulf," Orbis, XIV, no. I (Spring, 1970), p. 75.

<sup>56</sup>DSB., LXII, (March 9), 1970, 279.

believes that its interest is not at stake, as it assumed in the Pakistani-Indian wars, it will not move a finger. It may even prevent others from initiating any actions, as it did when the Shah volunteered to aid Pakistan in 1971. The importance of the CENTO, in the sense of security for Iran, is no longer valid. As the Iranian leadership has long assumed, there is no justification for Iran to rely upon CENTO for its security. That is why the Shah is wholeheartedly determined to strengthen his nation's military.<sup>57</sup>

However, despite all this criticism, it is unwise for both the United States and Iran to destroy or pull out of the organization. This organization can serve as a base for propaganda. Through its annual meeting, the representative of each country can demonstrate the policy and feeling of his country and in a way warn others. The Nixon administration as well as the Ford administration noticed the utility of this approach. Former Secretary of State William Rogers, speaking at the CENTO meeting in 1969, stated "I am confident that CENTO has an important role to play in the stability, security and future of this area of the world."<sup>58</sup> In 1973 he gave more weight to CENTO, affirming that the U. S. alliances in CENTO would provide equilibrium and warned that any serious conflict

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<sup>57</sup>Iran's Domestic and Foreign Policy, Excerpts from Speeches and Interviews of His Imperial Majesty, Mohammad Reza Pahlavi Aryamehr, Shahanshah of Iran (Printed by Iran Embassy Washington, D. C.), pp. 97-106.

<sup>58</sup>DSB., LX, (June 16, 1969), 502.

in the Persian Gulf will carry "serious repercussions in the CENTRO region."<sup>59</sup>

Henry Kissinger, on becoming the Secretary of State and the chief architect of the U. S. foreign policy, began to stress more explicitly the balance of power and equilibrium in the Middle East and Persian Gulf. He perceived that the survival of America is dependent upon maintaining a balanced power strategically.<sup>60</sup> He thought that global economic interdependence was the major source of prosperity and peace, and thus, in this game, "the Middle East countries are important participants," basically because of their wealth and energy sources.<sup>61</sup> Kissinger counted Iran as important in 1976 as it was in 1946 and the 1950s. He affirmed that Iran and the United States were pursuing the same interest. "Those countries which have represented the greatest threat to the security of Iran are also those countries whose domination of Iran would have a profound effect on the global balance of power and would therefore have profound consequences for the United States."<sup>62</sup>

Kissinger in a CENTO meeting in 1976 warned that "peace rests fundamentally on an equilibrium of strength. The United States will stand by its friends. It accepts no sphere of

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<sup>59</sup>DSB., LXIX, (July 16, 1973), 86-7.

<sup>60</sup>DSB., LXXIII, (September 15, 1975), 389.

<sup>61</sup>DSB., LXXIII, (October 20, 1975), 583.

<sup>62</sup>DSB., LXXV, (September 6, 1976), 306-7.

influence. It will not yield to pressure. It will continue to be a reliable partner . . .," and it will use its "strength to promote a secure peace and the reduction of tensions."<sup>63</sup>

In conclusion, today CENTO has lost its credibility and the importance which it had in the late fifties. Its role has practically been reduced to an instrument of propaganda. Furthermore, in 1977 neither is the Soviet Union vehemently opposed to Iran for being a member in that organization, nor are the members overwhelmed with their membership in the organization. All the members realize that CENTO cannot really perform a highly desirable role in the international relations of the region. They are well aware of the fact that this organization is not a sufficient source of security, and it is completely irrational to rely upon such an organization for their survival.

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<sup>63</sup>DSB., LXXIV, (June 21, 1976), 795.



## CHAPTER III

### EVOLUTION OF U. S. INTEREST IN IRAN AND THE PERSIAN GULF (1968-1976)

The backbone of American foreign policy has been that a secure, free and prosperous Western Europe is essential for the survival and security of the United States. Following this strategy, the United States entered the two world wars to restore the balance and secure the free existence of the European nations. To re-establish a prosperous economic balance in Europe, the United States poured billions of dollars through the Marshall Plan and promised to stay active on the international scene. This process drove Washington to initiate the costly NATO alliance. One of the essential requirements in the recovery of Europe was fuel and energy sources, and the postwar economy of the recovering continent remained increasingly dependent upon the flow of foreign crude oil, mostly American.

By mid-1947, Europe realized that it had to look for energy sources outside the United States. U. S. Policy became restrictive as far as transferring American energy sources was concerned. A bill passed by the Congress

controlled the export of petroleum products to other nations.<sup>1</sup> This act of Congress led the Truman administration to request several studies indicating where and how energy sources for Europe could be secured. Among the reports, three turned out to be the most significant: the Herbert Report on Petroleum Requirements and Availabilities; The King Report on National Resources and Foreign Aid, and the Harriman Report on European Recovery and American Aid. The reports differed as to how the energy should be secured, but they all agreed that the Middle East and mainly the Persian Gulf was the only potential source of supply.<sup>2</sup> From this date Persian Gulf oil has played a major role in the recovery and maintenance of prosperity in the industrialized nations of Western Europe. Today, not only Western Europe and Japan, but also the United States itself,

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<sup>1</sup>U. S. Senate, Controlling the Movement and Transportation Abroad of Gasoline and Petroleum Products, Committee on Interstate and Foreign Commerce, 80th Congress, 1st session, Report No. 696 (Washington, D. C., 1947), also U. S. House of Representative, Controlling Movement and Transportation of Gasoline and Petroleum Products, Report to accompany H. R. 4042, July 21, 1947, Committee on Merchant Marine and Fisheries, (Washington, D. C., 1947).

<sup>2</sup>U. S. Department of the Interior, National Resources and Foreign Aid, Report of J. A. Krug, Secretary of the Interior, October 9, 1947 (Washington, D. C., 1947), also, United States President, Office of Government Reports, European Recovery and American Aid, Report by President's Committee on Foreign Aid, November 7, 1947 (Washington, D. C., 1947), also, U. S. House of Representative, Select Committee on Foreign Aid, Petroleum Requirements and Availabilities, Preliminary Report No. 5, 80th Congress, 1st session. (Washington, D. C., 1947).

OIL DEMAND AND SUPPLY PROJECTIONS  
FREE WORLD

	Million b/d					
	1976	1977	1978	1979	1980	1985
Free World Oil Demand	48.4	49.8-50.5	51.2-52.2	52.5-54.1	54.9-56.7	68.3-72.6
United States	16.7	17.8-18.3	18.2-19.0	18.4-19.7	19.3-20.7	22.2-25.6
OECD Europe	13.6	12.9-14.3	13.8-14.2	13.7-14.4	13.7-14.7	15.8-18.2
Japan	5.2	5.3- 5.4	5.5- 5.8	5.9- 6.2	6.2- 6.6	8.1- 8.8
Canada	2.0	2.0- 2.1	2.1- 2.2	2.2- 2.3	2.2- 2.6	2.9- 3.5
Other Developed Countries <sup>a</sup>	1.2	1.2	1.3	1.3	1.4	1.9
Non-OPEC LDCs <sup>b</sup>	6.7	7.1	7.5	7.8	8.5	12.0
OPEC Countries	2.1	2.3	3.5	2.8	3.0	4.0
Other Demand <sup>c</sup>	0.9	0	0	0	0	0
Non-OPEC Supply <sup>d</sup>	17.5	18.5	20.1	21.2	22.0	20.4-22.4
United States	9.7	9.6	10.2	10.2	10.0	10.0-11.0
OECD Europe	0.9	1.8	2.5	3.1	3.7	4.0- 5.0
Japan	0	0	0	0	0	0.1
Canada	1.6	1.6	1.5	1.5	1.5	1.3- 1.5
Other Developed Countries	0.5	0.5	0.5	0.5	0.5	0.4
Non-OPEC LDCs	3.7	4.1	4.6	5.3	6.1	8.0- 9.0
Net Communist Trade USSR-						
Eastern Europe	0.9	0.7	0.5	0.2	-0.3	-3.5- 4.5
China	0.2	0.2	0.3	0.4	0.5	0
Required OPEC Production	30.9	31.3-32.0	31.1-32.1	31.3-32.9	32.9-34.7	46.7-51.2

<sup>a</sup>Australia, Israel, New Zealand, and South America

<sup>b</sup>Less developed countries

<sup>c</sup>Including stock changes and statistical discrepancy

<sup>d</sup>Including natural gas liquids

SOURCE: U. S. Central Intelligence Agency, The International Energy's Situation: Outlook 6 1985 (Washington, D. C., 1977), p. 15.

is extremely vulnerable to the availability of crude oil and petroleum products from the Persian Gulf (Tables IV, V, VI). The Persian Gulf supplies forty per cent of the United States' domestic consumption, and the significance of this was demonstrated during the last Arab oil embargo in 1973. The Persian Gulf also supplies the Japanese with ninety per cent of their energy needs. Furthermore, various reports and searches in the late sixties and seventies have indicated that the world's supply of energy is being exhausted at a faster pace than previously anticipated and these predictions have definitely increased the importance of the Persian Gulf.<sup>3</sup> This is due to the shift of energy sources from North America to the Middle East and mainly the Persian Gulf.<sup>4</sup>

Besides the significance of the oil, the Persian Gulf states (Iran, Iraq, Kuwait, Saudi Arabia, Bahrain and the United Arab Emirates), are important because of their strong monetary position in the world. All these countries, except Iran, are earning more than their economy can absorb. According to one report, Saudi Arabia in 1973 earned a total of twenty-seven billion dollars, but the most it could waste, not spend wisely, was seven billion dollars. The same is true in

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<sup>3</sup>Central Intelligence Agency, The International Energy Situation: Outlook to 1985 (Washington, D. C., 1977), pp. 1-2, 14-18.

<sup>4</sup>See the Tables on pages 63 and 66 in compare with the ability of the Western nations in producing oil with that of the OPEC.

TABLE V  
DAILY AVERAGE OF U. S. NET IMPORTS OF ENERGY

Months	Quarter	Year	Petroleum (Thousands of barrels crude oil and major refined products)
March February January	First	1977	8,645 9,685 8,401
March February January	First	1976	6,500 6,390 6,509
December November October	Fourth	1976	R8,114 7,712 7,309
December November October	Fourth	1975	R6,164 R6,253 R6,142

R = Revised

SOURCE: U. S. Federal Energy Administration, National Energy Information Center, Energy Information Report to Congress, Quarterly Report, First Quarter 1977, (Washington, D. C., 1977), p. 5.

the case of Kuwait, and some Sheikhdome.<sup>5</sup> Accumulation of enormous wealth in form of dollars, sterling, francs, yen and other hard currencies, could have very well jeopardized the monetary system of the world, if they had remained uncirculated. The industrialized nations, namely the United States and its western allies, badly need exports to offset some of their balance of payments deficit, or they will reach the point of crisis. A. J. Meyer, Professor of Middle Eastern studies and a lecturer in Economics at Harvard University, in his testimony before a House subcommittee on Foreign Affairs in 1972, stated that if the United States imports ten million barrels of crude oil daily from the Middle East in the next decade, its balance of payments deficit on oil alone may reach well over twenty billion dollars a year.<sup>6</sup> The significance of Professor Meyer's prediction is that the 1972 price was well below today's price, and furthermore consumption has increased at a faster pace than anticipated in 1972. (Therefore the balance of payments deficit caused by oil importation has been over twenty billion dollars.) Professor Meyer further stated it is evident that several years from now there will be no oil quotas. There will be a mass of oil coming in from outside,

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<sup>5</sup>Time, January 6, 1975, p. 26.

<sup>6</sup>U. S. House of Representatives, Foreign Policy Implications of the Energy Crisis, Hearing before the Subcommittee on Foreign Affairs, 92nd Congress, 2nd session, 1972 (Washington, D. C., 1972), pp. 20, 40 (hereafter cited as Foreign Policy Implications of the Energy Crisis).

as a matter of survival, and "the oil quota system will go to a natural death."<sup>7</sup> Ironically enough, the United States, Europe, and Japan are consuming at least eighty per cent of the world energy, while paying a premium price.<sup>8</sup> Again, this figure is five years old.

In 1975, the financial reserves of the Persian Gulf states was estimated at about fifty billion dollars, and by 1980 it is expected to be several times this figure.<sup>9</sup> This amount in reserve has the potential of disrupting the international monetary system, unless the holders of these vast reserves are given the opportunity to spend their reserves in a wise manner. The proper use of these reserves in terms of industrialization and political development first of all requires a prosperous Western Europe, America, and Japan. So it is evident that the economies of the United States and Western Europe as well as Japan, are interdependent with the economies as well as the political development of the Persian Gulf states. The fundamental reason for this interdependence is that it is western, not eastern, industries which are consuming the substantial amount of the Gulf oil. Therefore, if the western industrial systems are not prosperous and healthy, there will not be any demand for the Gulf oil. Consequently

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<sup>7</sup>Ibid., p. 29.

<sup>8</sup>Ibid., p. 18.

<sup>9</sup>Persian Gulf, 1975, p. 13.

TABLE VI  
 IMPORTS OF PETROLEUM PRODUCTS AND CRUDE OIL FROM THE  
 PERSIAN GULF STATES INTO THE UNITED STATES FOR  
 THE FIRST QUARTER OF 1977, AND THE  
 FOURTH QUARTER OF 1976  
 (Thousands of barrels)

First Quarter		
Countries	Crude Oil	Total Petroleum
Iraq	4,264	4,264
Kuwait	4,553	5,879
Qatar	3,470	3,470
Saudi Arabia	123,686	124,016
United Arab Emirates	28,781	28,871
Iran	43,216	43,216
Fourth Quarter 1976		
Iraq	4,835	4,835
Kuwait	-----	49
Qatar	3,036	3,036
Saudi Arabia	124,248	125,359
United Arab Emirates	33,558	33,558
Iran	27,274	27,288

Note: This is a modification of a chart presented in the Energy Information Report to Congress, pp. 52-53.



the Gulf states will reach a point of crisis, because the oil accounts for their major income.

However, one can argue that the West is more vulnerable to the availability of oil from the Gulf states than the Gulf states are to the availability of technological goods from the West. This is because the Gulf states simply have the choice to turn to the East for their primary needs, while the West does not have a second choice for its energy supply (Tables 6 and Figure 1). In short what these arguments, facts and figures indicate is that the United States and its allies remain first in immediate need of Gulf oil, and second that they also need access to the Gulf market in order to ease their balance of payments deficit.

Fortunately, the oil producers in the Persian Gulf realized the potential danger of their sudden accumulation of wealth. They have all embarked on a policy of forced development. For instance, Saudi Arabia has five year plan, costing 142 billion dollars, which involves exclusively western nations and mostly American firms.<sup>10</sup> James E. Akin, former U. S. Ambassador to Saudi Arabia, in his testimony before the Special Subcommittee on Investigations of the House Committee on International Relations, specified that the Corps of Engineers was doing more than half of its overseas business in Saudi Arabia. Those employed are fully reimbursed, not only by salaries, but through

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<sup>10</sup>Ibid., p. 4.

retirement benefits and other indirect costs as well.<sup>11</sup> In 1973, it was predicted that Iran would buy as much as six billion dollars worth of goods and services by 1978 from the United States, making Iran the largest importing nation in Asia after Japan.<sup>12</sup>

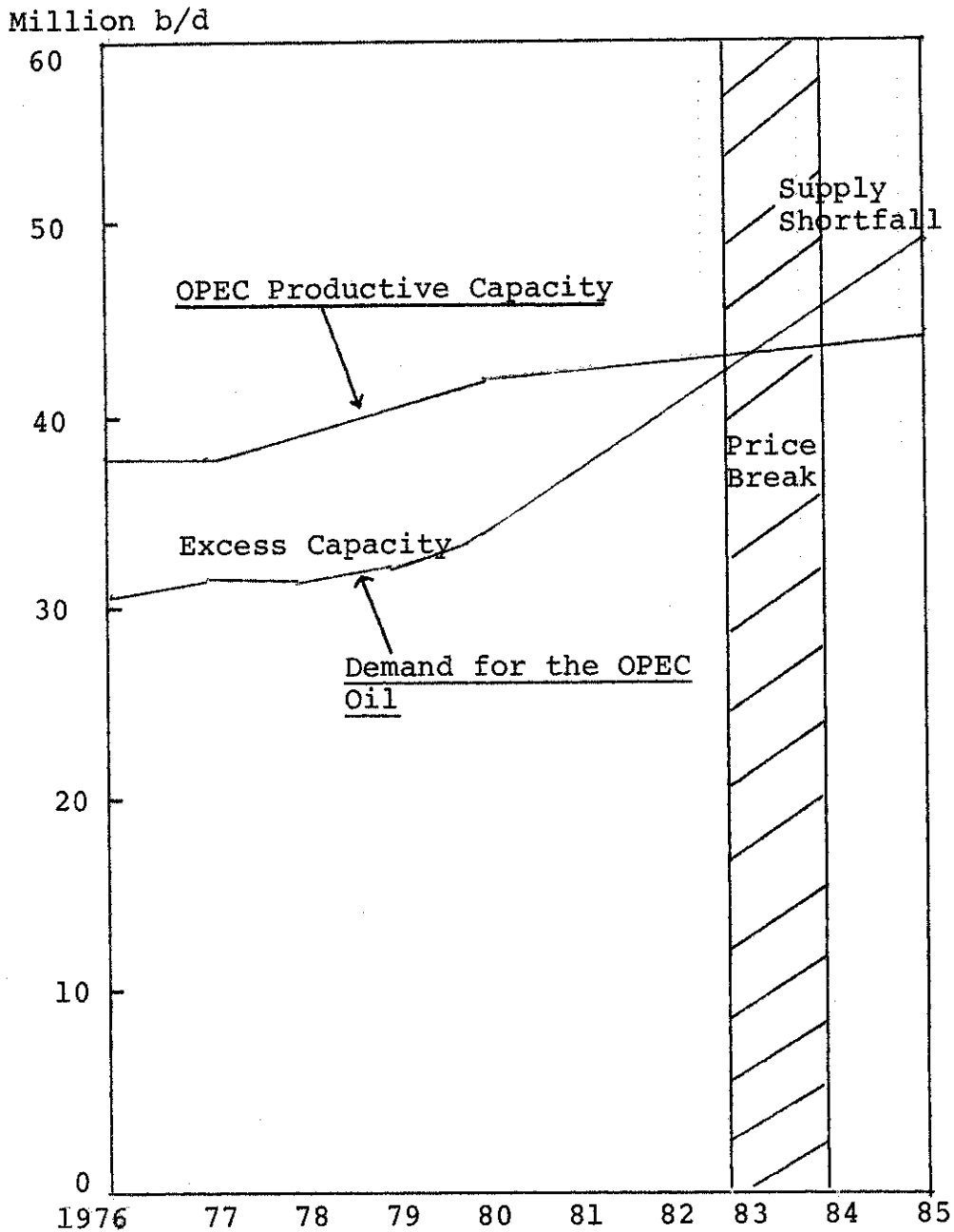
Reports by the Bureau of Labor Statistics indicate that 700,000 jobs have been created in the United States as the result of close to thirteen billion dollars in exports facilitated by the Export-Import bank programs in 1974. Middle East trade accounts for 6.2 per cent of the above figures.<sup>13</sup> However, it should be born in mind that the major importing countries in the Middle East, such as Kuwait, Saudi Arabia, Iraq, and Iran pay cash for their purchases. If there is any financing, it is very insignificant. For instance, in 1974 Iran bought about four billion dollars worth of military hardware from the United States, but it was short four hundred million dollars. In this case the Export-Import Bank financed only two hundred million dollars and the rest was financed by

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<sup>11</sup>Ibid., p. 211.

<sup>12</sup>Keith McLachlan, "Strength Through Growth: Iran on the March" in U. S. House, New Perspective on the Persian Gulf, Hearing before the Subcommittee on the Near East and South Asia of the Committee on Foreign Affairs, 93rd Congress, 1st session 1977, (Washington, D. C., 1973), pp. 216-19.

<sup>13</sup>U. S. Senate, Foreign Assistance and Related Program Appropriation, Hearing before the Committee on Appropriation, 94th Congress, 1st Session, 1976, p. 696.



SOURCE: CIA, The International Energy Situation: Outlook to 1985, p. 16.

Fig. 1--OPEC Oil: The Supply/Demand

a private bank.<sup>14</sup> Therefore, one can realize the importance of the Gulf states in the American economy by studying the figures on the cash transactions between the two parties. In short, export and trade play a significant role in keeping American workers on the assembly lines. According to one statement, the jet industry depends on foreign sales for seventy-five per cent of its employment and assembly line activities.<sup>15</sup> In 1974 Iran, by ordering eighty F-14 fighters, provided "a shot in the arm for Long Island's economy" and helped the Grumman Aerospace Corporation with its financial troubles.<sup>16</sup>

Furthermore, the number of Americans working in the Persian Gulf states has increased dramatically. Mr. Amos A. Jordan, Principal Deputy Assistant Secretary of Defense for International Security Affairs, in his statement before a special Subcommittee on International Affairs, revealed that the total numbers of Americans engaged in public and private U. S. economic and defense programs in the Gulf area may reach as high as 150,000 by 1980. The majority of these, he stressed, would be engaged in private economic activities.<sup>17</sup> According

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<sup>14</sup>Ibid., p. 671.

<sup>15</sup>Ibid., p. 678.

<sup>16</sup>U. S. Senate, The Export Reorganization Act, 1975, Hearing before the Committee on Government Operations, 94th Congress, 1st session, 1975 (Washington, D. C., 1975), pp. 492-98. (Hereafter cited as The Export Reorganization Act.)

<sup>17</sup>Persian Gulf, p. 84.

to the Director of the Center for Defense Information, General La Rocque, Iran was expected to have 19,000 U. S. citizens, including their dependents, by the summer of 1975.<sup>18</sup> According to one report, there are now 35,000 Americans working in Iran and this is expected to reach 60,000 by 1980.<sup>19</sup>

Another important factor is the number of students from the Gulf states in American colleges and universities. These students are usually subsidized by their governments with some of them receiving as much as one thousand dollars a month per person plus their tuition and other miscellaneous expenses. In 1975, Iran alone had 15,000 students in the United States, and their number has been increasing ever since.<sup>20</sup> The amount of money spent by these students undoubtedly is helpful to the economy of the country. During the last few years, Iran has contributed a great deal to American colleges and universities in the form of cash payments. According to Senator Adlai E. Stevenson, the United States investments in Iran, as of 1976, were well over one billion dollars. In 1974 Iran imported 1.3 billion dollars in American goods and services, while a year later this figure jumped to 3.2 billion dollars, of which only one-third was in military hardware, while the rest was in

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<sup>18</sup>The Export Reorganization Act, p. 454.

<sup>19</sup>The Christian Science Monitor, October 11, 1977, p. 36.

<sup>20</sup>Persian Gulf, 1975, pp. 13, 8, 12.

civilian goods. Senator Stevenson in his report to the Committee on Banking, Housing and Urban Affairs revealed that Iran supplied eleven per cent of the U. S. import oil, which proved significant when Iran refused to join the Arab oil embargo in 1973.<sup>21</sup>

What is the most significant is that while these governments are aware of their potential position in the world market, they "are interested in internal development and profess to seek the peaceful environment necessary to make this development possible." Senator Stevenson stressed in his report that this situation "set the highest value on American technology and (the Gulf states) are prepared to pay a premium price for the best in planning development projects." He further stated "the market potential for American goods and services is enormous."<sup>22</sup>

Disregarding these points, the important fact which keeps the United States and the west in a vulnerable position is the increase in the price of oil, and the wide gap in the balance of payments of the countries. As Anthony Sampson puts it, this phenomenon even induced William Simon of the U. S. Treasury not to discourage orders for any sort of military hardware.<sup>23</sup>

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<sup>21</sup>U. S. Senate, The Middle East: 1976, A Report by Senator Adlai E. Stevenson to the Committee on Banking, Housing and Urban Affairs on his Mission to the Middle East Conducted Between February 10 and February 25, 1976 (Washington, D. C., 1976), pp. 11-12.

<sup>22</sup>Ibid., p. 2.

<sup>23</sup>Anthony Sampson, The Arms Bazaar, From Lebanon to Lockheed, (New York, 1977), p. 244.

## Evolution of Iran's Interest in the U. S. Support

Throughout its modern history, Iran has perceived its northern neighbor as the essential threat to its security and independence. The Soviet Union through its constant attempts to expand its sphere of influence southward toward the Persian Gulf, has always reinforced this assumption among the Iranian governments. Moscow's unsuccessful attempts in the forties and early fifties demonstrate this.<sup>24</sup> Furthermore, the main justification for the Shah's acceptance of the American aid during the Truman and Eisenhower Administrations was his conviction that without western help, especially that of the United States, Iran could not possibly defend its borders. The Shah welcomed U. S. aid in the 1940s on the grounds that the Americans were a disinterested party, and he tried to use the United States as a third power to offset Moscow's and

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<sup>24</sup>To speed up the Lend-Lease Agreement, the Allies decided to invade Iran, since it had friendly relations with Germany. In this invasion Russia occupied the north and the British the southern portion of the country. They promised, however, to evacuate Iran six months after the termination of war with Axis. But Russia not only refused to evacuate the occupied territory, but also encouraged some separatist and radical movements in the area. However, by immediate involvement of the United States in the crisis the Russians were forced out. For further discussion see Joseph Marian Jones, The Fifteen Weeks (February 21-June 5, 1947), (New York, 1955), pp. 48-59. Also Archi Roosevelt Jr., "The Kurdish Republic of Mahabad," Middle East Journal I (Spring, 1947), pp. 247-69, also Robert Tossow, "The Battle of Azerbaijan," Middle East Journal X (Winter, 1956), pp. 17-32. For active U. S. involvement see U. S. Department of State, Foreign Relations of the United States Diplomatic Papers, The Near East and Africa, 1945 VIII.

London's influence.<sup>25</sup> How much success Iran has achieved toward this goal is a question which is beyond the scope of this study, but it is certain that Iran could not have survived without American aid in its postwar struggle with the Soviet Union. In other words, if President Truman had not lent his solid support to the Shah, Iran might have suffered what Poland and other East European states had suffered.

In summary, Tehran-Moscow relations up to 1962 were extremely sour. The Cold War, deep American involvement in the affairs of Iran, the Shah's adherence to CENTO, the bilateral treaty between Tehran and Washington, and a few major setbacks experienced by Moscow between 1947 and 1960, had antagonized the relations between the two neighbors. News media, especially the Soviet radio broadcasts, severely attacked the Iranian leadership. But a dramatic shift in Iran's foreign policy in 1962, and its unconditional pledge to Moscow not to allow installation of any rockets aimed at the Soviet Union, opened a new chapter in Irano-Soviet relations. Moscow not only ceased its anti-Shah broadcasts, but it also soon began to condemn those who were categorically anti-Shah. Moscow, in return, pledged its full support to the Shah's regime and not long afterwards an economic agreement including a steel mill for Iran was signed by the two countries.<sup>26</sup> In a very short

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<sup>25</sup>Ramazani, Iran's Foreign Policy, 1941-1973, p. 39.

<sup>26</sup>D. Kasatkin, "Iran: Good-Neighborly Course," International Affairs (Moscow), No. 4 (April, 1968), pp. 71-2.



period an economic interdependence began to develop between the two.

This improvement of relations between Tehran and Moscow convinced the Shah that at least the threat from the north was not as serious as it used to be. The Shah believed that Moscow's economic interest in Iran was large enough to persuade the Soviet Union to keep its relations with Iran on a good basis.<sup>27</sup> This assumption of the Shah proved to be correct, as shown by two developments: (1) the Soviet Union shifted from a policy of coercion to a milder policy, trying to enhance its influence in Iran in terms of economics by preventing any action in the U.S.S.R. antagonistic to the Shah. For instance, the Soviet Union refused to take sides with either Iraq or Iran in their differences regarding their boundary problems;<sup>28</sup> (2) the Soviet Union showed willingness to allow Iran to play an essential role in the Persian Gulf for two reasons. First, it believes that Iran is capable of preserving Gulf security. Second, Iran's dominance in the Persian Gulf would not threaten the Soviet Union, while the United States through its Polaris system certainly could threaten the Soviets from the Gulf by having rockets aimed at

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<sup>27</sup>Chubin and Zabih, The Foreign Relations of Iran, p. 39.

<sup>28</sup>Arthur Jay Klinghoffer, The Soviet Union and International Oil Politics (New York, 1977), p. 110.

the southern portion of Russia.<sup>29</sup> As a result, the Shah felt that Iran should increase its security measures in the Persian Gulf, where the main economic artery of Iran was located. This was reinforced by several reasons; (1) Britain's leaving the Gulf, creating a power vacuum; (2) constant changes and coups d' etat in Iraq and the close association of all those regimes with Moscow, resulting in the supply of sophisticated weapons to Bagdad which eventually disturbed the balance in the Gulf;<sup>30</sup> (3) the flow of subversive groups to the Gulf states, trained by Iraq, and;<sup>31</sup> (4) an increase in Moscow's and Peking's activities in the Gulf.<sup>32</sup>

The essential point in analyzing these threats in the Persian Gulf is that Iraq, China or the Soviet Union are not threatening the interests of Iran alone. In fact they are threatening the interests of the United States and the West as well. The fall of the Gulf to the east and communist control of western energy sources is the last thing that the U. S. and the West as a whole can afford. Therefore, Washington assumed that a strong Iraq means further success for communism in the area, and that a weak Iran is a definite threat to the

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<sup>29</sup>Robert Hunter, "The Soviet Dilemma in the Middle East, Part II: Oil and the Persian Gulf," Adelphi Papers, No. 60, (October, 1969), p. 7.

<sup>30</sup>The Changing Balance of Power in the Persian Gulf, The Report on International Seminar at the Center for Mediterranean Studies (New York, 1972), p. 45.

<sup>31</sup>Ibid., pp. 63-64.

<sup>32</sup>Ibid., pp. 43-7.

national interest of the United States as well as its allies.<sup>33</sup> This threat could have been defined in terms of the loss of markets by American and Western industries, and of losing ground to the Soviet Union as far as controlling the flow of oil to the west. This possibility by itself convinced Washington to be more cautious than ever concerning the security of the Gulf states.

The heavy reliance of the U. S. and West on Persian Gulf oil in recent decades has been coupled with the dramatic expansion of the Soviet Union in the Indian Ocean area, which embraces the Persian Gulf. James H. Noyes, Deputy Assistant Secretary of Defense for Near Eastern Affairs, in his testimony before a House Subcommittee on Foreign Affairs, repeatedly warned the Congress of this potential danger. He stated that the balance of power between the United States and the Soviet Union, due to political factors, has shifted in favor of the Soviet Union. He indirectly blamed the U. S. position in the Arab-Israeli issue. The Soviet support of Arab countries in recent decades has definitely provided the communists with leverage.<sup>34</sup> Another witness at the same hearing explicitly attacked U. S. policy by stating that "our foreign policy has really brought the Soviet into the Middle East. It has given

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<sup>33</sup>DSB., LXXV, (September 6, 1976), pp. 313-4.

<sup>34</sup>House of Representatives, U. S. Interests and Policy Toward the Persian Gulf, Hearing before the Subcommittee on Far East of the Committee on Foreign Affairs, 92nd Congress, 2nd session, 1972, (Washington, D. C., 1972), p. 2.

them a foot-hold in the Middle East."<sup>35</sup> Though this argument is outside of this study, it certainly helps in measuring the extent of Soviet influence in the area. Ever since the end of world war, the United States has lost ground to the Soviet Union gradually, and indeed the balance has been disturbed. In conclusion, State Department official Joseph Sisco as well as Defense Department officials, expressed the conviction that Iraq and the Soviet Union are a major threat to Iran and thus to the United States.<sup>36</sup> The U. S. suspicion of Iraq and the Soviet Union has been reinforced by several incidents. In 1973 the Pakistani police recovered a great deal of armaments in the Iraqi Embassy. These weapons had been smuggled to Pakistan through diplomatic protection, and they were evidently to be distributed among the anti-Shah elements who were trying to detach Iran from its south-eastern part, Baluchistan.<sup>37</sup> Another incident was the political asylum provided by Iraq to a former Iranian General and Chief of the Secret Police, Timore Bakhitiar, who had turned against the Shah and sought to overthrow the government.<sup>38</sup> Finally, several Iranian-Iraqi border incidents, Baghdad's promoting subversive groups in the

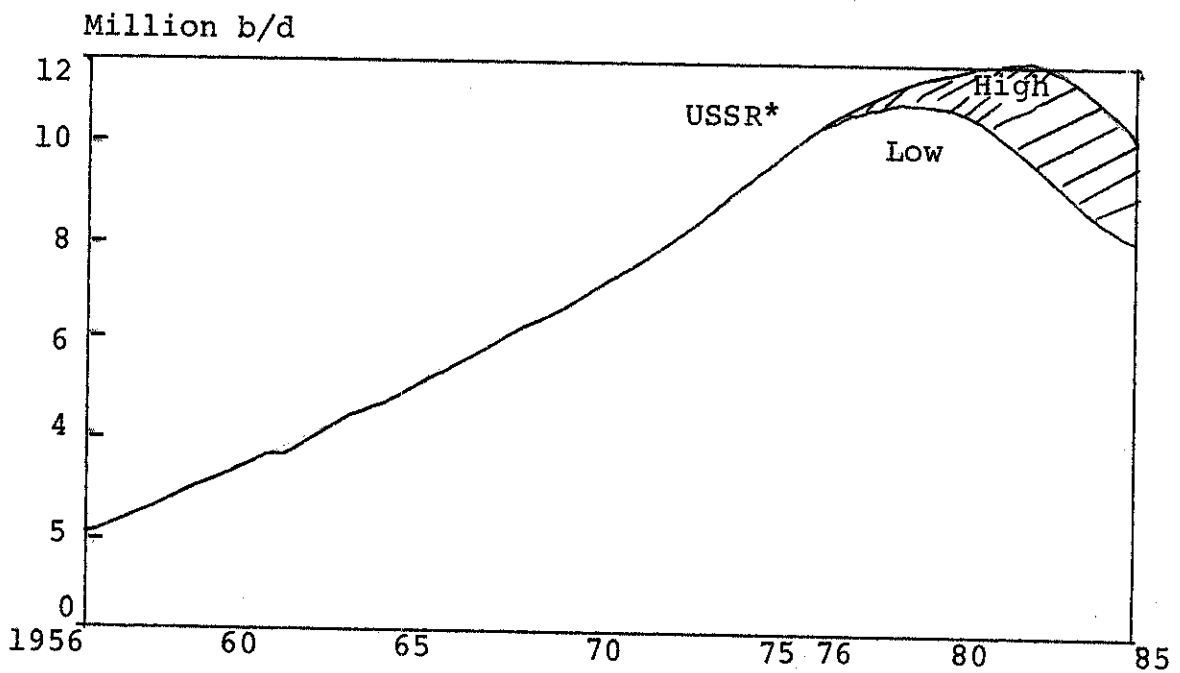
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<sup>35</sup>Ibid., pp. 67.

<sup>36</sup>Persian Gulf 1975, pp. 26-7, 91.

<sup>37</sup>Middle East Monitor, (March 1, 1973), p. 1, also, Chubin and Zabih, The Foreign Relations of Iran, p. 310.

<sup>38</sup>Chubin and Zabih, The Foreign Relations of Iran, p. 188.



\*Include a small amount of natural gas liquid  
(20,000 b/d in 1960 to some 30,000 b/d in the 1980s)

SOURCE: CIA, The International Energy Situation: Outlook to 1985, p. 13.

Fig. 2--Soviet Crude Oil Production

Gulf states, and its policy of nationalization of oil definitely influenced Washington in its policy.

To sum up, the national interests of the United States and its European and Japanese allies in the Persian Gulf area have significantly increased. This has been caused by; first, the rising petroleum consumption in the United States resulting in increased inputs from the OPEC nations, chiefly the Persian Gulf states; and second, the increase in the price of energy. The constant increase in the price of oil has made it necessary for the Western nations to have access to the markets of the Gulf states in order to preserve the world monetary system from a destructive crisis. In support of this argument, suffice it to say that according to the CIA's report, Saudi Arabia alone may earn as much as one hundred and twenty-five billion dollars annually by 1985, if the present prices stay unchanged.<sup>39</sup> Furthermore, changes in the Soviet Union's foreign oil policy, and its future inability to supply its allies will eventually lead that bloc, too, to turn to the Persian Gulf for its primary energy supply, (Figure 1). This situation, within the next two decades, may perhaps increase the tension in the area between the east and west. However, the present threat of communism in this strategic area should not be underestimated.

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<sup>39</sup>CIA, The International Energy Outlook, p. 18.

## CHAPTER V

### CONCLUSION

The previous chapters attempt to define and evaluate American foreign policy toward Iran during the last decade. The evaluation concentrated heavily on the foreign policy of the Nixon Administration. The following pages, serving as a conclusion to this study, evaluate the over all policy of the United States and its goals toward Iran, with heavy emphasis on the Nixon Doctrine and the policy of arming Iran as its by-product. In the light of some criticism of the Nixon Doctrine, it also examines the United States' alternatives to arming Iran, and evaluates their potential ability to solve the problems which the United States faced in the 1970's.

Since the beginning of U. S.-Iranian relations during World War II, the strategic importance of Iran has played a significant role in shaping American policy. In fact, strategic importance in most cases has undercut economic factors, and has received the highest priority. Iran's collapse and the threat from its neighbors have been perceived as serious threats to Western interests. Finally, Iran is the main road to Asia, Africa, and Europe. As

Secretary Kissinger once put it, "domination of Iran would have a profound effect on the global balance of power,"<sup>1</sup> let alone its impact on the regional balance. However, this strategic importance does not necessarily mean that the economic importance of Iran, especially in terms of trade, can be overlooked. In fact, compared to Saudi Arabia, Iran exports less oil to the U. S., thus extracts less currency from the American economy, while it transfers more hard currencies into it by trading with American industrial firms. Besides its economic importance, Iran has a significant strategic value to the United States.

To accomplish an accurate and objective evaluation, a set of questions in regard to the United States and Iran has been designed and they will be answered by referring to the arguments in the previous chapters. This will provide a measuring tool which helps us to assess the degree of political leverage and interdependence of each nation upon the other. It is also essential to the final assessment, which seeks to evaluate United States foreign policy during the Nixon Administration.

As a primary question, one needs to consider the incentives behind the U. S. involvement in the 1940s and 1950s in the internal affairs of Iran. U. S. support of Iran in

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<sup>1</sup>DSB., LXXV, (September 6, 1976), pp. 306-7.



the forties and fifties was essentially based on the Truman Administration's assumption that a Communist controlled Iran might further the influence of the Communists in the Middle East and Africa, as well as other parts of Asia.<sup>2</sup> During the Nixon and Ford Administrations Secretary Kissinger viewed the control of Iran by anti-Western elements as a definite setback for the United States and the West in the global balance of power, since properly balanced global power is essential to the security of the American system. Therefore, the move by Washington to bail Iran out of the 1940s crisis was definitely aimed toward enhancement of the national security interest of the United States. In 1950s the incentive was basically the same; Washington perceived Mossadegh's government as a communist conspiracy. Helping the Shah to return to Iran through CIA covert activities not only enabled the United States to sustain its political influence, but it also helped the American oil industry to further its economic interests in that country, since it received forty per cent of the Iranian oil company.<sup>3</sup>

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<sup>2</sup>The United States, strategically, had assumed that Russian Control over Greece or Turkey and Iran would eventually "open three continents to the Soviet penetration." "Like apples in a barrel infected by one rotten," one country would infect the others and spread to the East. Dean Acheson, Present at the Creation: My Years in the State Department (New York, 1969), p. 219.

<sup>3</sup>George W. Stocking, Middle East Oil: A Study in Political and Economic Controversy (Kingsport, Tennessee, 1970), p. 157.

The second question considers what alternatives the U. S. had to supporting Iran and the Shah in protecting its interests, as well as that of its allies in the Persian Gulf in light of the British withdrawal. At first glance, the opponents may identify other options; such as filling the power vacuum itself, or arming other countries with leaders less militarily ambitious than the Shah, such as Saudi Arabia. However, a calculation of the costs and benefits of the above alternatives would raise some serious questions economically and politically, which would eventually eliminate those options. Filling the vacuum resulting from the British withdrawal would require the United States to station an army in the Gulf, and perhaps other spots such as the Indian Ocean. This also would require the American taxpayers to bear the burden of the expenses, would widen the gap between the balance of payments and decrease the amount of exports, while the amount of imports will relatively stay the same, since the U. S. military presence in the Gulf would reduce the need of the littoral states for arms. Furthermore, such a policy might well antagonize the Soviet Union and encourage that country to seek alternatives to offset the American presence in the Gulf, perhaps by expanding its naval bases at Umm Qasar in Iraq. Therefore, the

cost required for this option would be far more than the U. S. can afford.

There are serious doubts about the application of the second alternative, namely to support the build-up of Saudi Arabia as a military power in the region. There are three major obstacles in the implementation of this policy. First of all Saudi Arabia's army is extremely unsophisticated and inexperienced, since it is going through the primary stages in terms of building a military armed force. Secondly, Saudi Arabia lacks manpower. Thirdly, and most important of all, it is difficult, if not impossible, for the Pentagon to convince Congress to provide Saudi Arabia with highly sophisticated armaments, since it might transfer such equipment to other Arab nations which are directly involved with Israel. Therefore, if the first and the second alternatives prove to be impractical, what then is the rational choice?

As these arguments suggest, the only rational choice remaining for the U. S. and the West is to aid Iran in its build-up of a substantial margin of deterrence, since Iran is a militarily progressive nation with enough energy, manpower, economic strength to support a military build-up. Besides, neither the United States nor the Soviet Union can convince the Shah to give up his ambition to build Iran into a militarily strong nation. However, one other option is available to

arming Iran and the Shah, and that is to reimpose sanctions against arms sales to that country. But due to the economic situation of the world, this alternative is premature, because it is difficult to convince other nations to refuse Iran's hard currencies in return for arms. Therefore, the first option seems to be the best available policy for the U. S. and the West. Perhaps that is why the Carter Administration has acceded to the Shah's requests for armaments, despite heavy opposition in the Congress. It is feared that any alienation of Iran may further the Soviet Union's influence in Iran.

The third question whether the United States could afford communist influence in the Gulf, and how it views the existing friendly relations between Iran and the Soviet Union, or Iraq and the Soviet Union.

Ever since the Shah's missile pledge to the Soviet Union, economic relations have been developed between the two countries. In recent decades, the Shah, by strengthening his political position and acquiring more international power and prestige, has been able to achieve political leverage vis-a-vis the United States, by playing the two super powers against each other, and the United States has not been particularly pleased with this. To the United States, this close friendship and cooperation may make Iran more vulnerable to the Soviet Union and deepen communist influence in that country and, as a result undercut U. S. influence. The Soviet Union,

as indicated, has tried unsuccessfully on several occasions to attract Iran by offering the Shah better economic and political terms. But how much longer the Soviets will remain unsuccessful depends in part on time, but most importantly on the attitude and policy of the United States. It seems that the Soviets have already established a firm influence in Iran. One may well argue that an ill-defined and formulated policy by Washington may alienate the Shah and force him to the other camp, not by choice but by necessity.

In summary, it is reasonable to assume that the United States is not very enthusiastic about the present relation between Iran and the Soviet Union. It is also reasonable to expect that the United States would do anything possible to prevent further influence by the Russians in the region as a whole.

Finally, it is necessary to consider whether American industry can afford to jeopardize its economic relations with Iran, since that country provides a potential market for exported goods and services. If the general assumption is accepted that the goal of an industrial firm is to capture as much of the market as it can and to sell as much as it can, then it would be irrational to argue that American industrial firms could afford losing a potential cash market. The fact is Iran as well as other littoral states in the Gulf have accumulated a great deal of wealth as the result of their oil

revenue. At the same time the incentives among these nations for political and economic development is remarkably high. Therefore, there is a great demand for the technology and manufactured goods produced by the West and the United States.

However, the important point is that it is the foreign policy of the industrial nations which determines who will get the sales, rather than the preference of the purchasing nations. Despite the fact that these nations have a deep respect for American manufactured goods, they may turn them down at the same time, if the United States refuses to deal with them at least partially on their terms. This tremendous resistance has been demonstrated, especially by the Arabs, who have refused to deal with companies who are using Israeli materials or dealing with Israel. A great many American industries have complied with the Arabs' requests and many still do so secretly. Some African, Asian and European nations have also done so. The 1973 oil embargo was the result of U. S. support to Israel and U. S. neglect of the Arabs' interests. Interestingly enough, France, to please the Arabs, changed in its whole foreign policy to a pro-Arab policy. The British Parliament revealed that Great Britain was being blackmailed by the Arab nations.<sup>4</sup>

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<sup>4</sup>Great Britain Parliament, Parliamentary Debates (HANSARD), Fifth Series, Vol. 861, Session 1972-73, comprising periods from 16th-25th, October 1973 (London: Her Majesty's Stationary Office), 529-30.

Unlike the United States, Iran can meet its primary needs by turning to other sources. After all, Iran is a major importer. The commodity that Iran has for sale is unique and is in a great demand, while the commodities it needs are on sale all around the world. However, the fundamental difference is that there are factions in Iran which are trying to bring changes in the country through force and are advocating an anti-West foreign policy. These factions are also advocating other alternatives to the present system. They obviously are not tolerated by the present regime. As the Shah himself once put it, the people have freedom in all respects, except one; they cannot be hostile toward the King and the monarchical system.

Given Iran's political and economic situation, main consideration should be given to the Shah's alternatives; first to the United States, and secondly to the West as a whole, in receiving technological and political aid.

As indicated there are other sources that Iran can turn to in order to meet its military requirements as well as its needs for technological development. Great Britain, France, Japan, Germany and even the Soviet Union unquestionably are willing to meet Iran's needs. For instance, the United States refused all along to provide Iran with a nuclear reactor until recently, but France had long ago agreed to sell Iran as many reactors as Iran could afford to pay for. In the field of

military sales, Great Britain as well as the Soviet Union has supplied Iran with armaments. However, the second part of the question is the major one which seems to impose some difficulties. A close scrutiny proves that Iran, under its present leadership does not have any alternative to the West on several grounds. First, despite the present friendly relations between Iran and the entire communist bloc except Cuba, the Shah, the prime source authority in decision making, perceives communism as the number one enemy of Iran, and especially to his dynasty. The diplomatic history of Irano-Soviet relations has proved the Russian's hostility toward Iran for centuries. The Russians have sought for centuries to reach the warm water of the Persian Gulf through controlling Iran. Besides, communist ideology is in sharp contrast to the system of Monarchy. Iranian leadership has always feared Nasserism, and the coup d'état occurred in Iraq, Syria, and Yemen Republic only because of their connections with communism. Iran has severed diplomatic relations with Cuba, because Castro has been trying to promote communism in the Persian Gulf. As a result, there seems to be no alternative for Iran but to remain on good terms with the West. The West is willing to tolerate the present system under most conditions, and Iran can more freely bargain with the West than the East. Besides, oil revenue accounts for the major income of the country and Iran cannot reach the world market



by itself. To promote and increase the volume and the price of oil and its products, Iran remains heavily dependent upon the Western oil companies.

In short the thesis can be summed up in five points:

(1) the U. S. is dependent on the security of Iran for the sake of its own interests; (2) the U. S. has no alternatives, under the present circumstances, but to support Iran and the Shah in order to secure its own interests in the Gulf; (3) the U. S. remains sensitive toward friendlier relations between the Soviet Union and Iran, while Iran has its option relatively open as far as receiving technological and military assistance is concerned; (4) U. S. industries can hardly afford poor relations with Iran; and finally, (5) Iran, under the present system, despite its political and economic leverage, remains dependent on the West, since the Eastern system ideologically is the main foe of the present Iranian system; Kingship.

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