
Introduction

The inauguration of Jimmy Carter as president of the United States in January 1977 seemed, initially, to mark a turning point in US–Iran relations. Under Richard Nixon and Henry Kissinger, the United States had looked to authoritarian leaders to serve as bulwarks against the spread of Communism, often turning a blind eye toward local human rights abuses in the name of the Cold War. As a conspicuous beneficiary of this policy, Mohammad Reza Pahlavi greeted Carter’s election with trepidation, fearing the new president would pressure the Shah on civil liberties and stop the flow of American weaponry which he so prized.

Jolted by the realities of international politics, Carter ended up making few major adjustments toward Iran, however. The Shah took nominal steps to respond to critics, such as easing restrictions on the press, promising to end torture by SAVAK, and reshuffling unpopular prime ministers. For his part, the president backed away from some of his campaign pledges – such as cutting military-related sales, including approving the provision of state-of-the-art AWACS reconnaissance aircraft to Iran. Although they were unaware of it at the time, the administration’s reneging on campaign promises to challenge the Shah meaningfully on human rights grounds would deeply disappoint the Iranian opposition and vastly complicate attempts to establish good relations with the Shah’s successors.

When signs of serious domestic unrest surfaced in Iran in 1978, the consensus among experts was that the Shah could easily handle them, as he had in the past. As always, the main focus of American concern was the potential threat to American interests in Iran emanating from the Soviet Union, either directly or by way of the Tudeh Party, although in reality Moscow’s support for its Communist allies in Iran was lukewarm.¹ A CIA report that summer insisted the Shah was likely to rule well into the 1980s [Document 1]. But as US policymakers turned to other priorities – the Strategic Arms Limitation Talks (SALT II) with the Soviet Union and the Camp David peace process among them – the situation in Iran deteriorated.²
The year 1978 got underway with Carter raising a New Year’s Eve toast to the “great leadership of the Shah” and referring to Iran as an “island of stability in one of the more troubled areas of the world.” Days later, a newspaper article, clearly with government approval, attacked the regime’s harshest critic, the exiled Shiite cleric Ayatollah Ruhollah Khomeini. It sparked indignation among his followers who took to the streets in the holy city of Qom. Local police fired into the crowd, leaving many casualties. The episode led to a cycle of protests and violent crackdowns that lasted through the year, as revolutionary fervor swiftly built up. The Shah’s attempts at amelioration failed and it became obvious he was running out of answers.

Meanwhile, some American intelligence experts persisted in downplaying the threat. In August 1978, the same month when hundreds died in an arson attack at a cinema and a pipe bomb was thrown into the US consulate in Esfahan, a CIA report determined Iran was “not in a revolutionary or even pre-revolutionary situation.” Shah supporters dismissed the protesters as leftist troublemakers.

Some Iran specialists in the US government voiced concerns at the time [Document 2], but their messages made no impact at the White House. On September 8, now known in Iran as Black Friday, nearly 100 protesters were killed at Jaleh Square in Tehran. Carter limited his response to calling the Shah to reassure him that the United States remained behind him. Preoccupied by the historic Camp David talks, the president’s advisors fell back on outdated assumptions about the stability of the monarchy.

Only when US Ambassador to Iran William Sullivan, a staunch defender of the Shah, suddenly changed his tune in early November [Document 4] and suggested that the monarch might not survive the turmoil did the White House finally grasp the scope of the crisis. Looking back at the unfolding of events a year later, National Security Council (NSC) Iran expert Gary Sick was struck by the lack of senior level attention to events until late in the day: “The most astonishing thing is that we had no [high-level] meetings at all on the subject until the crisis assumed overwhelming proportions in early November.” Moreover, “it was only after the ... Khomeini takeover on February 11 that principals began to engage themselves formally and regularly in decision-making."

The scramble to reassess policy brought out profound disagreements among Carter’s top advisors. National Security Advisor Zbigniew Brzezinski tenaciously argued the USA should show full support for the Shah, by any means necessary [Documents 5 & 10]. He warned against Soviet exploitation of the crisis and the high political and diplomatic costs of abandoning an important ally. Secretary of State Cyrus Vance felt the Shah
could no longer lead as he had in the past, but hoped that the USA could salvage the situation by pushing him to engage with the opposition and possibly establish a civilian government of national unity. In the end, Carter opted to let the Shah handle matters himself. In a private remark that may sound naïve or even self-deluding given America’s history with Iran, he told an advisor: “I cannot tell another head of state what to do.”

A chronic problem for the president and his inner circle was their general ignorance about the political forces in Iran, particularly the mullahs. This was partly a byproduct of years of extraordinary acquiescence to the Shah’s insistence on limiting US contacts with opposition elements. The NSC’s Gary Sick called the knowledge gap “abysmal” and placed the USA “light years” behind the British, who had a deeper involvement in the country. A few weeks before the enormously popular Ayatollah Khomeini returned from exile as the country’s de facto leader in early 1979, the director of the CIA had to explain to a cabinet meeting what an ayatollah was.

Despite Khomeini’s prominence, Carter, persuaded by Brzezinski to overrule Vance and Sullivan, decided not to open an early direct channel to him in order not to appear to undermine the Shah. By early January 1979, when the president and most of his advisors finally agreed the Shah should go [Document 5], the country was in near chaos and he was no longer the main driver of events. Only Brzezinski among Carter’s top aides urged continuing to prop him up.

The question was what would happen next. The Shah had just appointed a moderate nationalist named Shapour Bakhtiar prime minister, but his support base was thin, which underlined the importance of the military as a potential stabilizing force. The president sent a special envoy, General Robert Huyser, to assess their loyalties and readiness to act if called upon. Although he was in Iran for only a month, Carter came to trust his reporting of events over Sullivan’s. In the chaotic atmosphere of the capital, Huyser’s presence soon touched off rumors that he was there to foment a coup.

Typically, both Khomeini’s and the Shah’s supporters feared they were the target – but in this case each had grounds to be nervous. Sullivan was reporting that some of the generals wanted to move against the Shah if he failed to act decisively, while for the Americans a coup option to keep Khomeini or the Communist Tudeh out of power was very much on the table. (Vance split with Brzezinski and Defense Secretary Harold Brown on this but still believed military action might be needed to stave off “disorder, bloodshed, and violence.”) Ultimately, they could not reach a consensus before new intelligence showed conditions were no longer favorable.
Mohammad Reza Pahlavi departed Iran for “vacation” on January 16. Two weeks later, Khomeini arrived to a tumultuous welcome that bespoke both his own unique standing and the power of political Islam. Belatedly, the White House reached out to him [Document 6] while simultaneously trying to build a relationship with the new Provisional Government. Repeated attempts to connect with religious circles went nowhere, especially after Khomeini banned any contact, although embassy officials still managed to interact with certain clerics. These meetings helped establish the depths of the pent-up distrust that existed among the revolutionaries for the Shah’s former patrons [Document 8], particularly Carter whom they seemed to revile.

Throughout 1979, despite the evident shakiness of the Provisional Government, American officials commonly assumed a clerical regime could not succeed for long. Khomeini’s popularity and resilience would consequently continue to surprise as he rallied networks of mullahs and mosques to consolidate his position in a still frenzied and uncertain political environment. He established the Islamic Revolutionary Guard Corps (IRGC) to defend against internal threats ranging from leftist attacks to ethnic uprisings at the nation’s peripheries, while other new entities such as the komiteh, or Revolutionary Committees, sprang up, working outside Provisional Government structures to enforce religious edicts that were becoming more pervasive.

The world’s first Islamic Republic came into being on April 1 after a recorded 98 percent vote of national approval [Document 7]. By year’s end a new constitution enshrined the concept of *velayat-e faqih*, or absolute rule by a “religious jurist” [Document 11]. Khomeini developed the notion while in exile. It envisioned empowering a chosen individual to act on behalf of the Hidden Imam, at the core of Shia belief, until his promised return to Earth. Khomeini’s aim was to invest political power in the *ulama*, or clergy, instead of the state, and was controversial even for some senior Shiite clerics. These developments were as clear a signal as there could be that a sense of divine purpose and revolutionary resolve would animate true believers in Iran’s new era.

As radicalization spread through 1979, so did anti-US opinion. Religious leaders lashed out at the United States for interference – treating administration policies, congressional actions, and news media criticisms of repressive revolutionary methods as originating from the same source. In May, the Javits Resolution in the US Senate condemning the persecution of Jews, opposed by the State Department because it would disrupt diplomacy, incited large demonstrations outside the embassy. Meanwhile, the moderate...
prime minister of the Provisional Government, Mehdi Bazargan, who favored limited ties to Washington, was attacked as an American puppet. In October, general anger turned to outrage when the United States admitted the Shah for medical treatment, rejecting Tehran’s demands to return him to Iran [Document 8]. Shortly afterwards, a photo of Bazargan and Brzezinski shaking hands at a meeting in Algiers went public. As both countries would become prone to doing, Iranians misread a series of random events as proof of malicious intent.

In this case, the consequences were enormous. As rumors mounted of an impending 1953-style coup after the Shah’s admittance to the USA, a group made up mostly of students took events into their own hands and on November 4, 1979, seized the US Embassy and all of its staff [Document 9], an extraordinary act that would severely damage US–Iran relations.

American shock at this flagrant violation of international law quickly hardened into enmity as Khomeini not only failed to end the takeover but instead embraced it. At such a raw moment, neither side was disposed to consider the other’s reasons [Document 10]. Feelings of humiliation and threat, respectively, deepened after a US rescue attempt the following year ended in a fiery disaster in the Iranian desert leaving several American servicemen dead [Documents 13 & 14].

In December 1979, the Soviet Union invaded Afghanistan, precipitating a new global crisis [Document 12]. In another notable misinterpretation, Western observers took the development as confirmation of their worst fears about international Communist aggression. But as Russian archival records would show, the invasion was chiefly a reaction by Moscow to their own unfounded fear that the United States planned to make up for the geostrategic loss of Iran by seizing control of neighboring Afghanistan.8

The move turned out to be a strategic blunder, dragging the Soviets into a failed war that weakened the political foundations of the USSR itself. Its immediate consequence, in combination with the Iranian revolution and hostage crisis, was to draw the United States into formally identifying its own interests with the independence of the region. In his State of the Union address in January 1980, Carter enunciated a new doctrine: “Let our position be absolutely clear: An attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States of America, and such an assault will be repelled by any means necessary, including military force.”9

Beyond its international implications, the hostage crisis had huge domestic consequences in both Iran and the United States. It marked the end of the
road for political moderates in Iran as hardliners strengthened their hold on power – even as the episode seriously tarnished the Islamic Republic’s international standing. In the USA, national embarrassment at the hands of a regime few Americans understood contributed to Carter’s re-election defeat and embedded in American political discourse a level of resentment against Tehran that so far has proved impossible to overcome.


For almost twenty-five years, the Shah of Iran has ruled with only occasional outbursts of restiveness among the population. Through the 1970s his position seems to be strengthening as oil money flows in and some economic reforms are put in place. But not far beneath the surface, virtually every stratum of society is manifesting discontent. Even as evidence mounts, the tendency in Washington is to wave it off, confident in the Shah’s ability to weather the dissatisfaction as he has before. Moreover, the Nixon White House’s tendency of giving the Shah special treatment because of his value as a Cold War ally fosters complacency in US strategists who usually assume the worst when it comes to threats in vital regions.

Some of the rosy assumptions that have grown up around the Shah shine through in this preface to a lengthy CIA country study half a year into the Carter presidency. Assessing what the next ten years likely have in store for Iran, the authors predict that not much will change from the general status quo since the 1953 coup removed the monarch’s most potent political antagonist, Prime Minister Mohammad Mosaddeq. Unfortunately, three out of four of the “basic assumptions” made at the start of the document will prove to be dead wrong. Only the statement that oil will continue to dominate the economy holds up. The Shah will be driven into exile in less than a year-and-a-half, forced out by just the kind of “radical change” the authors say will not materialize, and in the first year of the 1980s Iran will in fact find itself at war. Jimmy Carter is later disparaged for “losing” a crucial ally in the Middle East, in part by badly miscalculating the state of affairs inside the country; this and similar official forecasts show that he was hardly alone in misreading events in Iran.
In the last 10 years, that is to say since the accession to the throne of the Pahlavi dynasty, Iran has been affording the spectacle of a burst of activity which will go down in history. The Army, courts, and public finances have been completely re-organized. A powerful drive is developing agriculture and industry. The Ministry of Public Education is increasing the number of schools, supervising the restoration of all monuments and infusing new life into the fine arts. Hygiene and urbanization have transformed many cities. The building of railways and of many highways is hastening the fulfillment of these impressive developments.

This passage, written in 1938 by Henri Masse could almost without change be repeated today but when Masse wrote, he could not have foreseen that within three years Iran would be invaded and occupied by Britain and the USSR, that the Shah who had produced that “burst of activity” would be in exile where he would die, and that it would be 30 years before his words would again be pertinent.

So, prophecy is precarious and prediction is only slightly less so. Even the more modest estimate can maintain a validity only by generalizations that are all things to all men. This paper attempts, for the most part, to be conservative. It makes these basic assumptions:

- The Shah will be an active participant in Iranian life well into the 1980s.
- There will be no radical change in Iranian political behavior in the near future.
- Iran will not become involved in a war that would absorb all of its energies and resources. Oil will continue to dominate the Iranian economy.

The Shah could die suddenly or be assassinated; a combination of political personalities and forces might reduce the Shah to a figurehead; Iran could become involved in a war with one of its neighbors or in a more general outbreak of hostilities. None of these is predictable at present, but the occurrence of any one of
The Shah’s plans call for almost simultaneous development in nearly every field. This strains every level of the Iranian society and economic structure, but the Shah has adopted the forced-draft approach to make sure that Iran is set inexorably on the path to a modern industrial state while he is still around to oversee the process. Because the programs are so interrelated, a serious failure in one could affect the others. All programs, of course, are dependent on a continuing flow of income from oil revenues; declining oil sales have recently forced a cutback in some programs, and a sharp decline could affect everything else. Iran’s increasing population provides the potential for the manpower it will need in the next 15 years, but at the same time this manpower must be trained, straining the educational system, and the larger population must be fed, putting pressure on agricultural production. In turn, innovations designed to increase agricultural production are, in many respects, unproven, and involve the government bureaucracy in the process to a greater extent than ever before. Finally, the whole process depends—and for the foreseeable future will continue to depend—on the Shah. His control of the decisionmaking apparatus is so complete that he is literally irreplaceable at this point.

A successor to the Shah, although committed to the same programs, would have to establish his right to govern, a process that might take years. The Shah seems to hope that he can institutionalize his programs so that they will have a life of their own after he is no longer in charge. This is unlikely to be the case.

We are, then, looking at evolution not revolution and are identifying trends to be watched, not results that can be productive. Most of the significant decisions, actions, and attitudes that will influence the next decade are already in operation, and this will be identifiable in the pages that follow. Background data will permit the reader to see the bases for the author’s conclusions, to draw his own conclusions if he chooses, and serve as a reference to those areas of politics, economics, and society which will create the Iran of the 1980s.

Research for this paper was concluded in July 1977. [...]
By August 1978, the unrest in Iran is gaining significant momentum and some of the key figures and themes that will come to define the revolution are beginning to surface in US analyses of events. Carter's ill-fated "island of stability" toast to the Shah in Tehran on December 31, 1977, is almost immediately followed by the publication of a diatribe against Ayatollah Ruhollah Khomeini in the newspaper Ettela'at, sparking a series of protests and violent police crackdowns.

This document, sent out over the signature of the chargé d'affaires at the US Embassy in Tehran and reporting information from well-placed local sources, shows that officials on the ground are well aware of the political impact of religious forces in the country – earlier than critics would later assume: Khomeini, the author writes, "retains an almost mystic respect among parts of the population, and the cable describes in some detail the politics playing out within religious circles, including the reluctance of some senior clerics to disagree too broadly with Khomeini in public. The cable also points to two major concerns that will prove critical in the coming months. The first is the high level of corruption running rampant in key sectors of society, especially among the royal family and its circle. The second, not fully appreciated in Washington at the time, is the poor state of the Shah's health [see Document 8].

Overall, the conclusion is that US overreliance on the Shah to handle the crisis is becoming a liability as the usual attempts to mollify the masses (firing and shuffling cabinet members, replacing the head of SAVAK) fail and faith in the monarch reaches an all-time low. As one Iranian informant explains it, "it does not matter how one arranges the garbage cans."

[...]

Hedayat Eslaminia, who has been discussing the religious situation with Embassy Political Officers for the past few months, opened a July 25 meeting with Political Officer Stempel in somewhat low spirits. The religious situation has "come apart." Eslaminia learned from General Fardoust and SAVAK Chief Moghaddam that the Shah was most distressed that Ayatollah Shariatmadari did not publicly oppose Ayatollah Khomeini’s call for a subdued, " politicized" celebration of 12th Imam’s
birthday July 21. Eslaminia says Shariatmadari and his supporters have increased their dislike for Khomeini until it borders on hate because pro-Khomeini groups are blackmailing Shariatmadari supporters by threatening to shut down or burn their shops in the Bazaar.

With respect to Ayatollah Shariatmadari, Eslaminia said recent events have increased Shariatmadari’s concern for his own position. Khomeini retains an almost mystic respect of mass of illiterate population and Shariatmadari feels he cannot differ to a significant degree with Khomeini in public. [Comment: We are not sure just how independent Shariatmadari actually is.] Eslaminia noted that all senior Ayatollahs in Iran are beginning to jockey for personal position. This could create a situation in which moderate religious figures would have trouble maintaining centrist policy in the face of challenges from more reactionary groups.

In the wake of disturbances in Iran July 21-22, Shah met on July 22 with his aide, General Fardoust and SAVAK Chief Moghaddam to discuss future policy towards demonstrators. Eslaminia, who is close to both Fardoust and Moghaddam, said the Shah was depressed with the outcome of the religious demonstrations and after a somewhat mercurial session in which Moghaddam was heavily criticized, the Shah directed that demonstrations would henceforth be broken up by military force and the army was authorized to fire on demonstrators. In response to a question, Eslaminia said he had been working for three days to reverse or moderate this decision, but the Shah and his principal advisors were now convinced that compromise with religious leaders may not be possible. Eslaminia believes this is an extreme position which will hopefully change, but it is clear that the throne is taking a much tougher line against dissidents in the wake of Shariatmadari’s inability or unwillingness to oppose Khomeini publicly. For example, Shah is now against letting Mullah Falsaﬁe speak publicly because it is feared he might ignite a sizable riot.

In passing, Eslaminia noted that Fardoust and Moghaddam, who are good friends of his, expressed some concern at the Shah’s health. Political Officer mentioned rumors were prevalent in Tehran that something had happened. Eslaminia quickly replied that Shah was physically all right as of July 22 but somewhat “down” mentally. According to Eslaminia, medical blood tests