

US Foreign Policy in the Persian Gulf During the Nixon Administration, following  
the 1968 British Announcement of Withdrawal from the Middle East

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## Introduction

In the summer of 1974, three years after the 2,500 year anniversary celebration of the Persian Empire, Mohammad Reza Shah Pahlavi was a larger-than-life figure in the Persian Gulf as leader of Iran, one of Two Pillars that protected the region. The Shah was an extremely smart man, who always tried to be the smartest person in the room, even he was speaking with President Nixon. The Shah was both proud and stubborn, at times to a fault. He insisted on making every decision by himself, no matter how minute the detail was and refused to trust his advisors. With him, no demand seemed quite too ambitious; at one point he wanted to diversify Iran's energy sector beyond oil and requested contracts to purchase eight from the United States and another five from France at the at the same time.<sup>1</sup> At another time, the Shah fiercely lobbied President Nixon to sell the entire Hughes Aircraft Company to the country of Iran, a request the President considered, but eventually rejected on the grounds of national security.

The Shah was ending the year 1974 with preparations for a huge summit to prepare Iran's economic plan for the next five years. After growing the domestic economy at close to 11.4% during the end of the 1960s, the Shah was a firm believer that he could grown the Iranian economy at an average of 25% over the next five years. The Shah believed this claim despite uncontrolled inflation in Iran and never spending less than 23% (and sometimes up to 33%) of the annual budget on the military, because oil prices were skyrocketing, and he thought that the meteoric rise would never end. He also attributed such long term success to a strong relationship with the United States – not the Nixon Administration — considering that in 1974, the amount of weapons transactions from the United States to Iran was \$3.9 billion, twice the value of the 22

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<sup>1</sup> Nixon Library Box, Presidential Files, RG 59, Box 603 – IRAN VOL 5-6, IRAQ VOL 1

years of arms purchases before it.<sup>2</sup> This paper will consider the steps that led to the Shah of Iran becoming a protector of the Persian Gulf and the reasons why both Iran's flourishing economy as well as its status as one of the Twin Pillars of regional security would not have been possible without a close partnership with the United States.

The most important of these steps occurred during the Presidency of Richard Nixon. In 1968, the year prior to Richard Nixon's inauguration, the British stunned the world with an announcement that they would be withdrawing all forces from Asia, the Persian Gulf, and the Middle East by the end of 1971. The announcement created a sudden power vacuum in the Middle East and Persian Gulf, leaving no apparent heir to the British title of regional protector. The United States realized that either it could attempt to fill the shoes of the British, remain a presence but take no action, or leave the job completely to the countries within the Persian Gulf.



*Map of the Persian Gulf<sup>3</sup>*

<sup>2</sup> Kuniholm, Bruce R. *The Persian Gulf and United States Policy: a Guide to Issues and References*. Regina Books, 1984. Pp 15

<sup>3</sup> <https://www.mapsofworld.com/answers/regions/persian-or-arabian-gulf/>

The Johnson Administration chose to make a quiet response that consisted of getting the British to stay longer by relying on them and investigating other options. The Nixon Administration followed this strategy, until it became clear that the best option was to support a regional security alliance between Iran and Saudi Arabia, two of three major powers of the Persian Gulf. In part, the first real decision the Nixon decision made was to continue with the Johnson Administration policy that the United States was not capable of completely replacing the British as protector of the Gulf. While this was not an inevitable decision, given the secondary status the Persian Gulf to any issues related to the Vietnam War, the Cold War, or Communism, it was not surprising that Nixon followed in the footsteps of his predecessor. Like Johnson before him, the Nixon Administration quickly eliminated Iraq from consideration as a potential promoter of Gulf stability because of close communist ties, meaning that Administration had to utilize the United States Special Relationship with Saudi Arabia and Nixon's Special Relationship with the Shah to create long term stability throughout the Arabian Peninsula, the Persian Gulf, and ideally, the entire Middle East. President Nixon, along with Henry Kissinger, Special Aid to the President, use back channel communications to manage and promote the involvement of the Twin Pillars [Iran and Saudi Arabia] in conflicts throughout the Persian Gulf. The Nixon Administration managed this system through a combination of defense spending, economic ventures, and oil management. Nixon believed that he was making taking actions that would benefit the long term stability of the Persian Gulf, when in reality, he increased tensions by either directly or indirectly leading to buildups of weapons by multiple Gulf countries and non-state actors. As the United State grew closer to the Twin Pillar states, an increasing number of joint business ventures helped to develop the Gulf state economies and increase the pace of globalization. And of course it is impossible to tell the story of the Persian Gulf without talking about oil; U.S. oil companies

got rich extracting oil in the Persian Gulf, which helped Gulf economies grow, but also caused problems as western demand for oil increased. The Nixon Administration realized the importance of energy, but chose to separate the entities that dealt with energy policy, so there was no government agency that was able to correct the false notion Nixon and Kissinger had that future of U.S. oil companies in the Gulf was not intrinsically tied to national security. The actions that occurred in a short four-year span, defined the entire Persian Gulf in the 1970s and directly caused the buildup that resulted in the 1979 Islamic Revolution in Iran that deposed the Shah for an Ayatollah. Many of the consequences, such as a U.S. reliance on Middle East oil and a constant U.S. presence in the Gulf continued past the 1970s into the 21<sup>st</sup> century.

## Background

### US Historical Interests in the Persian Gulf

The United States has always maintained an interest in keeping the Persian Gulf stable, emphasizing deterrence to keep problems or conflicts from developing rather than active conflict management. Dr. Salim Yaqub argues that US responses were derived from two central ideas that defined policy in the region:

The first has been to prevent any hostile power, external or indigenous, from dominating the Gulf region... the second objective has been to meet a cluster of threats falling short of domination – efforts by local actors, state, and non-state alike, to disrupt US policy in the area, to menace US allies, or to attack US force or civilians.<sup>4</sup>

That being said, there was never any direct security threat to the United States in the Persian Gulf, though there was a definite value in ensuring it remained stable. Allies of the United States

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<sup>4</sup> Yaqub, Salim. “Chapter 1: The United States and the Persian Gulf: 1941 to the Present.” *Crude Strategy: Rethinking the US Military Commitment to Defend Persian Gulf Oil*, by Charles L. Glaser and Rosemary A. Kelanic, Georgetown University Press, 2016, pp. 21-22.

—especially in the west – have considered the Persian Gulf to be a strategic priority, but the region was also an economic gold mine for multiple US companies that negotiated oil concessions with Gulf states and were responsible for the actual oil extraction, especially in Saudi Arabia. The US got involved in 1928 with a 23.75% stake in the Iraqi Petroleum Company, giving them the rights to drill request drilling rights anywhere within the area in the red line on the map below.



*Map of the Red Line Agreement in the Middle East<sup>5</sup>*

Despite this economic value, the United States has only ever considered the Gulf to be of marginal importance, prioritizing bilateral alliances and the need for a secure international

<sup>5</sup> This map is only for illustrative purposes--the red line was drawn freehand using as a reference the map in: United States. Federal Trade Commission, *The International Petroleum Cartel*, staff report to the Federal Trade Commission submitted to the Subcommittee on Monopoly of the Select Committee on Small Business, United States Senate (Washington, U. S. Govt. Print. Off., 1952), p. 66

shipping lane. In general, that was possible to achieve with minimal force in the region and a hands-off approach. Except for a few exceptions, the United States left the arbitration and role of regional protector to local states and European allies, as long as that option was available. Bruce R. Kuniholm explains his book, “In spite of US interests in Saudi Arabia, the Gulf assumed importance in US policy councils only in the 1960s when, as in the 1940s and 1950s, Britain’s continuing withdrawal from the Middle East forced another assessment of US interests”<sup>6</sup>

Kuniholm’s assessment correlates with the time period – starting in the early 1960s – when the world was beginning to realize the vast oil reserves in the Persian Gulf, and Gulf states like Oman began rapidly extracting oil to bolster their domestic economy. Similarly, Iran ramped up production, hoping (perhaps over-ambitiously) to finance the reforms of the White Revolution<sup>7</sup> and to use oil revenue to stimulate the economy through defense purchases. Even before the United States began selling weapon systems to Iran in bulk<sup>8</sup>, the Shah was already relying on defense purchases to boost Iran’s economy to a dangerous extent. US defense and foreign policy advisors pointed this out as a key flaw in the country’s structure, arguing that, if not managed properly, defense spending could be the tipping point for economic collapse. US Presidents Eisenhower, Kennedy, and Johnson all urged the Shah to spend more on the country’s economy and infrastructure rather than on the military. But the Shah was a strong believer that investing in the military was the best way to continue the 11% growth rate the economy had been averaging throughout the mid-1960s.<sup>9</sup> In any given year, the Shah allocated no less than 23% of

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<sup>6</sup> Kuniholm *ibid.* pp. 15

<sup>7</sup> A series of economic and social reforms to liberalize Iran, uniting citizens around a national identity through shared experiences like conscription in the military.

<sup>8</sup> This started with President Johnson in 1965.

<sup>9</sup> 1973 CIA Memo titled “Iran: The Shah’s Economic and Military Expansion”. Declassified. Approved for release on April 19, 2006. Page 4. <https://www.cia.gov/library/readingroom/docs/CIA-RDP85T00875R001700050012-2.pdf>



Iran's entire budget (sometimes up to 33%)<sup>10</sup> to bolster the military, fearing attacks from both the Soviets<sup>11</sup> to the north and the Saudis to the south. Under the Nixon Administration, the amount Iran spent purchasing weapons only increased, outstripping the increased revenue from oil sales and requiring an even greater reliance on foreign credit.

At this point – 1971 – the US was producing twelve million barrels of oil per day, equivalent to the amount produced by the entire Middle East. Iran, which was considered separately from the Middle East, was producing four million barrels per day, which combined with the oil from the Middle East was being sold primarily to the free world.

Specifically, one third of the oil used in the free world came from the Persian Gulf, as did 89% of the oil used by the US military in Southeast Asia.<sup>12</sup> Essentially, oil from the Persian Gulf made the war in Vietnam possible (and sustainable over a long period), meaning that securing oil was not just an economic issue, but one of national security as well. During the same period, around 55% of the oil used by NATO allies in Europe and a staggering 90% of Japan's petroleum came from the Persian Gulf.<sup>13</sup> US oil was both too expensive and too difficult to export across the world, making it even more imperative for the US to find some way to ensure a secure Persian Gulf, even without an active presence to police the region.

## US Economic Interests Beyond Oil

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<sup>11</sup> Fear of the Soviets and communists did not stop the Shah from doing business with the USSR. The Shah accepted loans to sustain his economy and signed his first arms agreement with the Soviet Union in 1967.

<sup>12</sup> Cooper, Andrew Scott. *The Oil Kings*, Simon & Schuster, 2011, pp. 9

<sup>13</sup> Andre Scott Cooper *ibid*, pg 15

Prior to the rise of oil producing states in the Gulf (in the 1960s), US interests in the Persian Gulf focused more on the uses of the land than it did on individual countries or conflicts in the region. During World War II, the region was deemed the “Persian Corridor,” because the climate was warm throughout the year, meaning it was constantly usable as a shipping lane.<sup>14</sup> The US shipped goods through the region to the Soviet Union, by sea via the Persian Gulf and north through Iranian lands, securing the passage with 60,000 men who were stationed in Iran (30,000 military personnel and 30,000 civilian technicians and engineers). The United States shrewdly used the deployment of civilians to send economic aid – in the form of foodstuff – to the government of Iran. President Roosevelt also extended the Lend lease Act to the Saudi Government, offering them direct cash payments, in part because pilgrimages to Mecca had to be canceled, but also, “provided military trucks, medical supplies, and agricultural, radio, and desalinization equipment.”<sup>15</sup> This ingratiated both countries to the United States, building a relationship that would lead to the Two Pillar System under President Nixon.

After World War II, the United States continued to use Persian Gulf as a to ship goods to the Soviet Union during the Marshall Plan. At this point, oil was the single largest expense of countries involved in the Marshall Plan<sup>16</sup> and the majority of facilities capable of equipment maintenance or expanding foreign oil processing were only available in the United States (as were the majority of oil tankers). The combination of these three factors is why the bulk of oil on the global market was bought using US dollars, a theory that was eventually solidified in conversations with the King of Saudi Arabia as ‘petrodollars’ in the mid 1970s.<sup>17</sup> The price of a barrel of Persian Gulf crude oil was \$1.06 in 1945 and jumped as high as \$17.00 by 1974

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<sup>14</sup> Yaqub ibid pp 23

<sup>15</sup> Yaqub ibid pp 24

<sup>16</sup> [https://www.istor.org/stable/3114553?seq=4#metadata\\_info\\_tab\\_contents](https://www.istor.org/stable/3114553?seq=4#metadata_info_tab_contents)

<sup>17</sup> Explanation of petrodollars

–which, accounting for inflation, is an increase of \$80.00 (in 2020 dollars) – demonstrating the meteoric rise in demand for the commodity after suppliers banded together as part of the cartel OPEC (Oil and Petroleum Exporting Countries) and began to manipulate prices.<sup>18</sup>

### The Special Relationship

The special relationship between the United States and Saudi Arabia began officially towards the end of World War II, though US companies had been involved with Saudi Arabia since 1933, and officially discovered reserves in Eastern Saudi Arabia in 1938. President Franklin Delano Roosevelt, “admitted to being ‘greatly interested’ in developments in Saudi Arabia and he aimed to build a strategic partnership, a kind of Good Neighbor Policy for the Middle East, with the Saudi king as one of its cornerstones.”<sup>19</sup> In 1945, President FDR met with King Abdulaziz Ibn Saud aboard the USS Quincy off the coast of Egypt demonstrating the importance of the meeting by welcoming a foreign leader onto a US military ship during a time of war. The meeting came one year after American oil companies Standard Oil and the Texas Oil Company – called Texaco – joined together to form the Arabian American Oil Company (abbreviated to Aramco) for all operations in Saudi Arabia. The partnership would expand to include the predecessor companies to Exxon and Mobil. Aramco had the legal concession to extract oil from the world’s largest proven reserves – at the time –but the kingdom of Saudi Arabia owned the reserves, giving the Saudis unparalleled access to the United States government and the United States unparalleled access to what was otherwise a closed country to

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<sup>18</sup> [https://www.jstor.org/stable/3114553?seq=4#metadata\\_info\\_tab\\_contents](https://www.jstor.org/stable/3114553?seq=4#metadata_info_tab_contents) 364

**19** [https://link.springer.com/chapter/10.1057/9781137025258\\_6](https://link.springer.com/chapter/10.1057/9781137025258_6) FDR and Saudi Arabia: Forging a Special Relationship- Christopher D. O’Sullivan

foreigners.<sup>20</sup> In 1945, the government of Saudi Arabia gave the United States permission to build an air base in Dhahran, close enough to the oil fields in Eastern Saudi Arabia to protect them, though the base was not operational until after the war ended. Five years later, in 1950, the Truman Administration made a deal with the Saudi government giving the Saudis half of Aramco's oil revenue, which Aramco was allowed to deduct from its [American] taxes.<sup>21</sup> The United States had made a significant investment with the Saudi government following World War II and successive administrations only doubled down on the decisions of their predecessors. A memo for President Nixon detailing U.S. foreign policy in the post-war period explains:

Arab oil is vital to Western Europe, and it is important that it continue to be available on tolerable terms. Meanwhile, our own large investment in Arab oil, in the neighborhood of \$4 billion, contributes about \$1 billion annually to our balance of payments.<sup>22</sup>

The phrase “tolerable,” though seemingly innocuous, refers to the ramifications of a 1967 oil embargo by Saudi Arabia and the Arab nations against the west for its connections to the state of Israel.<sup>23</sup> In response the US increased its oil production and Gulf states like Abu Dhabi and Bahrain continued their shipments, lessening the damage of the embargo on the west. Though the embargo failed, it forced policy analysts to reconsider the idea that financial investments would lead to a constant flow of oil to the west.

## Vietnam

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<sup>20</sup> Aramco completed multiple infrastructure projects in Saudi Arabia during the time period 1945-1969.

<sup>21</sup> Yaquib *ibid.* pp 25

<sup>22</sup> Nixon Library, HAK Files, RG 59 Box 7 Near East and South Asia – Major Problems and U.S. Objectives (1/3) Tabs D

<sup>23</sup> The embargo began in the months leading up to the Six Day War.

The war in Vietnam was the main foreign policy consideration for consecutive U.S. administrations because of the divisive reactions it elicited from the public; this was especially true during the Johnson and Nixon Administrations. Every other conflict took a backseat to anything related to Vietnam or communism. During the summer of 1967, the Persian Gulf was supplying between 200,000 and 300,000 barrels of oil for war efforts each day.<sup>24</sup> Though the Persian Gulf supplied 90% of the oil for the military in Southeast Asia, when it came to other subjects besides oil, the Persian Gulf was lumped together with the Middle East because the Johnson Administration only focused conflicts related to Israel leading up to, and during, the 1967 Six Day War. In January 1968, the British made the announcement of a full withdrawal of all troops from the Far East (Asia) and Near East (the Middle East). Less than a week later, the Tet Offensive began, shocking the American people, who realized that they were being deceived by a government that had promised an imminent victory. Following the Tet Offensive, there was a massive decline in public support for the war and Nixon campaigned on the need for a Republican to end the war, even going so far as to have back channel communications with the South Vietnamese government to sabotage talks with President Johnson.<sup>25</sup> When Nixon was elected, he saw the Persian Gulf as the gate into Asia, using Iran to send parts to the Southern Vietnamese government in a gambit to end the war.

## The Cold War

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<sup>24</sup> Fain, Taylor W. *American Ascendancy and British Retreat in the Persian Gulf Region*. Palgrave Macmillan, 2016, pp. 148

<sup>25</sup> Farrell, John A., et al. "When a Candidate Conspired With a Foreign Power to Win An Election." *POLITICO Magazine*, Politico, 6 Aug. 2017, [www.politico.com/magazine/story/2017/08/06/nixon-vietnam-candidate-conspired-with-foreign-power-win-election-215461](http://www.politico.com/magazine/story/2017/08/06/nixon-vietnam-candidate-conspired-with-foreign-power-win-election-215461).

Though the Cold War did not have much to do with the Persian Gulf, the Cold War dynamic shaped US foreign policy. Simply put, stopping the spread of communism in any form was the biggest concern of the US government and that extended to the influences of Communism as well. An analysis of foreign policy leading up to the Nixon Administration found, “The curve of Soviet influence in the area has risen steadily since then [1955], with only occasional setbacks.”<sup>26</sup> As the Soviets continue to assert their influence in their region, the Johnson Administration defined U.S. regional interests in terms of containing communism. For example, in 1963, the US supported a coup in Iraq to root out influences of Communism and install a regime that was more friendly to the west.

Similarly, US support for Saudi Arabia and Iran was tempered with their fears of communism. Both countries were quite paranoid about the influences of Communism, though Saudi Arabia took more direct action. With the conservative theology that held the kingdom together combined with the large number of ex-pats working in the oil industry, King Faisal saw his country as ripe for a communist invasion. In fact, part of the liberalization of the kingdom occurred because it was a better alternative to change the subject away from communist influences by forcing a debate over religious values. However, the constant insistence by the monarchy that there were subversive forces within the country was really just an excuse to request more weapons or training from the U.S. government – one that the U.S. often granted.

On the other hand, Iran had a more legitimate reason to fear the Soviets than Saudi Arabia because Iran essentially shares a border with the Soviets. Kazakhstan separates the two countries, but it was in such a state of rebellion and chaos that the Shah feared extending Soviet influences. Moreover, the Shah believed that his praise and acceptance of Western culture would

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<sup>26</sup> HAK Files Box 7 Near East and South Asia – Major Problems and U.S. Objectives (1/3) Tabs A-L

actually make him more likely to be a target of communists. Communists previously were involved in politics in Iran, which ended when the 1953 U.S.-British coup in the country rooted them out as a part of the process to re-install the Shah as leader of the country. And because of the Shah's aversion to communism, he was happy to partner with the United States in surveillance and other anti-communist activities, starting with a surveillance system build in 1957.<sup>27</sup> According to Armin Meyer, the U.S. Ambassador to Iran during the Johnson Administration:

We had invaluable devices at the Shah's game preserve' and 'extensive facilities out north of the Meshed, monitoring every blast that the Soviets ever emitted, every missile they ever shot, their intercommunications between their military units and so on. It was fabulous, really. The Shah was really with us on that.<sup>28</sup>

Despite the Shah's apparent fear of communism within his own country and his cooperation with the United States on surveillance, the Reza Shah was was not afraid to engage the Soviets for economic considerations such as trade deals or loans, nor was he adverse to requesting Soviet weaponry – to the dismay of the United States.

### **The British Announcement of Withdrawal**

On January 1968, the British government, led by Prime Minister Harold Wilson<sup>29</sup> made the public announcement that Britain would begin withdrawing all troops from the Middle East immediately, completing the process by 1971. President Lyndon B. Johnson and the US government responded publicly by expressing their shock at the declaration even though it was

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<sup>27</sup> The contract was negotiated with Richard Helms, who would go on to become director of the CIA and U.S. Ambassador to Iran under President Nixon. The project flew an Iranian flag and was deemed part of the Iranian Air Force, but was entirely manned by Americans.

<sup>28</sup> Andrew Scott Cooper *ibid* pp. 83

<sup>29</sup> Labour Government (explanation)

clear that in private, the US had already known about British intentions and indeed had been working tirelessly to keep British forces in the Middle East. In the midst of the Vietnam War, the United States did not believe it should (or could) take over as a regional protector of a region already managed by the British. The British had the men, the infrastructure, and the historical relationships in place, not to mention they were receiving both money and cheap oil from their investments in the region. From the US perspective, it would be far more valuable to reinforce – either through weapons or money – the British rather than dealing with a power vacuum that would undoubtedly occur once the British left.

In 1967 before the official announcement, the British sent a letter to Secretary of State Dean Rusk suggesting that existing timelines to withdraw would have to be accelerated due to a recommendation for austerity overseas after a cash strapped British government devalued the sterling pound as a measure to combat a financial crisis in 1967. In *Imperial Crossroads*, Saul Kelly explains, “It was argued at the time by politicians, diplomats, and their apologists in the media, and has been repeated since by some historians, that the British government could no longer afford the £12-14 million cost of continuing a military presence in the Gulf because of this parlous state of Britain’s finances and her military commitments elsewhere, especially in Northern Ireland.”<sup>30</sup> However, under further scrutiny, this argument seems more like an excuse than the reason for such a massive policy change. The British government was only spending twelve to fourteen million pounds sterling for the entire mission in the Persian Gulf, an amount they were receiving many times over in profit from oil concessions and oil, which was crucial to the economy. Abandoning a secure energy future without some sort of extreme pressure to do so

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<sup>30</sup> Kelly, Saul. “Chapter 4: The Gamekeeper versus the Mercenary Spirit; the Pax Britannica in the Gulf.” *Imperial Crossroads: the Great Powers and the Persian Gulf*, by Jeffrey R. Macris, Naval Institute Press, 2012, pp. 56.



is nothing short of irresponsible for a country trying to protect its interests abroad. Instead, it is apparently clear that this was merely the acceleration of the end of the British Empire, a decline that had been occurring slowly, but steadily since the end of World War II. In a short number of years after World War II, India, Pakistan, Myanmar, and Sri Lanka<sup>31</sup> gained their independence. In 1948, the sovereign state of Israel also formed in the former area of Palestine. The British government was rapidly losing territory all the while it worked to rebuild the shambles of its country and the ruins of Europe.

#### The Weakening role of the British in the Persian Gulf

After World War II, the United States was acutely aware of the weakening position of the British to control their colonies throughout the world, but especially in the Persian Gulf and Middle East. Kuniholm writes that, “In the Middle East, in particular it was the US that sought to turn British power and influence to its own advantage. Referring to the Middle East in the mid-1950s, President Eisenhower recommended that ‘every effort’ be made to induce the British to ‘dig further into their own resources to help in the defense of the area.’”<sup>32</sup> This included, but was not limited to, expanding British oil interests so that the American dollar and the sterling pound (the currency of Britain) would dominate the global oil market and give the British a reason to continue investments at a time when it was focusing on domestic rebuilding.

The strain on British resources (attention and manpower) was clear starting in the 1950s with trouble among the Trucial States. The Trucial system was a special treaty system with the seven Sheikdoms of the Trucial Coast and Bahrain that began in the nineteenth century<sup>33</sup>. “The

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<sup>31</sup> Also called British Ceylon

<sup>32</sup> Saul Kelly ibid 55

<sup>33</sup> Trucial sheikdoms

Trucial system rested on a duty by Britain not only to maintain the maritime peace of the Gulf against outbreaks of piracy and maritime warfare, but also to protect the independence and territorial integrity of the sheikhdoms that had signed the truce.”<sup>34</sup> As much as it was a balance of power where Britain acted as a protector of the sheiks, by far the most important aspect was the role that Britain took as a final authority and negotiator in the region, both amongst the sheiks and with outside powers. For example, Britain kept Saudi Arabia from taking over Abu Dhabi, when the King wished to add the oil rich territory to his kingdom and forced Iran to back off claims to islands near Bahrain. However, after failing to acquire Abu Dhabi, in 1955, Saudi Arabia turned its eyes towards Oman, sending two sets of troops into the country. One set halted a few miles within the border and waited as Saudi Arabia used an international arbitration system set up by the British, but the other set of troops – a covert force – continued to take territory within Oman. The British were clearly exasperated by action they considered to be in defiance of their authority in the region and forcibly removed the Saudi troops with the help of the Trucial army. Later that year, “[In 1955], Britain ended a policy of arbitration which allowed two parties to get arbitration through an international court, angering Middle Eastern States as well as the US.”<sup>35</sup> This conflict was foreshadowed the announcement of British withdrawal that would come just over a decade later; in both situations, after being pestered by a problem, the British overreacted, throwing away an institution that was more than twenty years in the making for an insignificant win. The British use of force against Saudi Arabia is the start of a deteriorating relationship with the minor Gulf states, but it was not the real tipping point.

The real tipping point occurred when Britain had to enforce a treaty it signed to protect the sheikdom of Kuwait, primarily against Iraq. Iraq was taken by the Allies from Turkey during

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<sup>34</sup> Imperial Crossroads 52

<sup>35</sup> Saul Kelly *ibid.* pp. 55

World War I and the mandate was given to Britain to manage by the League of Nations, who granted the territory independence under the rule of Hashemite King Faisal I in 1932.<sup>36</sup> Later that year and throughout the 1930s, Britain worked hard to pressure the monarchy in Iraq to give up any historical claim to Kuwait. Iraq is basically landlocked, only possessing a coastline that is only about 36 miles in length, which has led to a struggle for position among other Gulf states. On the other hand, Kuwait has around 310 miles of coastline and it, “had the best harbor in the upper Gulf and Iraq’s only real outlet<sup>37</sup> was the Shatt al-Arab.”<sup>38</sup> Even after British intervention in the 1930s, Iraq continued touting inflammatory rhetoric, peaking in 1961 when the Prime Minister Abdel Karim Qassim<sup>39</sup> called Kuwait an integral part of Iraq. In response Britain massed troops in Kuwait and made the decision to recognize Kuwait as an independent state. With British troops in Kuwait and naval support just offshore, the Iraqi army never attacked Kuwait and in 1963 Kuwait was officially recognized by the United Nations, giving it legitimacy. In his book *Imperial Crossroads*, Saul Kelly contends, “The ending of the British protectorate over Kuwait in 1961 marked the start of the unravelling of the treaty relationship binding Britain to the minor Gulf states, which culminated in Britain’s withdrawal from the Gulf in 1971.”<sup>40</sup>

### Historiography

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<sup>36</sup> “Chapter 17: Geopolitics of Oil and the Cold War Conflict.” *The Middle East and Islamic World Reader*, by Marvin E. Gettleman, Grove Press, 2012, pp. 138.

<sup>37</sup> The waterway that is the connection of the Tigris and Euphrates Rivers to the ocean.

<sup>38</sup> Saul Kelly ibid 55

<sup>39</sup> In 1958, then General Abdel Karim Qassim, led a coup to take power, killing King Faisal II and Prime Minister Nuri es-Said.

<sup>40</sup> Saul Kelly ibid 58

Before getting to the details about how the Two Pillar Policy was actually implemented, it's important to understand some of what the existing literature on the subject. Multiple authors make it quite clear that both Gulf states involved in the Twin Pillar Policy – Iran and Saudi Arabia — had agency in their actions and were not simply tools of the US. Roham Alvandi explains that under Nixon and Kissinger, “Iran evolved from a client to a partner of the United States in the Cold War,” but in that process, the Shah actively “abetted and manipulated the superpowers in the pursuit of their own [Iranian] ambitions and interests.”<sup>41</sup> Though Iran pushed limits by negotiating with the USSR, the Shah helped the US implement policy in conflicts throughout the Middle East, Persian Gulf, and South Asia.

Others argue about Nixon's decision to open the floodgate by allowing Iran to buy any military technology they wanted; Andrew Scott Cooper argues that Nixon's key decision was to intentionally and unintentionally slip control over American oil company production abroad to give the Shah greater revenue. Feldman agrees with Cooper that Nixon's decisions surrounding oil companies was to give Iran more revenue to buy weapons, but makes the distinction that Nixon's strategy was specifically crafted and not a random occurrence. The president took control over the entire nation's energy policy when he was inaugurated and understood the need for energy, though he clearly understood U.S. consumer demand for increasing amount of oil.

While there is disagreement about the formalized nature of the agreement, it is clear that the Two Pillars was not exactly an even distribution of power. Professor William B. Quant explains that the Two Pillars really meant that Iran was one [pillar] and the Saudis were closer to

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<sup>41</sup> Alvandi, Roham. *Nixon, Kissinger, and the Shah: the United States and Iran in the Cold War*. Oxford University Press, 2016.

a half pillar.<sup>42</sup> From the beginning, the Nixon Administration viewed Iran as the preeminent power in the Persian Gulf, but due to Persian-Arab ethnic splits, Iran did not have the authority to act as a regional protector without arousing paranoia and fear from Arab nations. In essence, the official policy relied on U.S. interested converging and the ability to managing the pillars to focus on regional security.<sup>43</sup> Unlike Iran, Saudi Arabia was primarily focused on stopping subversive forces within its borders before considering the security of the Gulf and simply did not have the military might to fill the role, something that changed over the course of the Nixon Administration. Dr. Salim Yaqub writes, “US military advisers and contractors modernized the Saudi Arabian National Guard and oversaw the expansion of the Saudi Royal Navy.”<sup>44</sup> This was in addition to multiple infrastructure projects carried out by Aramco, the Army Corps of Engineers, and other private civilian project to help modernize the Saudi Kingdom. One of the many projects included constructing the Riyadh airport – a project that was completely financed by the Export-Import Bank of the United States.<sup>45</sup> Over the course of the Nixon Administration and the Two Pillar Policy, both Gulf states, but especially Saudi Arabia, benefitted greatly from increased relations.

It is also worth acknowledging the consensus among scholars in the field that the U.S. decision to accept – at least in part – the mantle of regional protector that the British abdicated with their announcement of withdrawal, led to the United States becoming viewed as an imperialist power throughout the Middle East and Persian Gulf. In a 1974 analysis of Gulf

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<sup>42</sup> Fain, Taylor W. *American Ascendancy and British Retreat in the Persian Gulf Region*. Palgrave Macmillan, 2016, pp. 53

<sup>43</sup> Sirriyeh, Hussein. *US Policy in the Gulf, 1968-1977: Aftermath of British Withdrawal*. Ithaca Press, 1984. Pp. 62-63

<sup>44</sup> Yaqub *ibid.* pp 32

<sup>45</sup> National Archives II, Foreign Policy Files, Box P-Reel Printouts 740036-1674, 1974

conflicts written from a Marxist perspective, Fred Halliday argues that by the time Nixon got into office, the United States, “had achieved a dominant position within imperialist control of the Middle East, parallel to the transition from direct to post-colonial control,” mainly because there were no serious direct challenges to U.S. authority.<sup>46</sup> While the American Administrations may not have been creating relationships via treaties or declaring protectorates like the British had before them, the United States moved into a role as regional protector and advisor without any mandate to do so. Many countries were certainly glad that the U.S. stepped into the role it did, but Gulf countries were not publicly requesting an increased U.S. presence as the British left. As Edward Said explains in *Orientalism*, “Imperialism did not end, did not become suddenly ‘past’ once decolonization had set in motion the dismantling of the classical empires.”<sup>47</sup> The United States took up the imperial mantle the British had claimed in the region, using the same system the British had – one that prioritized the protector’s interests above those of other states or local actors. For example, multiple U.S. administrations, starting with Eisenhower, tried to convince the Shah to spend less on defense and more on Iran’s domestic economy. They feared that an Iranian economy in freefall would lead to civic unrest that could be regime-ending for the Shah. However, starting with Johnson and especially with Nixon – who believed that weapons sales would help the long-term stability of the region – the United States encouraged the Shah by allocating more and more for weapons agreements with Iran. Though this analysis of the situation is a slight simplification of a tenuous foreign policy position, the point remains that the U.S. government empowered the Shah by giving him new technology and removing checks on spending limits. Allowing the Shah to purchase more and more was to the detriment of the

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<sup>46</sup> Halliday, Fred. *Arabia without Sultans* (London: Penguin Books, 1974), pp. 504-05.

<sup>47</sup> Said, Edward. *Orientalism*. W. Ross MacDonald School, Resource Services Library, 2006, pp. 241-242.

economy, even with increasing oil revenue, but it did benefit the United States by creating a more stable region. However, the constant boding imperialist pressure from the United States was also noticed by the people within the Persian Gulf; according to Taylor Fain, “It [castigation of the US] flourished throughout the Gulf region in the years following Britain’s withdrawal.”<sup>48</sup> Considering that “castigation flourished,” even when the U.S. was taking a hands-off approach, if the United States had decided to use a more granular style of management to protect the Gulf, anti-American sentiment would have increased even more quickly. This has certainly been demonstrated multiple times with U.S. involvement in the Persian Gulf and Middle East since the end of the Nixon Administration.

## Chapter One: Foreign Policy in the Nixon White House

### The Transition

By the time president Nixon was sworn into office in 1969, the U.S. had been working for a little over six months to develop a more comprehensive response to the announcement of a full scale withdrawal by all British forces from the Persian Gulf and Middle East by 1971. It was certainly not a priority of the administration given the importance of the Tet Offensive in Vietnam, but resources were nonetheless diverted to analyze the region to strategize about the future of the U.S. position in the region, potential areas of conflict, and options for regional security partnerships. Publicly, as well as through back channels, the U.S. attempted to persuade

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<sup>48</sup> Fain, Taylor W. *American Ascendancy and British Retreat in the Persian Gulf Region*. Palgrave Macmillan, 2016, pp. 198.

the British to maintain its role as regional protector or delay the withdrawal past the deadline mentioned in the announcement. It was clear that the United States had neither the expertise, the infrastructure, nor the resources to replace the British. This was apparent in the Johnson administration's analysis of the Arabian Peninsula. President Johnson reversed a decision made by the Kennedy Administration declaring Aden (capital of the People's Democratic Republic of Yemen) – which was the British point of operations in the Gulf – to be considered critical to western interests. This was in response to a British declaration that “Southern Arabia” – Southern Yemen — would get its independence at the end of 1968. The United States worried that taking over from the British would increase anti-American sentiment in the country, choosing instead to take no action with that knowledge that nationalist ideologies would continue to spread across the country.

Changing the Kennedy Administration's decision proved that the United States could not understand local customs well enough to control military facilities without looking like an imperialist force or an extension of the British. The United States struggled to analyze the many sheikhdoms in the regions and did not have a good understanding of tribal relations. Taylor Fain explains in *American Ascendancy*, “While British diplomats had immersed themselves in the minutiae of the lower Gulf's dynastic politics and territorial ambitions since the early nineteenth century, U.S. analysts struggled in the wake of Britain's announcement to understand the complexities of the area.”<sup>49</sup> President Johnson himself concluded that there was no difference between nationalist forces and communist forces in the Gulf – both could be subverted against western interests.

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<sup>49</sup> Fain *ibid* pp. 176



Policy analysts in the Johnson Administration determined that the two countries who might be useful regional partners were Iran and to a lesser extent, Saudi Arabia. The US already had an existing relationship with Saudi Arabia and Iran, the two most powerful countries in the region and the two most likely countries to act as regional stabilizers. However, when the Shah of Iran visited President Johnson in June 1968, the state of the Persian Gulf was not mentioned in the joint public statement made by the two. Either the subject was discussed during private conversations that were not recorded or the US was not interested in making policy changes about the future of the Persian Gulf. The latter was probably not the case; the US was interested in the security of the Gulf, but did not want to make public any long-term agreements, especially considering that the British were still the perennial power in the region and the United States wanted it to stay that way for as long as possible. Until the Nixon Presidency began, the Johnson Administration focused on applying pressure to keep the British involved in the Persian Gulf and exploring options for the future.

### Nixon Changes Foreign Policy

As one of the first major foreign policy decisions of his presidency, Nixon requisitioned – in the summer of 1969 — a review of all US foreign policy, including activity in the Persian Gulf. The request served both as a way to understand the U.S. position in the world as well as an opportunity to collate a list of areas that could be deemed *less important* than the two U.S. foreign policy priorities<sup>50</sup>. The memo detailing the request by the President to his National Security Council (NSC) specifically requests, “a reassessment of the governing assumptions underlying American foreign policy,” with the intent of changing at least some of these

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<sup>50</sup> Communism and the Vietnam War (China also became a top three foreign policy issue).

assumptions to better align the President's world view.<sup>51</sup> Nixon believed that in an era where the simple Soviet-U.S. (east-west) confrontation dominated the global geopolitical stage, past U.S. policies of containment and falling dominos were outdated. Specifically, the memo explains with regards to foreign policy in the east:

The area is simply too heterogenous, disorganized, and resistant to external control and influence to fit into any such single pattern of international politics. Accentuated subnational—communal, ethnic, and tribal—and inter-state conflicts have proved to be stronger determinants of policy than any common denominator among the new states, such as the desire for economic development or even the removal of remaining colonies.” (Osgood 127)<sup>52</sup>

In practice, this meant pulling back from some of the many conflicts the United States was involved with to take a bigger picture look at the world. The president's rationale for ordering this request had just been codified in the Nixon Doctrine, the foreign policy framework under which the Two Pillar Doctrine was later created. President Nixon announced the Doctrine in July, 1969 - that the US response to communism would be to arm, aid, and advise free nations in their pursuits to fight against conflict and communism, instead of direct action. Nixon wrote about the Nixon Doctrine after leaving office in his memoirs:

The Nixon Doctrine was not a formula for getting America out of Asia, but one that provided the only sound basis for America's staying in and continuing to play a responsible role in helping non-communist nations and neutrals as well as our Asian allies to defend their independence.<sup>53</sup>

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<sup>51</sup> National Archives, Nixon Presidential Materials, NSC Files, Box 252, Agency Files, NSC 1960-71. Secret. Sent for information. The memorandum was stamped and initialed by Alexander Butterfield to indicate that it was seen by the President. The attached study was drafted by Robert E. Osgood of the NSC staff

<sup>52</sup> Source: National Archives, Nixon Presidential Materials, NSC Files, Box 252, Agency Files, NSC 1960-71. Secret. Sent for information. The memorandum was stamped and initialed by Alexander Butterfield to indicate that it was seen by the President. The attached study was drafted by Robert E. Osgood of the NSC staff

<sup>53</sup> Taylor Fain *ibid* pp. 181

Interestingly enough, Nixon developed these ideas, largely in a private trip he took to meet the Shah in Tehran to discuss foreign policy in 1967, despite Nixon's status as a nominee for the presidency (he had not even been elected yet). This factoid is quite representative of his method of designing foreign policy throughout his presidency – on his own or with the help of his special advisor, Henry Kissinger. In a background briefing to the president in July, 1970, Kissinger wrote:

And since 1948, and especially through the 1960s, we have had to learn that the United States cannot be in the position where other countries can pretend that their development is more important to us than it is to them, and that if their security is threatened, it is worse for us that it is for them... It is not healthy for us and it is not healthy for other countries.<sup>54</sup>

Considering the Nixon Doctrine with this statement as context, the doctrine was really a way for the U.S. to act in an advisory capacity while allowing local parties involved in a conflict to find their own solution. The subtext is that the Nixon Doctrine allowed the United States to act in a hands off manner to focus on broader foreign policy goals, rather than being bogged down in the minutia of a conflict somewhere around the world. This was a realignment from a mindset that any growing threat abroad was a threat to the United States to one where any indirect threat to U.S. interests abroad would be require consideration, but not direct intervention. With proper U.S. influence, hopefully any solution would benefit the United States and its interests abroad without actually being carried out by Americans.

### Creating Foreign Policy in a White House of Chaos

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<sup>54</sup> Taylor Fain *ibid.* 182

The Nixon White House is often described as chaotic and cutthroat, with different aides and officials fighting for the president's attention and favor<sup>55</sup>. The internal squabbles among White House officials, something that was encouraged by President Nixon, also extended to foreign policy. The President often went outside of the chain of command leaving his aides, cabinet members, or members of the Joint Chiefs of Staff to work on a policy angle, when it had already been solved or taken in a completely different direction. This magnified the chaos when it came to foreign policy in the Middle East and Persian Gulf because of the amount of backchannel negotiations that were carried out. With Iran, for example, the State Department would make initial overtures to contact the Shah, without knowledge that messengers of the President were already in dialogue with members of the Shah's inner circle.

For the first three years of the Nixon Administration, when William Rogers was Secretary of State, the Department of State was responsible for carrying out administration policy, but generally did not make the most important decisions that decided policy. Instead, Nixon pitted Secretary Rogers against Special Advisor to the President Henry A. Kissinger, who was also in charge of the National Security Council (NSC). It was through the NSC where most of the large foreign policy decisions were made, which was a break in the tradition of foreign policy being conducted through the State Department. Henry Kissinger was Nixon's most trusted foreign policy ally and running foreign policy through him allowed President Nixon to delegate with a strict chain of command. Generally, President Nixon was not interested in debating foreign policy philosophy or tactics; he wanted to be presented his options and be consulted on issues where he could actually make a decision.

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<sup>55</sup> ASC *ibid*

With Kissinger at the helm, the National Security Council wrote a series of papers (called National Security Study Memorandums) on geopolitical issues around the globe that were considered by regional groups at the NSC. The groups then issued decision reports (NSDMs or National Security Decision Memorandum) that were submitted to Kissinger and Senior Review Groups. Once Kissinger approved the reports, and only then, was the president brought into the loop to understand and approve the decision. This served the purpose of compartmentalizing foreign policy, so Kissinger only dealt with important issues and the President only ever considered the most important decisions. It also had the added bonus of shielding Nixon from the factions in his administration and insulating him, so he only learned about information when there was a relevant action to be taken. Through the chain of command, President Nixon put an enormous amount of trust in Henry Kissinger; he was able to screen everything before it reached the President and he was responsible for advising the President, essentially giving Kissinger the ability to single-handedly shape the President's foreign policy decision making and the way he viewed the world. However, President Nixon's hidden goal in making this decision was to not have to deal with anything that he was not interested in. He details this in a letter to his advisor Ehrlichman, when he writes:

With the exception of Cuba and anything else that may be concerned with the East-West conflict, I do not want matters submitted to me unless they require Presidential decision and can only be handled at the Presidential level. This is going to require a subtle handling on Kissinger's part... Where Kissinger does not have confidence that State will follow up directives that I have previously laid down... he should farm that subject out to a member of his staff, but he, himself, should not bother with it. I want him to concentrate just as hard as I will be concentrating on these major countries and these major problem areas.<sup>56</sup>

This chain of command only changed when Henry Kissinger became Secretary of State in 1973, retaining his hold title of National Security Advisor to the President (and head of the National

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<sup>56</sup> Source: National Archives, Nixon Presidential Materials, NSC Files, Box 341, Subject Files, HAK/Presidential memos 1969-1970. Eyes only.

Security Council) as well. At this point, Kissinger almost had the complete attention of the president – he still clashed with economic advisors like Kermit Roosevelt – but did not have to worry about the State Department foiling his plans.

### Finding the Two Pillars

The President's order to review foreign policy was carried out by the National Security Council; in the Persian Gulf it was recorded in NSSM 66, which focused three issues;

1. Discussion of issues created by British withdrawal and potential of an Arab/Persian conflict.
2. Choices for US posture in the region (including political/arms policy/diplomatic representation).
3. Decisions related to US naval activities.

At this point, the debate surrounding this NSSM was limited to the implications a decision might have on communist interests in the region, rather than questions about revolutionary forces or questions of oil. The U.S. worried that the USSR was interested in increasing influence in the region, primarily to get better access to oil shipping lanes and to take advantage of existing communist groups in places like Iran and Iraq. As the British left, the Nixon Administration also worried that the USSR would try to increase its naval presence, strongly debating whether a US increase in naval presence would provoke a response by the Soviets. This debate reflects Kissinger's foreign policy interests; while he was focused on the Cold War, Kissinger was not

particularly interested in the Persian Gulf and had been quoted before saying that he neither knew much nor did he care about the area<sup>57</sup>.

However, the discussion of NSSM 66 led the Nixon White House to analyze the British withdrawal in the Persian Gulf, leading to remarkably similar conclusions to what the Johnson Administration had concluded before it, and exposing the tenuous nature of the situation. In the decade leading up to the announcement, Britain had burned a lot of its bridges in the region, leading to distrust by countries like Saudi Arabia. While the announcement by the British was a sign of a weakening base of power and influence in the region, it was not a complete abdication of the title regional protector. Kissinger's decision memo on the subject included the comment:

Since the British never planned to withdraw their political presence and since announcement of the revision of their relationship has released local nationalist aspirations, the problem is less one of filling a vacuum than of dealing with a readjustment of the balance in the area (279).<sup>58</sup>

Thus the U.S. realized that it had to privately position itself with Britain, in order to use the existing British intelligence and manpower as to help promote stability while not take the job as regional protector. The United States did not have the resources, knowledge, or interest to personally guarantee the safety of the Persian Gulf and existing tension – between – would have stopped them from making such a claim even if President Nixon had wanted to. Instead, the US maintained a private strategy, while publicly working to promote relations and cooperation among Gulf states. Through this balance of public and private foreign policies, the U.S. had the opportunity – for two years, until the British completed their withdrawal of troops – to understand the threats involved with keeping the Gulf stable, including issues of communism, nationalism,

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<sup>57</sup> Kissinger quote (ASC)

<sup>58</sup> Source: National Archives Nixon presidential materials, NSC Files, NSC Institutional Files (H-Files), Box H-220, National Security Decision Memoranda, NSDM 92. Secret. Sent for action.

political instability, and border concerns. The NSC discussion group summarized this by suggesting:

For the US, the principle concerns for the next several years are whether weakness and turmoil in the small Gulf states might lead to interference by the larger regional powers, intervention by a revolutionary state, or threats to the American commercial involvement in oil production in the Gulf.<sup>59</sup>

The analysis in NSSM 66 and the process of analyzing it gave the U.S. a reason to avoid directly stepping into the vacuum left by the British, the same decision the Johnson Administration had made. Many of the issues that were forecasted to occur would do so regardless of U.S. influence in the region. While the U.S. might have been interested in controlling the response and the outcome of a particular conflict, political instability would occur regardless of a U.S. decision to take the position of regional protector. While acknowledging this, the decision memo made it clear that, “we must avoid giving impression of ‘backing out’ or else we weaken our friends, undermine stability, and encourage USSR.” (243)<sup>60</sup> Thus there needed to be some kind of compromise that would allow the United States to manage the overall affairs of the Gulf, while avoiding a more granular system of management that would give the U.S. the appearance of an imperialist power.<sup>61</sup> The solution brought before the president was to promote cooperation between the regional powers –Iran and Saudi Arabia—as the Twin Pillars of security in the Gulf. The would be carried through U.S. plans to:

1. Not to reduce naval presence in the Gulf.
2. Expand US diplomatic mission in the lower Gulf, directed by NSC Under Secretaries Committee.

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<sup>59</sup> Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-044, Senior Review Group Meetings, Review Group NSSM 90 5/21/70. Secret

<sup>60</sup> Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1248, Saunders Files, NSSM 66—NSDM 92—Persian Gulf. Secret

<sup>61</sup> Mention the British system of managing colonies.



3. Plan to technical and economic assistance.
4. “Directed that a special memorandum be prepared for the President’s decision on all significant requests for military assistance from states (excluding Iran and Saudi Arabia) in the Persian Gulf.” (286)<sup>62</sup>

These were the fundamental tenants that made up the U.S. Two Pillar Policy. President Nixon made it official White House Policy in November 1970.<sup>63</sup>

Support for the Twin Pillar Policy was two-fold. First, the intelligence of the United States did not believe any one nation in the Persian Gulf had the means necessary to act as sole regional protector. Iran was internally weak and as a Persian nation, it would not readily be accepted by Arab nations. On the other hand, Saudi Arabia, who did not have great foreign aspirations and worried constantly about an internal threat to the regime. Hussein Sirriyeh explains, “it is difficult to find direct official Saudi evidence on the security threats to Saudi Arabia as they were perceived by the Saudi policy makers, and the Saudi officials either did not talk about these threats or only referred to them in general terms in their public statements.”<sup>64</sup>

The second issue is that the US had strong relations with both Iran and the Kingdom of Saudi Arabia and did not want to isolate one by appearing to favor the other. The Shah of Iran

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<sup>62</sup> Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1248, Saunders Files, NSSM 66—NSDM 92—Persian Gulf. Secret. Copies were sent to Moorer and Mayo. In an undated memorandum, Kissinger authorized Sisco, as head of the Interdepartmental Group, to take appropriate steps to implement NSDM 92. In particular Sisco was to plan for a continuation of MIDEASTOR; to prepare for future UN membership of the FAA< Bahrain, and Qatar; to place Kuwait on the list of countries ineligible to purchase U.S. arms; and to proceed with planning for required diplomatic posts.

<sup>63</sup> ASC 44

<sup>64</sup> Hussein Sirriyeh – Page 20

and the King of Saudi Arabia both suspected each other of having a grand plan to take over the role as the main power of the Persian Gulf. King Faisal of Saudi Arabia in particular was constantly paranoid about Iranian plans to make military moves to seize Saudi territory (without any real evidence for such claims) and used these claims to justify asking the United State for more weapons. On the other hand, the Shah of Iran believed the House of Saud (that governed Saudi Arabia) was weak, did not have any future, and that King Faisal was limited by advisors who knew knowing of the way the world worked. Despite understanding this tension, the U.S. wanted to act as the arbiter between the Saudis and the Iranians, envisioning a system where both worked in tandem to promote long term stability throughout the Persian Gulf, but also realizing that a small failure could lead to an enormous conflict. In a meeting between the American State Department and the British Foreign Services to prepare for the future of the Gulf, Geoffrey Arthur, Assistant Under Secretary for Foreign Services was keen on pointing out:

The important thing to remember about the Persian Gulf is that it is the dividing line between the Persians and the Arabs. The British have been there in some force for 100 years and have, in effect, frozen the situation at minimum cost. By the end of 1971 the British will have gone and there will be a serious danger of a confrontation between the Arabs and the Iranians. (227)<sup>65</sup>

Any sort of lasting regional security agreement would require enough attention to manage the egos of the Shah of Iran and the King of Saudi Arabia, both of whom were quick to anger. One of the biggest flashpoints in the Persian Gulf during the Nixon presidency occurred when a newspaper broke a story claiming the name of the Persian Gulf was being changed to the Persian-Arab Gulf, almost starting a war between Iran and Saudi Arabia. The propensity for conflict along ethnic lines is also why one of the shrewdest foreign policy moves the United States made in the Persian Gulf was convincing Iran to increase relations with Jordan. Under King Hussein, Jordan was an Arab nation, but it did not have the teeth of one (military prowess)

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<sup>65</sup> Source: National Archives, RG 59, Central Files 1967-69, POL UK-US. Secret.

in the eyes of the Iranians, giving the country a unique position as a mediator in issues of regional security, despite not being within the territorial Persian Gulf.

### U.S. Naval Commitments in the Persian Gulf

The U.S. has always considered the Persian Gulf as an important naval position, especially in the context of a broader U.S. Naval vision for an Indian Ocean strategy. For the most part, the UK, operating a series of bases across the Persian Gulf and the Indian Ocean, had kept the region stable.<sup>66</sup> Even before the British announcement about withdrawing troops, the lack of a substantial U.S. presence in the region was a concern. In 1963, National Security Council staffer Robert Kromer said to President Kennedy, “It is a simple fact that our greatest lack of conventional deterrent power lies along the broad arc from Suez to Singapore... We have traditionally left the defense of this region to the British, yet their actual strength is waning at a time when we face a potential show of force or actual combat needs ranging from Saudi Arabia to the Persian Gulf and Iran through India and Burma to Malaysia.”<sup>67</sup> By 1968, the British formalized a process that had already been unfolding for half a decade, they announced withdrawal of troops from the Far East and Middle East, though they did agree to keep some naval forces available and a few island bases open.

The U.S. also kept a small naval presence in the Persian Gulf, but acknowledged that something needed to change for it to actually be considered a viable deterrent to any threats. In *Imperial Crossroads*, Saul Kelly writes, “Although the [US naval] force for twenty years had

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<sup>66</sup> The British was the perennial naval power in the region for over 150 years.

<sup>67</sup> Island of Shame: The Secret History of the U.S. Military Base on Diego Garcia, David Vine, Page 74

proved a symbol of American resolve with respect to the superpower's growing oil interests in the region, particularly in Saudi Arabia, the flotilla had in reality been little more than a diplomatic showpiece with almost no military punch."<sup>68</sup> The extent of US naval force in the region was three-to-four ships at any given time, which was also about the same as the British. However, while the U.S. fleet was generally a tool to give the appearance of strength through port visits and visibility sailing across the ocean, the British fleet was better armed and had backup from multiple bases. The British had been the protectors of the Gulf and Indian Ocean for the better part of 150 years and the U.S. reaction matched the lack of assessed threats. Taylor Fain calls the Indian Ocean "a British lake" because of their unchecked power.<sup>69</sup> No single country or revolutionary force had the naval might to challenge the British, and because of its strong alliance with Britain, the US was not concerned with significantly increasing its own power to match the British. Since the Johnson Administration, the greatest threat came from the Soviet presence in the region.

The Soviet navy presence in the region was actually greater than that of the U.S.; the Soviets had five-nine ships in the Indian Ocean at any given time, while the U.S. only had three-four. Most of the Soviet ships were for show and did little more than stay afloat in the same area for a long period of time. Over the span of two years, the Soviets made only 60 port visits, whereas the U.S., with fewer ships, made 100 port visits. In fact, the Soviets only started a naval presence in the region during a few years earlier, in 1968, following the announcement by the British. A National Security Council Senior Review Group concluded in 1970:

The Russians in general don't see the Indian Ocean as a unified area, but the Soviet Navy is an exception. While others see it as different bits, the Soviet Navy puts it together. They are exploiting their naval power to acquire more political influence so as to use this

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<sup>68</sup> Imperial Crossroads, Saul Kelly (Page 68)

<sup>69</sup> American Ascendance, Taylor Fain, Page 157

influence in the littoral countries as the opportunity arises,” adding, “And, of course, they are not averse to creating that opportunity.”<sup>70</sup>

In this way, the Soviets tried to use their presence in the Indian Ocean as a foothold into the Persian Gulf, in an attempt to check the power of the United States and Britain without the naval might to back up the bluff. The U.S. needed to strategize potential responses despite seeing through Soviet ploy – even though it was a bluff, the Soviet posturing had exposed the tenuous circumstances of U.S. naval forces in the region.

Thus, there never really was any naval threat to western sovereignty in the Indian Ocean and Persian Gulf regions, but the Soviet action merited some response given the importance of a global Cold War strategy. Previous U.S. foreign policy doctrines had dictated that the proper response to any Soviet advances was to try to limit the damage via containment or a buffer zone. This traditional solution did not fit the problem in the Persian Gulf – it was hard to square the circle – because the U.S. navy presence had been in the region for decades before the Soviets postured by bringing ships of their own. U.S. foreign policy analysts definitely worried about the apparent threat of the Soviets aggressively entering such a strategically vital region, though in the long run they realized that any official response by the United States would be viewed as reactive, which would be considered a tactical victory for the Soviets. The Johnson administration focused on considering locations for new U.S. bases or partnerships with the British at existing facilities, but made no major changes.

The Nixon Administration quickly came to the same realization. A National Security Council report argued that, “U.S. naval presence is a relatively minor tool in enhancing U.S.

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<sup>70</sup> Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files\_, Box H-111, Senior Review Group, SRG Minutes Originals 1970. Top Secret. Page 157

influence in the region.”<sup>71</sup> This was partly attributable to a lack of potent naval assets, “but the Study nonetheless concludes that given the Soviet naval initiative, there is a political, though not a military, requirement for some Western presence.”<sup>72</sup> In the first three years of the Nixon presidency, when it came to the Persian Gulf, this was the single biggest area of concern, requiring input from the White House, the Department of State, the Department of Defense, and the Pentagon.

### Fighting the Navy on Capitol Hill

This is one of the odd instances in American history where military leadership directly clashed with the expressed opinion of the commander in chief and managed to come out on top. The President viewed increasing the U.S. naval presence with caution, looking at this situation through the eyes of a foreign policy expert – he believed that an increased presence could lead to another flash point with the Soviets. The Navy leadership viewed the situation as a strategic opportunity to upgrade a secure position to demonstrate dominance over the Soviets. A paper prepared in the Office of the Chief of Naval Operations remarked, “The navy has long recognized the strategic importance of gaining a modest logistics support capability in the Indian Ocean.”<sup>73</sup> The argument was over the creation of a small facility on the island of Diego Garcia. Under a 1965 agreement with the British, the Chagos Archipelago (including Diego Garcia), Aldabra, Isle des Roches and Farquhar would be loaned to the United States for 50 years, with an

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<sup>71</sup> Source: *ibid.* National Archives, Nixon presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-060, Senior Review Group Meetings, SR, Meeting Indian Ocean 10/6/71. Secret. Page 176-177

<sup>72</sup> Source: National Archives, Nixon presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-060, Senior Review Group Meetings, SR, Meeting Indian Ocean 10/6/71. Secret. Page 176-177

<sup>73</sup> Source: National Archives, RG 59, Central Files 1970-1973, DE 15 IND-US. Secret. The paper was submitted to U. Alexis Johnson under a February 1 covering memorandum from Moorer. Page 126

option for an additional twenty years<sup>74</sup>. In the contract, the British called the area the BIOT, or British Indian Ocean Territory, separating it from British-owned Mauritius.



*Map of Diego Garcia (BIOT)*

The military is allowed to lobby Congress directly and is often able to cultivate strong Congressional support. As a result, the navy quickly got what it wanted despite the president's wishes. Funding from the Senate via the Fiscal Year 1971 Military Construction Appropriations Bill gave the Navy enough to finance "the modest BIOT communications facility".<sup>76</sup> This is in part due to a failure on Kissinger's part in the NSC. Kissinger had reviewed naval considerations in the region in a review group previously, but only focused on the potential for active military conflict. Seeing none, he shifted his focus away from the region, ignoring the necessary task of analyzing a new report with his NSC Review Group for 11 months after it was published.

<sup>74</sup> Source: National Archives, RG 59, Central Files 1970-1973, DE 15 IND-US. Secret. The paper was submitted to U. Alexis Johnson under a February 1 covering memorandum from Moorer.

<sup>75</sup> <https://www.britannica.com/place/Diego-Garcia-island-Indian-Ocean>

<sup>76</sup> National Archives, RG 59, *ibid.* Page 135

Though it was only a small amount of funding, to be used on communications and not on weaponry upgrades, the expenditure was enough to call the Soviet's bluff in the region. The Soviet naval presence was meant to create the appearance of a rivalry with the United States in order to gain regional influence, not to conduct an actual territorial conflict with the U.S. The Navy admitted in its report that the real purpose of the Diego Garcia BIOT facility was to ensure that "the support provided by Diego Garcia would enable us to operate Polaris/Poseidon submarines under the same positive command and control now possessed in the Atlantic and Pacific, and would cause the soviets to cope with a nearly 360° defense problem."<sup>77</sup> Given the nature of the threat caused by the U.S. upgrade, if the Soviets were making a substantial play for naval dominance in the Indian Ocean, they would have been forced to contest such an action. President Nixon was coming to this realization as upgrades on the base were occurring in early 1972, around the same time it became clear that the U.S. was also acquiring some of the British naval facilities from Bahrain. In a Senior Review Group meeting of the NSC, Admiral Moorer noted of the Bahrain deal, "In any event, our logistic support will continue. We also have in mind upgrading the force. We plan to have an LPH<sup>78</sup>, an amphibious ship with helicopter capability and good aircraft communications equipment."<sup>79</sup> The feeble attempt at naval dominance by the Soviets had already been exposed, meaning that acquiring more territory or making military upgrades was either a political message or a way of creating absolute military dominance, rather than a strategic move to deter threats.

Given the context of the region, the answer is probably the former more than the latter. The main focus of the United States was on Vietnam or areas that might become flashpoints with

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<sup>77</sup> National Archives, RG 59, *ibid.* Page 126

<sup>78</sup> Stands for Landing Platform, Helicopter. These are amphibious ships that can carry up to 20 helicopters at one time. The ships bore the designation LPH on the hull.

<sup>79</sup> Source: National Archives, Nixon Presidential Material, NSC Files, NSC Institutional Files (H-Files), Box H-112, Senior Review Group, SRG Minutes (Originals) 1971. Secret. Page 198



the Communists, of which the Persian Gulf was neither. However, a small naval buildup was a powerful signal of U.S. interest in long-term stability to the countries of the region. It was an act of good will for the countries the United States needed on its side to be regional protectors and allies – Iran and Saudi Arabia. Both countries needed secure shipping lanes – something the U.S. could provide – to transport a growing supply of oil and neither could rely on the Egyptians to reopen the Suez Canal.<sup>80</sup> Saudi Arabia had been involved in a proxy war in Yemen, indirectly fighting Egypt for years and the Shah of Iran was secretly close with Israel as well as despising Pan-Arab<sup>81</sup> ideas espoused by Egypt's leader, Nasser. This was more of a private message of support than a public message with the expectation of support; Jeffrey Macris writes, "King Faisal [of Saudi Arabia] would never endorse publicly a move to keep Western military personnel and hardware in the region, fearing a possible future backlash 'should radical Arabs at some time in the future zero in on U.S. naval presence as a convenient 'imperialistic' political target in the post-British era.'"<sup>82</sup> This reflects the tacit approval that Saudi Arabia has given US military and financial support, reaping the benefits of the relationship while forcing the US to accept the consequences.

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While Saudi Arabia and Iran were close with the United States and relied on the security it provided, Iraq, the third great power in the region – chose to align with the Soviets, spurning any attempt by the US to get closer.

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<sup>80</sup> The Suez Canal was closed from 1967-1975, starting with the Six Day War with Israel and until successful negotiations after the 1973 Yom Kippur War with Israel. Countries that saw trade distances increase by 50% or more because of the Suez Canal's closure ended up reducing bilateral trade by at least 20%. (Feyer 2009)

<sup>81</sup> A philosophy that Arab countries should be united to match greater powers like the United States or Soviet Union. The ideas were primarily spread by Egypt's Gamal Abdel Nasser during the 1960s.

<sup>82</sup> Imperial Crossroads Page 72

### **Chapter Three: Nixon and the Main Pillar**

#### The Real Special Relationship: Nixon and the Shah

The relationship between Saudi Arabia and the United States is called the Special Relationship, but when it came to the Nixon Administration, the real special relationship was between the President and the Shah of Iran. Nixon, who was very matter of fact about other world leaders was quite fond of the shah; he described himself as “stronger than a horseradish” for the Shah often remarked that he felt Iran was his second home outside of the United States, where he could be comfortable and let loose.<sup>83</sup> Nixon met the Shah for the first time in a visit to Tehran as President Eisenhower’s Vice President, following the Shah’s return to power at the conclusion of the 1953 joint British-CIA coup in Iran.<sup>84</sup> Though the two did not meet in depth, Nixon spoke positively about the Shah, saying that he “sensed an inner strength in him [the Shah], and... felt that in the years ahead he would become a strong leader.”<sup>85</sup> This is event was the start of what would become a defining friendship that would bring the United States and Iran closer together

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<sup>83</sup> [https://link.springer.com/chapter/10.1057/9781137482211\\_8](https://link.springer.com/chapter/10.1057/9781137482211_8)

<sup>84</sup> The 1953 coup d’état, called the 29 Mordad coup, occurred after Prime Minister Mohammad Mosaddeq nationalized the oil companies, prompting Britain and the United States to sponsor a military coup led by Fazlollah Zahedi.

<sup>85</sup> [https://link.springer.com/chapter/10.1057/9781137482211\\_8](https://link.springer.com/chapter/10.1057/9781137482211_8) ibid

during the Nixon Presidency, and perhaps even explains Nixon's predilection for the Shah. Even before he was president – in 1967 – so before he had even announced his run for president, Nixon visited the Shah in Tehran again. This visit was personal – Nixon had no official attachment to the government of the United States and had a long meeting with the Shah in which they found they shared a very similar foreign policy view of the world. President Johnson's Ambassador to Iran at the time, Armin Meyer sat in on the meeting, but no notes of official records were kept. Meyer never spoke in detail about what happened in the room, but later made the point that the "Nixon Doctrine germinated," during the trip; when Nixon became President, Meyer was reassigned as ambassador of Japan.<sup>86</sup> The President wanted to ensure that he was the one holding all the cards in the situation and did not have to worry about his people keeping secrets, especially if they were career diplomats and not people that he personally appointed.

The first time Nixon spoke with the Shah officially as President was in April of 1969 at President Eisenhower's funeral. Little was discussed at the funeral beyond the importance of continued stability in the Gulf; the Shah valued the time with the President so much that he visited Washington again less than six months later (in October 1969). No major policy decisions or bilateral agreements were made these meetings, but they set the stage for a close relationship with Iran, especially considering that Nixon and the Shah grew beyond trusted and into friends. While Nixon himself agreed that Iran would play a key role in protecting the region and needed to be armed for such a role, in 1969, the State Department was convinced that the Shah was overstating security threats to leverage higher oil prices and new weapons contracts with the U.S. Some of Nixon's advisors worried that the President's close relationship with the

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<sup>86</sup> ASC 29

Shah would lead to policies that favored Iran, which was confirmed during the President's trip to Tehran in May 1972.<sup>87</sup> That being said, many former White House aides, including Henry Kissinger are adamant that Nixon was not overly favorable to Iran because of his relationship with the Shah, but instead was careful in considering actions that would best lead to long term stability in the region.

The Shah was a very strong leader; he was stubbornly proud and often very quick to anger. He was also very thorough, even to a fault. The Shah was like Nixon in that he liked to be presented with scenarios where he could make decisions, but unlike Nixon, the Shah was unable to delegate. He did not trust his advisors and insisted on making every decision, no matter how miniscule it was, which became a problem because of the Shah's single-minded focus on creating a regionally dominant military. The key to the U.S relationship with Iran – how closely the two countries cooperated and shared information – all depended on relations with the Shah and his reaction. Thus, everything had to be catered to the Shah's liking, from how messages were presented, to the ways in which meetings were called, to joint press releases. Messages were always presented in person, even if the message was relaying a drafted letter by the President to the Shah or reassuring the Shah of a statement made to U.S. media. In each case, the United States operated either officially via its ambassador, or through back-channel communications with members of the Shah's inner circle.<sup>88</sup> Though this same process –catering to the royalty to appease them – was done with King Faisal of Saudi Arabia, it was taken to the extreme in Iran. In 1971, in response to an assassination attempt against Nixon's first Ambassador to Iran, Douglass MacArthur II, that involved multiple assailants shooting at the car

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<sup>87</sup> ASC 30

<sup>88</sup> Generally, the member of the Shah's inner circle members of the Nixon Administration communicated with Ardeshir Zahedi who was the Iranian Foreign Minister from 1966-1971 and later became the Iranian Ambassador to the United States. Zahedi was the son of Fazlollah Zahedi, who led the 1953 coup that brought the Shah back to power.

he was in and a close encounter with a man armed with an ax, MacArthur requested that the Nixon Administration not mention anything to avoid embarrassing the Shah.<sup>89</sup> As a result, the United States never conducted an investigation into the matter and the assailants were never identified, leaving an attempted ax murder – in the middle of the 20<sup>th</sup> century – a complete mystery. In any other situation, an attempt on the life of a U.S. foreign service worker would be enough to trigger a full-scale response by the United States, but in the case of Iran, the U.S. did not want to assert that the Shah did not have control over his country or worse, that he somehow had something to do with the assassination attempt.

### **Section One: Pushing the Boundaries with the US.**

Even at the start of the Nixon Presidency, the Shah of Iran was constantly pushing the boundaries of the relationship with the United States and asking for more. The Shah made a strategic gamble that the U.S. was reliant on Iran in the Gulf – which was true – and likely would tolerate requests for additional purchases of weapons (or higher tech weapons systems). On multiple occasions, the Shah threatened to buy weapons from other suppliers, including the Soviets. Of course, the Iranian threat was a bluff, since the Shah was impassioned in his disdain for the Soviets and communism, but the Shah blustered anyways, knowing that the United States would be forced to comply.

Existing limits had been put in place under the Johnson Administration to focus the Shah on weapons that his country could use, creating a balance between what the Shah spent on the

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<sup>89</sup> Nixon Library HAK Files ☐ **Find the correct bx number**

military and the investments he made in Iran's economy. Johnson's Ambassador to Iran, Armin Meyer, describes the practice, called the Twitchell Doctrine,<sup>90</sup> by saying:

The basis of the [Twitchell] Doctrine was that the Shah's military procurement program should be completely coordinated with the training program, and only equipment came that Iranians would operate and maintain.<sup>91</sup>

Start each year starting since 1953, the United States spent a total of \$790 million on Iran's military forces and then added \$400 million that can be spent on Iran from 1965-1970 (\$300 million of which was already spent by 1967).<sup>92</sup> By the time Richard Nixon came into office, most of the allocated money had been already used on Iran's military and the contracts had been changed in 1964, meaning that the United States would not longer grant money to Iran and instead would change it to a loan. The process also allowed the United States to undergo a full military expense audit program to green light military sales before sending money to Iran, prioritizing training and operation costs over requests to buy new weapons systems. By the time Nixon was in office, however, Iran was making a significant amount more money from oil revenue and wanted to either increase the limit the U.S. spent on Iran, or ideally, to have Nixon get rid of the expense audit program and the monetary limit all together.

The first three times the Shah spoke face-to-face with the President, the two did not speak about specific weapons, but the Shah was very clear that he wanted to make more high level purchases and Nixon agreed that the military expense audit program was an unnecessary bureaucratic hurdle. It was not until the meeting between the two leaders in Iran in 1972 that there was a comprehensive discussion of specific weapons systems, something the State

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<sup>90</sup> Named for George Twitchell, the General in charge of the U.S. Mission to Iran during the Johnson Administration. President Nixon replaced General Twitchell with General Williamson. Interestingly enough, the Shah later asked for Twitchell to work for him, causing someone what of a diplomatic conflict since the Shah wanted his service and Nixon wanted to approve, but it went against army code to have a general work for another country.

<sup>91</sup> ASC Page 23 – Armin Meyer

<sup>92</sup> <https://history.state.gov/historicaldocuments/frus1964-68v22/d220>

Department had specifically advised Nixon to avoid.<sup>93</sup> In the time between the first initial meetings and the 1972 meeting that was the defining moment in the relationship between the two countries, the Shah constantly requested new technology through official channels, only threatening to buy from other countries during in-person meetings with U.S. officials. As king – Nixon called Pahlavi the *shahnashah* or king of kings – the Shah was **allowed** to be brash and talk down to U.S. officials lower on the totem pole than Kissinger and Nixon, especially with people he did not view favorably, such as U.S. Ambassador Douglass Macarthur II.<sup>94</sup> This is but one of the reasons that both Kissinger and Nixon preferred back channel or in-person communications with the Shah; the Shah needed to be properly managed, which was tough to do through non-verbal communication or ineffective intermediaries.

### Managing Territorial Disputes

The importance of maintaining of a stable relationship with Iran (and to a certain degree, Saudi Arabia) was enough of a priority that the United States chose to take a hands-off approach to territorial disputes Iran had with some of the surrounding sheikhdoms. Iran claimed ownership of Bahrain, Abu Masa, and the Greater and Lower Tunbs. The U.S. officially responded by advocating that a negotiated solution was the ideal conclusion to the conflict and handed the task to the British, arguing that since Bahrain has been an independent state in special treaty relations with the British, the Iranian claims could not be recognized as legitimate. That

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<sup>93</sup>

<sup>94</sup> President Nixon replaced Douglass Macarthur II as Ambassador to Iran with John Farland at the end of January 1972. Farland began in February and lasted until October 1973, when President Nixon replaced him with former head of the CIA, Richard Helms.  
<https://books.google.com/books?id=9owGbaZ1oOwC&pg=RA6-PA17&lpg=RA6-PA17&dq=when+did+john+farland+become+ambassador&source=bl&ots=TACjill-BO&sig=ACfU3U10CopiwWBJ5huZSXqDN4fJHiREAQ&hl=en&sa=X&ved=2ahUKewjF1szA6pfoAhU4CzQIHArWBAwQ6AEwCnoECAsQAQ#v=onepage&q=when%20did%20john%20farland%20become%20ambassador&f=false>

being said, since the MIDEASTOR naval fleet was housed in Bahrain, which was deemed essential for regional security, the United States stood to gain from the continued independence of Bahrain. This tenuous position made conducting foreign policy difficult, which is why the United States chose to remain a neutral observer publicly, while placating the Shah in private communications. A briefing in the Kissinger files explains that the United States Government had, “inherent responsibility and of our desire not to damage our relations with either the Iranians or the Arabs,” iterating arguably the greatest challenge in transforming an informal Twin Pillar system into a successful regional security agreement.<sup>95</sup> In any conflict that needed to be managed throughout the Gulf, especially one that split on ethnic Persian-Arab lines, the United States either had the option to support no neither party or support both parties, but choosing to back one side would certainly alienate the other.

When it came to Iranian territorial claims, the British tried to act as a neutral arbitrator, but were completely ineffective at getting the Shah to budge from either of his claims. With the U.S. withholding a verdict on the subject, all the Shah had to do was outwait the British until the 1971 deadline; the only leverage the small sheikhs had was that the British acknowledged their territorial (and historical) claims to the land.<sup>96</sup> In 1970, after a request by the Shah to buy the island of Bahrain if they voted to accept Iranian sovereignty, Iran abruptly gave up its claim to Bahrain – all while the United States remained a quiet observer. When it came to the Tunbs and Abu Masa, the Sheikhs gambled by allowing Occidental, a British contractor to start doing exploratory drilling around the Tunbs for mineral extraction, even as the official negotiations with the Iranians continued. When the drilling started in the summer of 1971, the British

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<sup>95</sup> HAK Files Box 7 Near East and South Asia – Major Problems and U.S. Objectives (1/3) Tabs F

<sup>96</sup> In Saudi disputes with Gulf sheikhs over territorial lines, the British were equally ineffective because the Saudis were distrustful and refused to compromise.



condemned the act and tried to put a halt to it, but were unsuccessful – a sign of their fading influence in the Gulf. The Reza Shah did not trust the British and the start of drilling forced his hands; he had offered to lease the islands and keep them under Arab ownership rather than using force, an option that would not have satisfied either party (Iran would have gotten what it wanted, which were the natural resources, but without technical ownership of the islands, and the Arab Sheikhs would not have had access to their own territories and precious natural resources). On November 30, 1971, the Iranian government annexed the Upper and Lower Tunbs, and Abu Masa; three days later seven small sheikhs joined together to form the United Arab Emirates.<sup>97</sup> The Nixon Administration supported the creation of a federation on the Arabian Peninsula that had a better chance of standing up to a major power in the region than any of the sheikhs did individually and recognized it with official diplomatic relations, but made no move to stop the actions by the Shah. The public message was that the United States had tacit approval for the Iranian annexation – the private realization was that the Nixon Administration could not have blocked the move without seriously damaging the dynamic of the Iranian-American relationship.

#### The Shah and Economic Issues:

The Shah was not always affable when it came to economic ventures, making a consistent relationship that mutually benefited both sides challenging. The United States had to worry about angering the Shah and ensuring that there was some sort of benefit to Iran. That being said, “part of the way the United States conducted foreign policy on a daily basis involved

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<sup>97</sup> Bahrain, which had resolved its dispute with Iran and continued to house U.S. naval vessels, chose to remain separate from the newly formed UAE.

operating based on commercial interests or potential location for project sites in Iran.<sup>98</sup> When the Shah was directly involved in the process – which was often — that usually meant higher tariffs for American companies than Iranian companies, a practice that peaked in the latter half of Nixon’s second term.

Other Iranian officials besides the Shah were more interested in the advice of their American counterparts, especially when it came to economic issues. Iranian officials realized that the United States had expert knowledge about globalization and creating a bureaucracy capable of managing a growing economy ready to branch out to the world. When it came to multinational trade negotiations, the Iranian representative was eager to learn about U.S. perspectives and ideas before starting any sort of negotiations with corporations. The response of the United States was that, “many of the issues it was concerned with are also in the best interest of Iran, subtly shifting perspective,” subtly allowing the United States to further its own agenda by using Iran as an activist for the same ideas on the global stage.<sup>99</sup> As a direct benefit, the Iranian economy market shifted to become more accessible to multinational companies (most of which were American).

New ties with the west and a globalizing economy put the Iranian economy in the global spotlight, especially since it was growing at such a rapid pace. That also magnified Iranian actions that directly went against U.S. interests, something that started the same year that Nixon took office. In 1969, even as the Shah continued to request more military equipment from the United States, the government of Iran loosened a ban on poppy production for the first time in

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<sup>98</sup> Meo, Leila M. T. *U.S. strategy in the Gulf : intervention against liberation*. Belmont, Mass: Association of Arab-American University Graduates. 1981 -> page 38

<sup>99</sup>National Archives II, Foreign Policy File, 1971-1973, Box 1077 Iran FT

ten years, flooding the global narcotics market. The original opium ban that was implemented by the Shah in 1959 was such a strict ban on that even having poppy seeds on bread punishable by four years in prison. Eventually the Shah started to bemoan the loss of revenue and the uptick in opium smuggling from Afghanistan. While reversing the ban brought the state new tax revenue, it was a direct affront to the United States, who was struggling with anti-narcotics operations at the time. The Shah did not notify Nixon, who, as a first-year President would not have been able to prevent the measure anyways – and Nixon was not interested in making a big deal about it after-the-fact.

#### U.S. Economic Interests and Oil in Iran

U.S. oil companies in Iran also considered the Shah to be a bit of a wild card and were constantly prepared to be blindsided, especially since the Shah was so intent on raising revenue through oil production. Oil negotiations in 1954 and 1955 between Shah and the Iranian Oil Participants LTD – of which American companies owned about 40% — concluded that Iran would own the oil and the reserves and would receive 50% of the oil revenue. In 1970, due to a desire for more oil revenue and to negate the effect of global inflation on Iran, the Shah called the consortium to start renegotiating to “secure a rise in price and its [Iran’s] own power in oil arrangements,” securing a victory in the form of an agreement for five years of price increases.<sup>100</sup> The victory made the Shah a hero at the OPEC meeting that year, demonstrating that governments had the leverage to strongarm the oil companies on their land into accepting new

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<sup>100</sup> Perry, Jane, et al., Iran and Control of Its Oil Resources. *Political Science Quarterly*, Vol. 89, No. 1 (Mar., 1974), pp. 155

terms. A memo from Harold Saunders to Henry Kissinger explains, “the Shahs performance in the 1970 meeting against the international oil companies has increased his stature in the region,” and argues that large price increases in the future are not out of the question.<sup>101</sup> The oil companies realized the shaky position they held and were not making long term investments, as is evident by the refinery facilities that were built in Iran. U.S. foreign policy memos detail that both the light and heavy crude being refined in Abadan (the center of refining operations in Iran) had a natural Sulphur content of over two per cent, making it less valuable and harder to refine.<sup>102</sup> Comparatively, Saudi oil is so valuable because it is light and has a very low natural Sulphur content. Despite knowing this, the consortium of oil companies never attempted to add de-Sulphur facilities to Abadan, meaning they did not believe the future (beyond five years out) was secure enough to even consider making such a large investment.

### Chapter 3: Leading Up to the Big May 1972 Meeting

#### Bridging the Gap Between Two Ethnicities

In a lot of ways, the United States served as the third party that bridged the gap between the Arabs and the Persians. The Shah of Iran openly admitted that Iran would only help an Arab

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<sup>101</sup> National Archives, Nixon Presidential Materials, NSC Files, Box 1276, Saunders Files, Persian Gulf: Back-Up. Pp 5.

<sup>102</sup> National Archives II, Foreign Policy Files, 1969-1973. Box 1502

state at the behest of the United States and for no other reason. Specifically, the Shah was referring to a situation where Iran might have to protect Kuwait against Iraq. However, the Shah mentioned that, “the alternative is that in the case of no pact between Arabs and Persians, the US could make a guarantee of what it would do if the Persians were to help an Arab state like Kuwait.”<sup>103</sup> Iran in particular, made it very clear that it wanted substantial amounts of American military equipment, as if such a statement gave the Shah enough power to request a reward from the United States.

Throughout the Two Pillar system was American policy, Saudi Arabia and Iran had to be nudged to cooperate when it came to considering issues of security, but were often stopped by ethnic differences and stereotypes. In January 1970, the state Department reported a meeting Shah of Iran had with King Faisal of Saudi Arabia at the Islamic Summit in September 1969, where the Shah broached the subject of Iranian-Saudi cooperation in the Persian Gulf. The Shah responded by claiming that the King was short sighted and paranoid, and his advisors had no idea about the way the actually world functioned.<sup>104</sup> Due to their ethnic differences, there was a fundamental lack of respect between the two leaders that a lack of discussion on anything besides surface level topics. For example, the Shah refused to house aerial tankers in Saudi Arabia to transport oil, because he worried that it would require 1,000 Iranian troops in Saudi Arabia. The Shah complained that the facilities were not good enough and it would cause massive psychological and political problems at home in Iran, far outweighing any benefits the tankers would bring. This shortsightedness is what ensured that there was never any formal pact developed as a part of the Two Pillar System; neither country was willing to take the first step towards creating a lasting connection that might have brought the two countries together.

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<sup>103</sup> Kissinger Files, Box 137, Nixon Library. Page 28.

<sup>104</sup> Kissinger Files, Box 161, Nixon Library.

Anything beyond cursory statements about the importance of Gulf security was the best the two leaders could agree upon when together.

### The Turning Point in the Two Pillars

In 1972, the United States officially recognized Iran as the main authority of the two pillars. President Nixon met the Shah in Tehran between May 30<sup>th</sup> and June 1<sup>st</sup> and chose to throw away all past policies about not favoring either Saudi Arabia or Iran over the other. The leadup to the meeting – during the end of 1971 and the beginning of 1972 — Iran played a key role in multiple events around the Gulf, demonstrating that the money being spend on the military was being put to good use. The amount of money the Shah of Iran was spending on the military had increased by eightfold from the time Nixon first entered office – in 1969 it was \$557 million and by 1972 it had increased to \$1.2 billion. Over the same period, Iran’s oil revenue increased from \$900 million to \$2.4 billion; to maximize profits, the Shah was keeping the Iranian rial at parity with the dollar. The United States knew that this was causing large price spikes in the consumer price index and real prices causing, “real and psychological qualms with the Iranian people,” but chose to do nothing.<sup>105</sup> The Shah was forcing Iran’s central bank to focus on the rate of the dollar rather than curbing inflation by focusing on economic conditions within the country, allowing inflation to run rampant through 1974. By the time the first measures were put in place, unofficial inflation was standing at 20-25%.<sup>106</sup> By the time of the

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<sup>105</sup> National Archives II, Foreign Policy Files, BUD Tehran 2 P-Reels, national Archives (from 1973)

<sup>106</sup> National Archives II, Foreign Policy Files, Box: P-Reel Printouts (1974) – 740084-0383-0384

1972 meeting between the two leaders took place in Tehran, Nixon ought to have considered seriously warning the Shah rather than enabling him.

With everything that the Shah was spending on the military, he was quite active in multiple conflicts around the region, demonstrating his interest in long-term stability. Roham Alvandi writes:

Both overtly and covertly, Iran was aiding Pakistan against India, Jordan against the Palestinians, Saudi Arabia against South Yemen, and the sultan of Oman against the Dhofari rebels.<sup>107</sup>

In the conflict between Pakistan and India, Nixon subverted a Congressional arms embargo to Pakistan by sending weapons via the Shah of Iran.<sup>108</sup> The Shah continued to deliver weapons until East Pakistan declared its independence as Bangladesh and all Indian forces left the country in March 1972, proving his use as a partner for the United States.<sup>109</sup> Starting at the beginning of 1972, the Shah also started supporting the new Sultan of Oman Qaboos.

### Iranian Support for Oman

A Memo from the James Sisco, Assistant Secretary for Near Eastern Affairs and South Asian to Secretary of State Rogers explains the total knowledge the United States had of a coup in Oman:

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<sup>107</sup> Roham Alvandi 65

<sup>108</sup> Nixon was strongly anti-Indian because of Indian ties with the Soviet Union

<sup>109</sup> The United States officially recognized Bangladesh and started diplomatic relations in April 1972.

Qabus bin Taymour, longstanding heir apparent, seized control of the Sultanate of Muscat and Oman on July 24 by leading a palace revolution against this father. The United Kingdom apparently knew of Qabus' plans in advance but disclaims any responsibility.<sup>110</sup>

The British had advised the old Sultan as he failed to quash a rebellion in the Dhofar Province of Oman and decided to back his heir, demonstrating that the British retained their power as kingmaker in the Gulf - to a certain extent. The United States chose to recognize the new government in Oman –since it had gone through official channels to request approval from the UK, the U.S., and India. The Shah of Iran took it much further than the aforementioned countries that simply recognized the new Taymour government, by immediately trying to cement a permanent alliance. The Shah gave the Sultan Qabus Iranian territory in the Strait of Hormuz, giving away a portion of an area that could be sitting on hundreds of millions of barrels of oil. The Sultan desperately needed access to a potential source of revenue; in 1971 Oman's Gross Domestic Product was \$850 million and following the British-supported coup, the new Sultan was presented with a bill for all British servicemen and equipment in the country.<sup>111</sup> U.S. intelligence interpreted this gift as a sort of payment-in-advance for Iran housing troops in Oman to help deal with the rebels in Dhofar.

Regardless of the underlying motive, the gift presented an image – to the United States and the world – of a powerful regional protector sponsoring a fledgling regime in the Gulf. Iran continued to help the young Sultan fight the rebels in Dhofar, with soldiers, commanders, and weapons. A state department memo outlines multiple instances of weapons transfers, such as one occasion when there was a large transfer of Israeli-made 106 mm rifles from Iran to Oman.<sup>112</sup>

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<sup>110</sup> National Archives, RG 59, Central Files 1970-73, POL 15-1 OMAN. Confidential. Drafted by Wrampelmeier and cleared by Atherton, Murphy, Greenwald (L/NEA), and Aldrich (L). Sisco added a handwritten note under the subject line: "A hopeful development." The memorandum was forwarded to Kissinger under a July 30 covering memorandum from Eliot. (Ibid., POL 21-9 MUSCAT & OMAN)

<sup>111</sup> Dhofar Rebellion (Chapter 5)

<sup>112</sup> Nixon Library Rg 59, HAK Files, Box 603 *Iran Vol 5-6*, Vol 5, State Department Memo (Pp. 3)



It is quite unusual that a State Department document would openly mention transactions between Israel and a country in the Persian Gulf (or any have any reference of an alliance between Iran and Israel), meaning that there is a possibility it was a backchannel transfer by the Nixon Administration. It certainly would not have been the first time the Nixon Administration transferred weaponry to a Gulf state with the intention of the weapons ending up in third country; later in 1972, the United States sent F4 planes to Iran, with the intention of the planes arriving in Jordan for security. Iran had no interest in a revolutionary regime in the Persian Gulf and while he supported Oman through 1972, by late 1973 the Shah was frustrated with a lack of British action to end the conflict and dispatched a battle group of 1,500 soldiers backed by fighter aircraft, helicopter troop carriers and artillery.<sup>113</sup> The small cohort of well-trained soldiers was especially effective since the small size of a country like Oman meant that the rebellion was being carried out, “with brigade-size units being the largest military formations employed,” especially since the Dhofar region where fighting was being carried out was quite sparsely populated.<sup>114</sup> Iran continued to provide Oman with support until the conflict ended in 1976.

### The Meeting in Tehran

President Nixon traveled to Tehran on May 30, 1972, at the end of a 13-day trip to four countries, including Warsaw, Poland.<sup>115</sup> He and Henry Kissinger had a series of meetings with the Shah and his advisors that were more about the state of affairs than changing policy. The conversation that changed everything took one hour and forty minutes after dinner ended on the

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<sup>113</sup> Dhofar Rebellion Chapter 6

<sup>114</sup> Dhofar Rebellion ibid.

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<https://www.nytimes.com/1972/06/01/archives/nixon-in-warsaw-greets-the-public-and-meets-gierek-throng-cheers.html>

30<sup>th</sup>. Andrew Scott Cooper argues that Nixon no doubt let loose during dinner since he felt comfortable in Iran and was at the end of a long trip, enjoying a few martinis.<sup>116</sup> Whatever, the case, the President's recommendations from Henry Kissinger did not include State Department advised to steer the conversation away from any specific weapons systems, nor did they provide ample information about the relevant information systems. The Shah was much better with military technology and specifics than the Shah and everyone thought that Nixon would feel trapped in such a complex conversation.<sup>117</sup> First, Nixon US promised to sell F14s/F15s, not knowing how much they would cost or when they would be ready – he was discussing planes that were not even on the production line. He made similar promises for laser-guided bombs that had not finished testing. Second, Nixon promised enough technicians to handle the equipment train Iranian soldiers to use and operate it; specifically, he promised similar numbers to what the Soviets had in Egypt at the time. Nixon made that promise without realizing that there were close to 20,000 Soviets in Egypt at the time of the meeting with the Shah. Ironically enough, the same month that the United States made the agreement formal, Egypt expelled all 20,000 technicians from the country.<sup>118</sup> Third, Nixon promised to increase the stream of credits and loans for businesses via the Export-Import Bank. The Bank was one of the main ways the United States could conduct foreign policy through capitalism, making it an especially valuable tool to a partner in need of credit, like the Shah. Fourth and most importantly, the President agreed to completely get rid of any spending limits and get rid of the bureaucracy, allowing the Shah to see a U.S. weapon system he wanted and purchase it without any accountability or transparency. The details of the meeting were kept primarily between the Shah and President; there was no

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<sup>116</sup> President Nixon was known for drinking after work hours, especially later in his second term during Watergate.

<sup>117</sup> Find Memo HAK

<sup>118</sup> ASC *ibid.* 59

immediate change in action when the President returned to the White House. However, the signal that the United States had chosen a horse to back as protector of the Gulf was clear and the bond between the Shah and the President was closer than ever.

### Implementing the Tehran Summit

On June 5<sup>th</sup>, 1972, four days after the end of the summit, the Shah called for a direct meeting with the American diplomats representing the President, the first time he had ever done that since Nixon was in office. The leader of the U.S. Military Mission to Iran, Major General Ellis Williamson, and new U.S. Ambassador to Iran, John Farland, were shocked to receive the request and completely blindsided when the Shah asked when Americans would be integrated into Iranian combat units. Neither had hear about anything from the President and when Farland asked for clarification from the White House, Henry Kissinger responded, “This is one of those cases where the commitment made was a broad one without specific reference to the kind of details we must now address.”<sup>119</sup> Farland made it clear dased on the meeting with the Shah that General Williamson was hesitant to green light weapons sales, much to the disappointment of the Shah. Without involving the President about the infighting among American diplomats, Kissinger responded by suggesting that Farland should encourage the Shah to purchase additional weapons, which would pressure Lockheed Martin to release new designs. Nixon had created a complicated situation by avoiding protocol and making direct promises to a foreign leader without informing White House staff and Kissinger was only increasing the chaos by avoiding certain diplomats in a country to get something done. Things got more complicated as Nixon and Kissinger continue to exclude the State Department and gave White House aides

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<sup>119</sup> ASC *ibid*, 67

seemingly random tasks (that had sometimes already been solved) to try to get around existing regulation to make the promises Nixon had made to the Shah a reality. Though the Shah was impatient to get his weapons and troops, the Nixon Administration eventually realized that it could only get through all of the bureaucratic hurdles in time to start sending troops in 1973. In that time (between 1972 and 1973), the Iranian government purchased \$2 billion in F14s and given that oil revenue during the same period was only \$2.8 billion, Andrew Scott Cooper is astute to make the claim that, “The strain placed on Iran’s economy was incalculable.”<sup>120</sup> Excess money should have been spent on the 700,000 tonnes of wheat the Iranian government was buying from the United States each year, much of it on credit.<sup>121</sup> The huge military expenditure is even more staggering when it is revealed that as a personal favor to President Nixon, the Shah agreed to switch the purchase of 50 F14 fighters for 50 F15s fighters. The contract for the F15s went to Northrop Grumman, saving the defense company from bankruptcy in an important state like New York in an election year. The U.S. pushed this purchase, knowing that Iran did not have the capabilities to properly operate or conduct maintenance on an F15.

### Saudi Response to the Tehran Summit

The summit with the Shah was a sign of U.S. recognition and King Faisal of Saudi Arabia did not miss the sign. Two days after the summit ended, the King requested meetings with representatives of Aramco to renegotiate the contract, hoping to use the U.S. meeting as leverage to get more revenue and higher daily levels of production. Though only a slight snub,

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<sup>120</sup> ASC *ibid.* 72

<sup>121</sup> Nixon Library. Presidential Files. HAK. RG 59, Box 603 Iran vol 5-6, Vol 6

sending a message to the corporate representatives before the United States government was a sign of tense relations between the two countries.

More importantly, it was a sign that there was a difference in bilateral relations about issues of security and finances. At this point, the Nixon Administration felt it had adequately attempted to bring King Faisal together with the Shah of Iran for a concrete regional security agreement and ruled it out as an option. Kissinger and Nixon both tried to encourage Faisal to do play a greater role as enforcer on the Arabian Peninsula, though neither believed that the Saudis had the capacity for such a role. In reality, the President was not expecting much more beyond a presence to keep a watchful eye over the Arabian Peninsula and the People's Democratic Republic of Yemen. The United States sought King Faisal's opinion when it came to starting diplomatic relations with the PDRY and requested that the Saudis reach out as well (since their royal families had connections). However, in the long run, Nixon saw Saudi Arabia as too concerned with internal threats and did not expect that the kingdom would change much. On September 8, 1970, the President sent King Faisal stating that he believed authoritarianism was the best way for Saudi Arabia to exist in the present moment.<sup>122</sup>

Conclusion:

The Nixon Administration and Oil

One month after inauguration President Nixon announced that he was taking complete control of energy policy, though he never had any comprehensive policy when it came to oil, which caused problems. Tore Peterson argues that the result was, "most likely due to Nixon's limited administrative experience before becoming President, but given his conspiratorial and

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<sup>122</sup> Hak ibid Box 629 –SAUDI ARABIA VOL 1-2

devious nature the confusion on energy policy may well have been the intended result.”<sup>123</sup> The President reshuffled and reorganized energy policy, so that his attention was constantly being divided between personal advisors, interest groups and government agencies, reflecting his own chaotic thoughts about oil.

Nixon knew the United States needed oil and generally believed that the Shah needed oil revenue to survive, though at other times, he called for Saudi Arabia to increase production to lower global oil prices. These were decisions that were made without consideration for broader U.S. energy policy, something that existing precedent should have made impossible. In the weeks following the 1967 oil embargo, members of the Johnson Administration were keen to admit that in the future, simply reallocating the U.S. oil stock to burdened nations in the west might not be enough – especially over a long period of time – but they did not make many significant changes to the way the United States made decisions surrounding issues related to oil. Energy and oil were tied to national security, but not with an amount of urgency to successfully prepare the United States for the next shortage. According to *Oil Kings*, in the Nixon Administration, 64 different agencies controlled various aspects of energy policy and there was no forum where all collaborated or shared information. Even as demand for oil in the United States and throughout the west increased rapidly throughout 1971 and 1972, at a greater rate than the government had enough reserves to satisfy, the United States did not link the actions of oil companies abroad to the a growing need by consumers. Kissinger and the Nixon Administration made no attempt to prepare the American oil companies for negotiating with the Shah in Iran and really did not have any expertise when it came to oil and economics. It should have been an easy decision to send a representative from the State Department to help the companies negotiate.

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<sup>123</sup> Tore Peterson Page 31

However, because neither Kissinger nor Nixon viewed the economic operations of oil companies as integral to national security of the United States, the Nixon Administration even went as far as letting the Saudi Government know about domestic oil shortages, directly providing the Saudis with leverage in negotiations with oil companies that did not seem to have the backing of the U.S. government and for a future oil embargo. Between January 1970 and September 1973 – before the start of the Great Oil Embargo in October 1973 – the price of oil increased by 72%. During the embargo, the price of a barrel of oil spiked as much as 470%.<sup>124</sup> The only benefit to this meteoric increase in oil prices is that the oil companies were flooded with so much revenue that they were unable to invest all of it within their own country and had to look to invest these petrodollars into projects in foreign countries.

### The Ramifications of Excess Military Transfers

Defense is one of the biggest ways that foreign policy is carried out; on a basic level it can include training exercises, manufacturing equipment, the buying and selling of weapons, transferring troops, or start of a conflict. That being said, it was during Nixon's first term, when the Nixon Administration started to take the concept to giving weapons to promote the long-term stability of the region past reasonable limits. The Department of Defense never stopped to consider the ramifications of the President giving the Shah a blank check to any U.S. weapons system until 1975, long after Nixon had left the White House. And even if the President ever really believed the idea that improving the defenses of all Gulf nations would bring long term stability, he was much too lax in enforcing the rules the United States claimed to have. When a U.S. serviceman in Saudi Arabia found a fighter plane the United States had sold to the Saudi

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<sup>124</sup> ASC 112

decorated with Egyptian images, the United States only issued a small warning, even though resale of contracted planes was strictly forbidden. The U.S. government did worry about C130s they later gifted to the Saudis turning up in another country, but made no investigations into the matter. In another instance, the United States only approved the sale of F-4 phantoms to Kuwait because Kuwait claimed it would be sending everything to help the Sultan in Oman. While some of this was no doubt within acceptable limits, Nixon had a propensity for trying to get around the rules and subverting normal diplomatic processes, especially when it came to issues related to military equipment and anything related to Iran. During Nixon's second term, he helped Pakistan modernize its tanks (via help from Iran) and used Iran to ship parts to the South Vietnamese government. The result was an overabundance of weapons in the Gulf and Middle East, many of which should not have been there or were untraceable, a trend that has continued to the present day.

Beyond creating an abundance of weapons, the Nixon Administration was willing to give away U.S. technology and trade secrets almost to the point of acting like a kingmaker in the Persian Gulf. Close to the end of Nixon's time in office, the Shah requested that the U.S. contract companies to build between five and ten nuclear reactors, a request that Nixon was happy to approve. As plans were being drawn up by companies and Nixon Administration got preoccupied with Watergate, eventually the State Department found out about the plans and determined that the Shah was most likely interested in the reactors for a reason beyond simply producing energy. If Nixon had been a little more focused on getting the contracts approved and fast-tracked construction, it likely would have happened without any sort of red flags from Congress. On an equally alarming level, another project that was in the planning phase before



Nixon resigned as President would have given the Shah complete surveillance capabilities over any civilian or military communication in the entire Persian Gulf.<sup>125</sup>

### Consequences of Back Channel Negotiations

The Nixon Administration continued conducting background communications, especially with Iran. In 1973, the President fired CIA Director Richard Helms (a day before he was going to set to retire) and made up for the error by making Helms the new U.S. Ambassador to Iran. Towards the end of Nixon's time in office, the only three Americans really "in the loop" on relations with Iran were the President, Henry Kissinger, and Ambassador Helms. As a result, when the President resigned, Kissinger had complete control of the State Department and National Security Council, giving him the ability to paint the way the next President viewed foreign policy. Andrew Scott Cooper explains in *Oil Kings*,

By the time Ford got in office, he was a complete novice when it came to foreign policy and Kissinger did not really update him of what had been going on during the Nixon administration, leaving him in the dark—about approving rising oil prices to pay for weaponry, backchannel communications with the Shah, secret pacts made between the two leaders—as a way to persuade Ford that his foreign policy assessments were correct.<sup>126</sup>

The fact that Kissinger was able to completely control foreign policy demonstrates the danger of secret backchannel communications that are primarily done verbally and without any real records. Roham Alvandi explains that Kissinger was not able to manage this state of complete control over Gulf foreign policy for long since, "political opponents in the Democratic Congress and critics within the Republican administration, the shah's detractors were no longer sidelined, as they had been under Nixon."<sup>127</sup>

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<sup>125</sup> The project was called IBEX and would have cost \$500 million.

<sup>126</sup> ASC *ibid.* 168

<sup>127</sup> Roham Alvandi 4

## Iraq

- Iran's claim to Bahrain, a potential obstacle to the Federation and an irritant in Arab-Iranian relations, has been relinquished, with the UN providing a face-saving device." (259)
- "Iraqi-Iranian tensions over the Shatt-al-Arab waterway continue, and may intensify now that Iraq has resolved its Kurdish problem. But Iraq is weak, and preoccupied with the Arab-Israeli issue.
- Johnson did not see any difference between nationalists and communist
- "One of the most immediate potential threats to Gulf security appeared to be the Baathist government of Iraq. The Baghdad government maintained political and military ties to Moscow and promoted a brand of revolutionary Arab socialism." (173)
- April 9, 1972: Iraq signs a treaty of friendship with the USSR, following india, Egypt)

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