

MEETING HELD AT 4.00 PM ON 20 DECEMBER 1978

IRAN: POLICY REVIEW

Present: Secretary of State
Minister of State, Mr Judd
PUS
Mr J A N Graham
Mr M S Weir
Mr I T M Lucas
Mr D Stephen
Mr G G H Walden
Mr R S Gorham
Mr P Lever

1. The Secretary of State opened the meeting by referring to Tehran telegrams 997 and 998 giving Sir A Parsons' latest assessment of the situation in Iran. Mr Weir stressed the growing polarisation between the opposing sides and the lack of middle ground. Dr Owen asked whether Dr Sadighi had relations with Khomeini and was told that there was no evidence that they were linked. Mr Weir said that the latest plans for a coalition government were unimpressive. There was also some contradiction between the Ambassador's comment that the worst outcome would be a continuation of the present war of attrition and his conclusion that we had no choice but to let things run their course.
2. Dr Owen asked whether The Queen was titular Commander-in-Chief of the British Armed Services. He thought that this could turn out to be an essential issue for the Shah and there might be advantage in his invoking the British precedent - if it fitted - to give up his executive powers as Commander-in-Chief in favour of a purely symbolic role. Was there any constitutional advice which we could offer to steer the Shah in the right direction? He had also noted the ambiguity about the Shah's promise to behave as a constitutional monarch. Did he mean sticking to the 1906 Constitution or just restricting his role further to that of a European monarch?
3. Mr Weir said unfortunately the initiative with Sadighi had already been blown because the latter had talked to the Press. Khomeini would move quickly to undermine Sadighi, but there seemed no alternative but to allow him to proceed. He agreed with Sir Anthony Parsons' recommendation that we should refrain from active intervention. We could not help any of the parties to reach agreement but we had performed a useful role by relaying to the Shah the Embassy's conversation with opposition leaders. He wondered what the Americans were now up to as we had no idea of the conclusions reached by the Ball Committee.

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4. Dr Owen said that we could tell the Americans from him that we expected them to exchange views frankly with us. Sir Michael Palliser said he had left the US Ambassador in no doubt about this the previous day. Mr Judd asked about the report that the Americans were flying in a number of Persian scholars to make contacts with the opposition. Mr Stephen said that this story had been produced by Mr Halliday.

5. Dr Owen asked whether he should be doing more in Iran. Mr Lucas said that the telegrams from Tehran gave the impression that the Shah counted for more than he actually does. In his view, the Army were calling the shots and the opposition held the initiative. The Army could still decide one day to tell the Shah to go - if for instance they thought the country was facing economic collapse. Mr Judd pointed out that the British Ambassador was now labelled as a close adviser to the Shah and this would cause trouble for us. Mr Weir said that this should not necessarily prove harmful. Everyone knew we had relations with the Government, the Armed Services and members of the opposition. Mr Judd stated that it was time we cooled down our relations with the Shah. Dr Owen said that this had in fact probably already happened, but Sir Anthony Parsons could not refuse to see the Shah when he asked for him. Dr Owen's own impression was that power was now more dispersed, and one sign of this was the difficulty Azhari was having with his generals. In any case a natural threshold would be crossed when Sir Anthony Parsons left Tehran; Mr Graham would not have the same intimate relationship with the Shah. The timing of Sir Anthony Parsons' departure (15 January) seemed exactly right. Dr Owen added that access to General Azhari was very important. Such free access and frank conversation would be impossible if the Iranians thought we were undermining the Shah or planning to stop arms deals. Mr Lucas said that it was commonly known in Government who the British were talking to, and there was nothing we could do to disabuse public opinion of its notions about the British role in Iran. Mr Judd referred to the privileged position the British Government had enjoyed in Iran and said that we liked playing the game of confidential adviser. But had our Embassy done enough to get out and around the bazaars to sound out opinion there? Mr Weir said that the answer was probably no because during the recent boom years our top priority had, rightly, been export promotion. Sir M Palliser agreed.

6. Dr Owen asked who were the leaders of the opposition, and how much we knew about them? It was time to scan the Army lists in detail to see who among the middle ranking to senior officers was closest to the Mullahs. We should look for a "devout general". We should take pains to keep close to the Army (although he recognised the risk of appearing too closely identified with them). We must pursue British national interests, among which was the need to get our debts paid. He was alarmed to see from Mr Mulley's minute of 18 December to the Prime Minister how badly the IMS were

overdrawn. We must pursue oil barter and get some of these millions back on board before it was too late. Mr Judd repeated that we must learn more about the opposition. Dr Owen agreed and said that he had the impression that the organisation of the recent big demonstrations had come from the student leadership (and not from the Communist Party). We should look particularly at the University lists of those Iranians between the ages of 30-45 who had studied abroad and had now gone back to Iran. Mr Weir said that the Americans had suggested that Iranian students returned from the US had played an important part in underground organisation. Dr Owen said that the wave of active dissent during the past 10 years against the Shah's regime had been most significant. Many of these students who had taken part in demonstrations, masked for fear of reprisals, would have gone back. How could we get at them and find out about their thinking? He did not think it would be possible through our existing Embassy staff. There were, however, people on the left in this country who would know who to get in touch. Should we not ask them for help? Who were the academics who counted? The names of Professor Nancy Lambton and Mr Peter Avery were mentioned but dismissed. Mr Lucas said that Dr Chubin had been very reliable, but of course would not be suitable to go out to Iran on our behalf. Dr Owen said the object of the exercise would be to find out what was going on in Iran because of the enigma of the recent demonstrations, rather than to suggest sympathy or support. There was to be no hedging of bets.

7. Mr Graham suggested that certain steps could be taken to strengthen Embassy staffing. Sir Michael Palliser referred to the present staffing pattern of the Embassy and said that the emphasis would need not to be shifted away from concentration on export promotion. He suggested that Mr Jay be asked to speak to the Americans about the Ball exercise. There was no point in talking to the American Embassy here. Mr Graham said that, although fresh to the problem, he wanted to ask whether we were clear in our minds about what we wanted to see happen in Iran. What was the right recipe? We didn't seem to have a preferred option. Dr Owen said with emphasis that in a confusing situation we should follow the old naval maxim "in a fog slow right down but don't change course". The BBC Persian Service, for instance, had proved a liability in one respect but it was also a form of insurance for us with the opposition. We had taken a firm decision not to interfere with the BBC and he thought that we had got that problem into proper perspective.

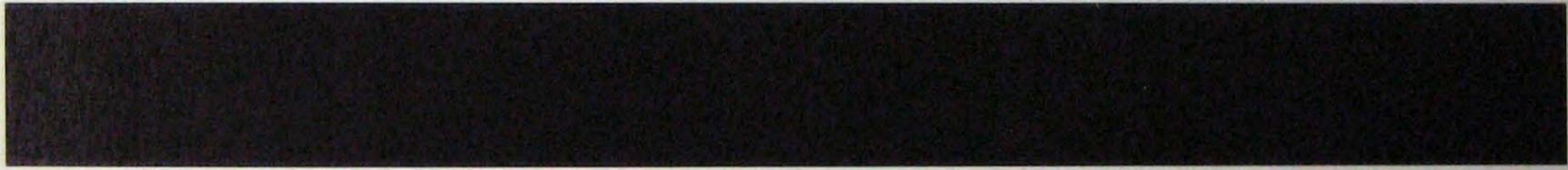
8. Summing up, Dr Owen listed the following points which he wanted examining:-

- (i) The constitutional position of Western monarchies with respect to control over the Armed Forces:
- (ii) A study of Iranian officers of middle rank and more senior officers to identify any who had links with the Muslim hierarchy:

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- (iii) A similar attempt to identify former leaders of the Iranian student community abroad who had returned to Iran:
- (iv) As a guiding principle, we should maintain our support for the Armed Services (eg in arms sales) and keep close to their leaders:
- (v) We should give the highest priority to getting paid for our major outstanding debts:
- (vi) We should make adjustments in Embassy staffing: the overriding commercial priority of the past should be moulded now by political sensitivity:
- (vii) We should review the language capability of Embassy staff and appoint people who can establish links with any new leadership that starts to emerge:
- (viii) We should ensure that our military attachés were politically sensitive and developed informal links with middle officers:



- (x) We should explore afresh Mr Judd's idea of holding seminars on Iran; another option would be to try to stimulate others to send out independent-minded people, some of whom should be left-orientated academics and to listen to their findings on their return:
- (xi) We should also use journalistic expertise from papers like the Financial Times and if their correspondents were coming back to this country, younger diplomats should try to talk to them for information.

9. Looking back on his own time as Minister of State, Dr Owen said that, like Mr Judd, he had conducted his own review of our policy towards Iran. No-one could say we had not been warned by our Ambassador about the future. He and we had constantly posed the problem could the Shah survive? We had always been driven to the conclusion yes but it was not a blind judgement: we had not assessed correctly the strength of Muslim revival. He did not feel that he had been misled about Iran. Even now it was uncertain whether we had come to the wrong conclusions. An ever present fact was that we were grossly over-committed economically and that this had been done deliberately by this Government as much as their predecessors to offset the oil price rise. We could not ignore the real politics of the situation. We could end up with the worst of all worlds if we simply shifted our ground now. Before any shift in our policy we wanted to know more about the alternatives. He therefore wanted us to make a real effort to widen our antennae and gain a new insight and understanding of the country. He was

convinced there was more to the present trouble than dissidence organised by the Mullahs. There was an organising hand which he personally believed came from the students who had studied abroad. His own bet was that if the Shah went he would be replaced by a devout general with the support of the middle ranks of the Army. It would in this situation be of little or no help to be thought to have changed our position and hedged our bets, though if we could be in a position of trust with any new leadership this would help. Finally we should not assume that the Shah was finished. He had not yet tried conducting a severe crackdown and that might well be the last and only option. It would be very unpleasant politically for Britain if he did crack down but it might work in Iran where given the absence of an alternative and the threat of chaos, there could be a greater acceptance of the ruthless exercise of power than we in the West could easily imagine let alone support. The Secretary of State concluded that while we should continue to think about any conceivable solution we were not to advocate or be thought to be advocating solutions, nor should we become involved in advising the Shah or others about what they should do. We should continue to press privately and publicly for a coalition government to be formed, elections to be held and the modernisation to be continued. Realistically we must, even if the Shah survived, recognise that it would be desirable for it to be a very changed role for the Shah - a true constitutional monarch, and that Iran would henceforth be a less attractive trading outlet. Also we would certainly see reduced military sales and much more oil barter deals. There would also be a fairly long recovery period in which there would be latent hostility to the US and Britain who would be seen as having supported the Shah and helped to cheat the people of the change that they thought was in their grasp.

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PS/Mr Judd

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Sir A Duff

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Mr Stephen

HM Ambassador TEHRAN (Secret & Personal)

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