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MEMORANDUM FOR: Director of Central Intelligence

VIA : Deputy Director, Plans ¹⁵¹ RMB

SUBJECT : Iran Country Team Request for Increased
Military Aid to Iran

1. This memorandum is for the information of the Director.
2. At the request of the Department of Defense an interagency meeting was held in Mr. Lewis Jones' office on 6 September 1960 to consider proposed increases in the U.S. military aid program for Iran. Ambassador Wailes and the Iran Country Team had strongly recommended such increases (in Tehran Embtel 543 of 1 September 1960, attached) as a means of bolstering the Shah's flagging confidence in U.S. support and preventing him from making "any positive movement towards neutrality".
3. Mr. Lewis Jones, in firmly endorsing the Country Team recommendations, emphasized that the Shah is the key figure in Iran's pro-Western policies. It is the "Shah's Iran", not just Iran, that we are trying to save. Faced as he is at present by internal unrest, a critical foreign press, and a concerted Communist propaganda attack the Shah is depressed by what he considers inadequate military support from the U.S. To keep him happy and willing to continue his present policies, we must do everything possible to satisfy his desire for a modern military establishment, even if such aid does not appear sound from an economic point of view. The immediate objective in Iran is to "keep the present regime rolling for a while longer... Military gifts buy us much needed time".
4. Mr. Robert H. Knight, Deputy Assistant Secretary of Defense (International Security Affairs), while not questioning the gravity of the situation in Iran, explained a number of budgetary and policy problems militating against additional military aid to the Shah's regime and repeatedly asked whether the State Department could not devise other means of bolstering the Shah's resolve or insuring continuation of a pro-Western regime in Iran. When a State Department representative opined that the Shah had somewhat less than a 50-50 chance of surviving the next five years, Mr. Knight asked whether the U.S. Government should not be trying to identify and work with a suitable successor. State argued that any successor regime would very likely veer towards neutralism and be susceptible to Soviet subversion. Mr. Jones emphasized that the realities of the situation call for giving the Shah what he wants,

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viz., military aid; the Shah will not permit us to tell him what's best for Iran. Later in the discussion Mr. Knight expressed doubt that additional military aid would be of much use in strengthening the Shah's political support within Iran. It was generally agreed at the meeting that expanded military aid to Iran would not directly strengthen the U.S. military position and could only be justified on political grounds.

5. The Country Team's recommendations (a condensed list is attached herewith) call for major additions to the present five-year MAP plan for Iran, as well as authority to discuss the expanded plan with the Shah. In the course of the meeting, Defense and JCS representatives made it clear that most of the requested items must be ruled out for budgetary or military policy reasons. Although no firm decisions were reached at the meeting, it was agreed that further consideration will be given to the following:

- a. Continuation of military construction program in Iran at the current rate rather than at the reduced rate presently planned for FY 61.
- b. The possibility of including Armored Personnel Carriers in the MAP program for Iran. (Mr. Jones felt that vehicles of this type might be useful to the Shah in controlling crowds in Tehran.)
- c. Provision of modern French transport planes to supplement the C-47s now being utilized by the Iranian Air Force.
- d. An increase in the U.S. contribution to a military vocational training program.
- e. Increased training of electronic technicians.
- f. A speedup in deliveries of F-86 fighters, together with certain other programmed items.

6. It appears that the State Department is quite disappointed with the results of this meeting. The Iranian Desk officer advised us on 7 September 1960 that the Department may seek to have Mr. Dillon direct Defense to meet more of the Country Team requests.

7. NE Division representatives at the 6 September meeting participated only in an observer capacity.

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Attachment B

Actions Requested by Country Team, as of 1 September
1960

1. Reinstatement of planned \$16.3 million reduction in military construction program.
2. FY 61 Defense Support allotment of at least \$22 million and preferably \$30 million. (Present planning calls for approximately \$19-\$20 million.)
3. U.S. approval and support of CENFEO command structure.
4. Authority to discuss in concrete terms U.S. military aid plans for Iran (presumably five-year MAP plan) with following additions:
 - a. Surface-to-air missiles.
 - b. Surface-to-surface missiles.
 - c. Improvement in ground forces mobility, including provision of personnel carriers and tank modernization.
 - d. Two transport squadrons for Iranian Air Force.
 - e. Four century-series fighter-bomber squadrons for Iranian Air Force.
 - f. Radar network for the eastern and western borders of Iran. (British Government is providing some assistance in radar defense for northern border.)
 - g. Increase in U.S. contribution to military vocational training program.
5. Dispatch of Presidential letter to Shah containing assurances of continuing U.S. interest and support as well as indication of planned increases in military aid.
6. Extension of invitation to Shah to visit Sixth Fleet. (Note: this has been done, but Shah has temporarily declined invitation.)
7. Early approval of current Iranian PL 480 request, with maximum

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(70-80%) allocation of local currency proceeds to Iranian economic development.

8. Dispatch of DLF and IMF teams to Iran as soon as agreement has been reached between Iran and IMF on Iran's stabilization program.

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