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*Discourse, Dissent, and Strategic Surprise:  
Formulating American Security in an Age of Uncertainty*

## **Iran: Intelligence Failure or Policy Stalemate?**

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### **Summary of Case I: Iran in the 1970s**

The Institute's Working Group met for the first time on November 23, 2004 to discuss the events leading up to the fall of the Shah of Iran in 1979. Twenty-eight distinguished policy-makers, analysts and members of the media tackled the question of whether the failure to anticipate revolutionary upheaval in Iran reflected inadequate intelligence, or was more the result of senior policy-makers' inability or unwillingness to act on the intelligence and information provided to them.

The events in Iran in the late 1970s provide a clear illustration of what can happen when U.S. strategic objectives collide with domestic realities in a region of vital importance to U.S. interests. It also illustrates some of the difficulties that can arise when decision-makers are confronted with events and information that do not conform to commonly held assumptions or a long-standing and favored strategy.

The adverse impact on the United States of the overthrow of the Shah and the ascendance of an extremist Islamic government in Iran in 1978–1979 is commonly believed to be the result of a failure of intelligence. As documented by Working Group co-chair Doug MacEachin, there are numerous official and unofficial assessments in which these events are described as a “strategic surprise” emerging directly from intelligence failures. A CIA internal review

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in 1983 conducted by the Director of Central Intelligence's Senior Review Panel, for example, which was asked "to examine the quality of judgments preceding significant historical failures over the last twenty years or so," cited the Iranian revolution as a case of clear intelligence failure.\*

The record of intelligence reports, cables and policy memoranda written in the mid- to late 1970s suggests that there was a steady, if rather modest, flow of reporting about changing political conditions in Iran which warned about the steady erosion of the Shah's power. Intelligence also existed, albeit in a much more limited form, on the growing power of religious opposition in the country.

Intelligence gathered "on the ground," however, was impeded by the Shah's insistence that the U.S. stay out of Iran's domestic affairs and U.S. acquiescence to that demand. As a consequence, American intelligence networks active during the preceding two decades had been dismantled or allowed to atrophy.

Many members of the working group recounted their own perceptions at the time of deteriorating political conditions in Iran, but also acknowledged the powerful disincentives for raising serious questions about the course of U.S. policy. Some disincentives were policy-oriented. For instance, as one participant noted, the prevailing consensus discouraged criticism of the Shah for fear that it would offend "our very best friend in the region" and undercut his ability to serve as the lynchpin to U.S. regional strategy. Professional disincentives also discouraged discourse. In a climate in which support for the Shah had long served as the core of U.S. strategy, challenging the wisdom of that policy, even modestly, put individuals' careers at risk.

The combination of weak intelligence gathering, pressures to adhere to prevailing views, and a mindset that the Shah would be able to rule indefinitely led to severe underestimations of the importance of the Shah's opponents, and particularly religious opponents. Several workshop participants pointed out that given the U.S.'s historical dealings with the Shah, with his wealth, huge army and sophisticated weaponry, it was hard to conclude that what seemed to be a "bunch of rag-tag clerics, operating out of a mosque with no weapons . . . were going to win," as one put it.

\* Excerpts from this study were subsequently presented in an article distributed in the CIA's internal classified studies journal, and this article has since been declassified. See Willis C. Armstrong, William Leonhart, William McCafferey, and Herbert C. Rothenberg, "The Hazards of Single Outcome Forecasting," *Studies in Intelligence*, Vol. 28, No. 3 (Fall 1984), pp. 57-59, originally classified "Secret."

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Some working group participants also emphasized the influence of competing bureaucratic agendas, priorities and distractions among senior policy-makers during the lead-up to the Iranian revolution. One senior policy-maker at the time recalled that a major event in Iran, the violent repression of an open revolt in the streets, occurred just at the time when President Carter was holding his historic meeting at Camp David with Israeli President Begin and Egyptian president Sadat: “To say that [Carter] was preoccupied is . . . an understatement. He had gambled his entire presidency on that meeting. He didn’t have time to think about the Shah.”

*In sum*, the working group agreed that the U.S. government was unprepared for upheaval in Iran because of an entrenched reluctance among senior policy officials to consider alternatives to a policy of unstinting support for the Shah. The result was a failure to develop policy options that could hedge against the collapse of the Iranian regime, leaving the American government without any fall-back strategy when the Shah finally did lose all of his political support.

*The Iranian experience is important to the evaluation of American foreign and security policy not just historically, but in the context of current challenges.* Iran looms large today because the radical Islamist government is supporting a nuclear weapons program, lends support to anti-Western extremists, and potentially threatens Western interests and Israel. The “loss of Iran” in the late 1970s was followed by successive administrations’ unwillingness or inability to engage the ruling regime towards any enduring or productive dialogue. Indeed, today there is a possibility that the U.S. could mount an invasion of the country over its refusal to stop its nuclear ambitions. The United States lost all of its investment in and access to military bases in the region, billions of dollars of advanced weapons it left behind as the revolution broke out, and its access to a critical oil supplier. American backing of Saddam Hussein’s Iraq until 1991—an effort to create a counterweight to the Iranian regime—created its own set of adverse consequences, which ultimately led to two wars against Iraq. As one presenter noted, “It’s particularly interesting and relevant to start [the project] with Iran, since this is a country that still haunts us, where there remain huge problems . . . of trying to understand what’s going on inside Iran today. . . . We got Iran wrong in the 1970s, and I think many people believe we got Iran wrong in this century. The need for lessons, therefore, is pretty obvious.”

## **Background and Context for the Iranian Case: The Evolution of the U.S.-Iranian Relationship**

For many Americans, Iran was transformed from a Western-oriented and supportive ally into a religious authoritarian state over a matter of weeks or months in a violent revolution. But the seeds of Iranian upheaval are deeply entrenched in decades of U.S.-Iranian relations.

In 1953 the United States carried out a covert operation that removed the left leaning nationalist Iranian Prime Minister Mohammed Mossadeq and opened the way for the Western-leaning Shah to reclaim governing power. To re-establish his ruling power, however, the Shah was totally reliant on the U.S. He was confronting opposition from diverse factions that included the remnants of the National Front consortium that had been led by Mossadeq; the Tudeh communist party, non-partisan intellectuals and professionals who were western-oriented, but opposed to monarchical rule, and the organized Shi'ite clergy. These opposition forces would continue to grow in the ensuing years, while the Shah's support base would continue to rest narrowly on the military and security forces and some conservative landlords, entrepreneurs, and bureaucrats.

During this time, the U.S. was developing its "containment" doctrine for confronting the Soviet Union. Washington viewed Iran as a potential bulwark of a regional alliance along the southern borders of the USSR that would also include Turkey, Iraq, and Pakistan. The combination of the Shah's needs and U.S. security concerns resulted in U.S. agreeing to provide Iran extensive military assistance and economic aid, and Iran agreeing to join the alliance being formed to "contain" the USSR.

Over the next decade, Iran would become the largest recipient of U.S. military aid and economic assistance outside NATO. A military training and advisory group was dispatched to Iran. By 1961 there were some 10,000 U.S. military personnel, advisors and troops there. The U.S. economic aid package that year had reached \$600 billion, two thirds of which was in grants. American private businesses were adding to the already large, visible presence of U.S. military and security personnel.

The Shah's programs of rapid westernization created substantial domestic turmoil in Iran. The increasing frequency and magnitude of demonstrations and civilian-military confrontations were a sign of the backlash to the Shah's policies of agricultural land redistribution, rapid expansion of industry and far-reaching societal reforms. The latter especially would become

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part of a platform used by Shi'ite clerics, who surged to prominence in leading public opposition to these programs.

The potential long-term problems posed by this turmoil were addressed in a number of intelligence assessments as early as 1963. One noted the potential dangers of the opposition to the land reforms from “conservative landlords and religious leaders and from the nationalists.” Another study revealed that the Shah had alienated traditional religious, landed and wealthy elite, and had not made any offsetting gains with educated urban elements. A State Department study in December 1966 went even further, stating that “the realities of the future will not include the indefinite prolongation of one man rule. . . . Iran’s future is clouded by hazards that could profoundly affect its political climate.”

The rising prominence of a cleric named Ayatollah Khomeini was highlighted in a June 1963 CIA study, describing him as “the most outspoken critic of the government’s reform programs,” and an extremely dangerous threat to the regime.” Khomeini also made public speeches denouncing the United States as a corrupter of Iranian society, and as a “prop” for the Shah whom he described as a “dictator and U.S. stooge.”

He assailed the Majlis for its October 1964 act granting U.S. military personnel immunity from Iran’s laws. His public diatribes resulted in his being exiled in 1964, but he continued to occupy a pulpit from afar and preach the same line.

By the beginning of the 1970s, the number of U.S. personnel in Iran supporting the military program was up to 15,000. In May 1972, the flow of U.S. military equipment and technology to Iran received a major boost when President Nixon visited Tehran on his return trip from a summit in Moscow to promote the “special relationship.” The resulting policy of unconditional support to the Shah was laid out in a memorandum disseminated a little over a month later by National Security Advisor Henry Kissinger, in effect stating that it was U.S. policy to sell Iran virtually whatever advanced weapons the Shah requested. The U.S.-Iranian military relationship escalated both in the volume and sophistication of arms and equipment supplied.

But as the U.S. security relationship continued to expand, so did the domestic turmoil in Iran. This was described in a paper disseminated by the State Department’s Bureau of Intelligence and Research (INR) at about the same time as the Kissinger memo. The INR paper also identified a new component of the bubbling chemistry: “a violence-inclined ‘youth underground’

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has taken root in Iran with possible serious consequences for the country's long term stability.”

By 1975, the expanding arms sales and inflow of U.S. support personnel were feeding into surging tensions in the domestic economy. A CIA report described Iran's importation of capital goods financed by soaring oil prices as accelerating the Shah's already rapid industrial modernization programs to the point where the inflow of advanced equipment greatly exceeded Iran's capacity to use it effectively. This was fueling an already growing urban flow of Iranian workers from rural areas, straining community services at all levels and creating rapid price inflation. The report said that the unfulfilled expectations of the Iranian labor force, in visible contrast to the status of foreign workers brought in to support the Shah's modernization programs, were creating major societal tensions.

## Working Group Meeting Highlights

### *Presenters*

Three former U.S. government officials who were involved in the U.S. policy debate about Iran in the period leading up to the fall of the Shah made presentations to the group.

- GEOFFREY KEMP, a Middle East expert at the Nixon Center and former Director for the Middle East and South Asia in the National Security Council during the Reagan administration, who was part of a team tasked by the Senate Armed Services Committee in 1975 to conduct a study of the impact of the flow of U.S. military equipment and assistance into Iran;
- GARY SICK, the National Security Council Director for the Middle East in the Carter administration who became responsible for day-to-day tracking of Iran policy issues; and
- HANS BINNENDIJK, a member of the Senate Foreign Relations Committee Staff during the critical 1977–78 period, at a time when the U.S. military support to Iran was coming under increased scrutiny.

The Working Group focused on four main aspects of the U.S.-Iranian relationship:

1. The implications of the United States's extensive involvement in the Shah's ambitious modernization program;
2. The intelligence record: what information was available to policy makers during the period in question?
3. The failure of policy-makers to question the policy of unwavering support for the Shah even as signs of domestic political unrest were mounting; and
4. Why countervailing forces inside and outside the government failed to develop policy options which could hedge against the potential collapse of the Shah.

### **The U.S.-Iranian Arms Sales Relationship**

The group's initial discussion focused on the United State's unprecedented largess in providing Iran with advanced armaments and military technology to support the Shah's ambitions to acquire a vast and modern military infrastructure.

By the mid-1970s, the number of U.S. personnel in Iran to support the Shah's military program had risen to about 30,000, and a few individuals in Washington had begun expressing concerns about the impact of the U.S. military presence and the security of Americans, should instabilities arise in the region.

One presenter noted that Secretary of Defense James Schlesinger had expressed skepticism about the coordination of arms sales to the Middle East as early as 1974.<sup>1</sup> Congress heightened its attention to the issue in response to the Nixon Administration's arms sales policies during and after the 1973 Middle East war, prompting legislative challenges to force the Executive Branch to consult more broadly with Congress. This led to the passage in 1975 of the Arms Export Control Act, which granted the Senate its first oversight powers over arms export policy.

It was in this context that a Congressional inquiry was launched in 1975, which included a decision to send a team of experts to Iran to evaluate the

1. A high-level intra-governmental study under NSC directive (NSSM 238) examined policy options to address Secretary Schlesinger's concerns on Iranian arms sales, but it was not taken up for policy discussion until the end of the year, by which time the Ford Administration was in lame duck status.

U.S. military program. State Department officer Robert Mantel accompanied Geoffrey Kemp and others to conduct the investigation.

This pointed to an inevitable trend: the Iranian military program would require further increases in the number of U.S. personnel in Iran, exacerbating socio-economic tensions.

While the report's tone was circumspect, its warnings were clear: Iranian public animosity towards the Shah and towards the U.S. presence was growing, potentially presaging sweeping social unrest that could put Americans at risk if this led to the overthrow of the Shah. Pervasive cultural clashes occurred between local Iranians, and, as one participant put it somewhat more colorfully, "a lot of single, white [American] males [with] absolutely no training at all about the social conditions . . . or culture of Iran" who created "great, great resentment."

Despite the high profile of the congressional report raising warning flags about the direction of U.S. strategy in Iran, there was little follow-through after it was published, and its findings had no lasting impact on American policy. Some intelligence assessments tended to downplay the potential implications of the congressional report. For example, a May 1976 INR report acknowledged the risks, but concluded that the Shah "has a good chance to be able to lead Iran for many more years."

Despite the Carter Administration's efforts to restrain arms sales, the Shah's special status among American officials ensured that by 1978 the flow of U.S. arms was on the rise, until the Shah was deposed in 1979. It included cutting-edge military equipment; in fact, the Congress was debating the proposed sale of highly advanced AWACs aircraft to Iran even as U.S. officials were beginning to confront the reality that the Shah's reign might be coming to an end.

*The 1976 report concluded "The Government of Iran is attempting to create an extremely modern military establishment in a country that lacks the technical, educational and industrial base to provide the necessary trained personnel and management capabilities to operate such an establishment effectively."*

### The Intelligence Record

*The Working Group next considered whether the lack of American preparedness for the Iranian revolution resulted from inadequate or faulty*

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*intelligence, and if so, what might account for a failure to collect good intelligence in such a vital region, especially given the sizable American presence.*

As several participants noted, Washington's explicit policy guidance was to defer to the Shah's sensitivity about U.S. intelligence gathering about domestic Iranian developments. The American intelligence community thus gained little insight on the nature of the various opposition factions in Iran. Any attempt by American officials to meet with members of Iranian opposition factions faced the risk of being noticed by the Shah's notorious secret police, SAVAK, and reported in an official complaint to the Embassy. Americans involved in such efforts typically were penalized by a non-career enhancing re-assignment.

Consequently, American officials did not meet with Iranian dissidents, or indeed with many Iranian nationals, at all. From the mid-1970s, the U.S. received its intelligence on Iranian internal dynamics from groups that supported the Shah, including SAVAK, and the country was viewed as stable as long as reassurances were given that "communists" or other leftist organizations were being successfully repressed. As one participant who spent time in Iran in the mid-1970's commented, "There were no sources of information that went though the [non elite population] . . . Everything was shut down."

Several participants highlighted the problem of cultural awareness in intelligence reporting: "It's a mentality out at the CIA that if you don't get the information from spying, it's not intelligence . . . Yes, we were inhibited from spying on the Shah, for fear of getting caught. But, that didn't mean we couldn't be out on the streets talking to people other than the elite, to get some feel for [the domestic situation]. . . . How many people around the table have talked to others feeling this sense of unease? This should have come through in the intelligence." Another participant echoed this view: "We didn't try to put ourselves in their mindset. It's so hard to do, but the fact is, they're not us. . . . How can we put ourselves in the minds of people who think differently? [We need] cultural intelligence, not just informants."

That said, several participants, noting their experiences in Iran in the 1970s, agreed that domestic turmoil in Iran and alienation of the Iranian population from the Shah and his ruling elite was obvious, and that it did not require sophisticated intelligence operations to observe this. One participant, while visiting the U.S. embassy in Iran in 1977, was approached by academics and others who, he said, "would find 15 to 30 seconds to whisper in my ear that all was not well . . . that there was great unrest, that the Shah was not popular."

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Many participants concurred that American officials and military personnel living in Iran certainly were aware that political conditions had the potential to become unstable. The Shah was widely despised, even by many of his own advisers. The Shah's draconian laws to promote secularism, in particular, which included harsh penalties for wearing religious clothing in public, further distanced Iranians from their own government. Signs of anti-Western religious fervor were fairly common among local populations. The Iranian intelligence and secret police forces acted as lawless agents of domestic repression, while the westernized elite embraced values and lifestyles that were anathema to the Iranian majority.

*The historical record* shows a contradictory pattern of intelligence reporting. For example, the subject of "Religious and Intellectual Opposition to the Shah" was described in a July 1977 cable from the U.S. Embassy in Tehran, as well as in a lengthy August 1977 CIA report. Neither made any dire predictions for the country's future stability, however. In fact, the CIA paper stated that the Shah "will be an active participant in Iranian life well into the 1980s," and that the prospect was for "evolution, not revolution."

Only three months later, a State Department memorandum warned that unless the Shah reoriented his spending from the military to the civilian sector, Iran "will face rising social and economic tensions" and would ultimately confront "mounting dissatisfaction [and] discontent among groups [that] traditionally form the bedrock of support for the monarchy." The U.S. embassy in Tehran summarized the increasingly bloody demonstrations in Iran in 1978, describing the "growing restiveness" among the local population. One such cable said the Shah's religious opponents were in the strongest position since 1963. This report was followed shortly by an Embassy assessment stating that "Dissidence connected with religious beliefs continues to be the most potentially dangerous type of opposition in [the Iranian Government's] eyes." It also said that "opposition groups believe the U.S. could help, and if hope is disappointed [it] could result in greater anti-U.S. sentiments and action." The Embassy assessment further noted that the Shi'ite faithful viewed Khomeini as the true leader of their movement. The report described the violent events in January 1978, in which the Shah's troops killed more than 20 demonstrators, as decisive in galvanizing religious fervor, and noted that both the religious movement and the communist factions were becoming increasingly voluminous in their public anti-Americanism.

Other intelligence reporting directly contradicted assessments such as these, including from within the Embassy itself. For example, only six months after the bleak Embassy assessment, the Tehran Embassy Political Officer reported to Washington that while the religious leaders were unhappy with what they called a breakdown in communications, they had underlying loyalty to the Shah. A DIA report about the same time claimed religious power in Iranian politics was diminishing.

By August 1978, the intensity of the confrontation in Iran was surging to what the Tehran Embassy described as an almost continuous upheaval. The embassy reported the now unavoidably visible dominance of the religious leaders in the wave of opposition, again highlighting the distinction between Khomeini and the other prominent cleric leader Shariatmadari, who was still publicly urging the Muslims to “stop killing their brothers” and calling for a parliamentary government. A DIA assessment at this time also described Khomeini as the dominant force behind much of the violence. A State memorandum from the Assistant Secretary for Near East Affairs painted a dire picture of the situation and said an “early end to disorders is not in prospect.”

Despite painting a bleak and urgent picture of the situation, and giving attention to the role of religious extremist Khomeini and his like, even these reports for the most part stuck to the position that the Shah was not likely to be overthrown. The DIA appraisal, for example, concluded that despite the problems it had described, “There is no threat to the stability of the Shah’s rule.” And one of the Tehran cables describing the leadership role the mullahs were playing in the violence concluded that there was nonetheless “no doubt” that the Shah would repress the outbreak with an iron fist” if that became essential.

These statements amounted to an implicit acknowledgement that the question of whether a collision was looming seemed no longer in doubt; the question was, how would the Shah cope with it and what would be its outcome? These assessments reflected the conventional view in Washington that as long as the Shah had the backing of the military, he could handle the situation. This conventional wisdom also rested on the assumption that the Shah was *willing* to use as much force as was required.

One participant, at the time a senior Carter Administration official, said that “nobody ever suggested that, as [the Shah] did in 1953, rather than call out the Army, SAVAK, shoot people in the streets when they rioted, he would leave the country. [It was] a gross intelligence failure not to recognize there

was a precedent for what actually did happen. We just had lost our corporate memory.”

### **The Debate in Washington: Failure to Question Support for the Shah**

Despite the experiences of American officials living in Iran during the 1970s, such as those recounted by the working group members, and the availability of some intelligence reporting domestic volatility in Iran, this information was not widely discussed at the time, and seems to have little impact in Washington. Much of the intelligence being reported to Washington did not truly question basic assumptions upon which U.S. policy rested, at least until, many agreed, it was too late.

The working group turned to one of the most important and entrenched assumptions—the unquestioning support for the Shah. Why did officials discount the importance of domestic unrest in assessing the viability of the Shah’s rule, and why was there so little debate about U.S. options in the event the Shah was no longer in power?

Several of the presenters discussed the atmosphere in Washington during the 1970s which discouraged any kind of discourse that seemed critical of the Shah and his regime. The disinclination among American officials to learn about or discuss troubling political or economic trends in Iran extended to any topic that could be interpreted as “potentially harmful to the regime,” as one participant summarized it. As another put it, “American policy was not to offend the Shah.” Another participant noted that “we gave him [the Shah] everything he asked for. And not only did we give it to him in private, but a formal memo went out to the bureaucracy, telling them that this is what we intended to do and telling them, in no uncertain terms, that this is how we were going to proceed.”

In this atmosphere, U.S. policy remained firmly supportive of the Shah even when events in Iran were spiraling out of control. For example, in August 1978, the Shah imposed martial law in more than ten cities in response to large and simultaneous demonstrations across the country. Riots broke out in Tehran the next day, in what came to be known as “Black Friday.” The Shah’s troops fired into the crowds, killing up to three to four hundred people and wounded two to three thousand more. The U.S. embassy prepared a statement that “the monarchy is a deeply important institution in Iran and the Shah is, in our view, the individual most suited to

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lead the Iranian people to a more democratic system.” After the “Black Friday” shootings, the president was briefed that the Shah was still firmly in control. National Security Advisor Brzezinski urged sending the Shah a strong statement of U.S. support, and President Carter made a public statement affirming U.S. support.

As these events erupted, a draft National Intelligence Estimate titled “Iran After the Shah,” was being circulated that concluded, “the government of Iran has the ability to use as much force as it needs to control violence, and the chances that the recently widespread urban violence will grow out of control is [sic] relatively small.”

Several participants discussed the debate in the U.S. government about whether the U.S. should support the Shah’s use of force in putting down threats to the regime, noting that all the debates rested on the assumption that, as one participant put it, “the Shah had to survive.” One recounted a conversation with Vance’s special assistant during the Black Friday crisis. The assistant told Vance that “we should really start working on an “after the Shah” sort of paper. And [Vance] stopped in his tracks and said, ‘What do you mean? The Shah isn’t gone. I mean, he isn’t out of this picture at all.’ The participant noted that this conversation took place “very, very late in the day. This was in January, after the riots had taken place, and everything was falling apart.”

Despite concerns about an impending crisis, U.S. strategy still seemed inextricably tied to supporting the Shah personally. As one presenter commented, “[The Shah] was the paradigm of the new Nixon doctrine. We were going to provide support to countries that would fight along side us. . . . The Shah of Iran was remarkably friendly to Israel, and [he] had been extremely helpful in helping to put down insurgencies on the Arab side of the Gulf. . . . We had a so-called twin pillar policy, where . . . the main focus for defending the Gulf would be Saudi Arabia and Iran. But, everyone knew the main pillar was to be the Iranians, not the Saudis. . . .” The presenter also noted that the oil crises of the 1970s turned Iran into a key oil supplier to the U.S. Good relations between the Shah and the U.S. thus seemed vital for U.S. interests. Supporting the Shah through bouts of domestic instability seemed, to many, as necessary to achieving those interests.

Some believed that despite evidence of growing Iranian opposition to the Shah, it wasn’t clear that withdrawing support from the Shah would have produced better options for the U.S. One participant, commenting about U.S. support for the Shah and similar regimes, said, “I really don’t think that

we can pursue our interests on the scale that we're determined to do without dealing with some of these fellows. I think you're just going to have to take your lumps. You stay with them until they collapse. . . .” The participant further commented that these types of regimes were “highly institutionalized. They do not come down easily. They can be around a long time. . . . So, [the U.S.] may be dealing with the long term. . . . I'm rather skeptical that there are any ‘lessons of history’ to be learned here.”

### Failure to Understand the Opposition

The working group participants shared the view found in most post-mortem studies: that the most significant intelligence/policy oversight was the failure to understand the extent to which the religious ideology that had become a major component of the opposition was being molded by the clerics into a distinct political entity competing for pre-eminence among the diverse opposition factions. This was *not* because of a failure to see the obvious role of the radical clerics in exploiting public disaffection to mobilize public sentiment in support of a fervent and eventually successful revolutionary uprising. *Rather, it was a failure to perceive the role this political religious faction might play in shaping the outcome of that revolution.*

Khomeini intensified his public diatribe against the Shah from his new pulpit in Paris in 1978. While there, he began to pull together a power coalition. It included several major Iranian politicians from left leaning factions who had previously opposed Khomeini's Islamist line. The coalition included Mullahs such as Shariatmadari, who—while supporting a new government shaped by Koranic law—had nonetheless until then been espousing a parliamentary system, and opposing the violent street tactics propagated by Khomeini and his followers. Most had been rivals to Khomeini in the emerging stages of the opposition but were by this time coming aboard what was almost universally seen as the leading power train. Several began to make public statements endorsing Khomeini's line.

In Iran, demonstrations organized to demand the Shah's ouster also began to include calls for Khomeini's return. The Embassy in Tehran reported that Iranian journalists were conveying privately to U.S. officials that Khomeini had vastly more power than the Shah among the masses. And virtually all of Khomeini's public ranting against the Shah included passages vilifying the U.S. as his prop and the exploiter of Iranians.

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What many view as the beginning of the Shah's last chapter was the November 5th public declaration issued jointly by Khomeini and the leader of the National Front party (the successor to Mossedeq's faction) calling for the Shah to step down. The next day, the Shah announced the establishment of a military government. Shortly afterward, the Embassy in Tehran reported that the Shah had met Ambassador Sullivan and the UK Ambassador and told them

*No one in the U.S. intelligence or policy community—even those who were more pessimistic on the course of events—had predicted the emergence of an Islamist regime.*

he had *to let the military take control*, since now even political parties like the National Front would not deal with him.<sup>2</sup>

As one participant described it, it was simply not imaginable to think that any sub-sector of society, especially “ragtag clerics,” could ever challenge the Shah’s “immense levers of power.” The common but erroneous assumption was that any uprising would be suppressed because the most powerful elements of the regime—the military and the secret police—would remain loyal to and fight for the Shah. This assumption was never challenged. Even those very few who conceived that the Shah could be toppled by clerics assumed that the religious elements would quickly turn over power to the technocrats, who would know how to manage a new government. “That conventional wisdom,” one presenter noted, “turned out to be absolutely wrong. Khomeini, in every way, confounded the conventional wisdom. And we were simply unprepared for it.”

### Dissent, Discourse, and Lack of Policy Options

It was not the absence of information that discouraged debate about U.S. policy in Iran. With few exceptions, concerns over domestic Iranian affairs or upheavals were subsumed in favor of policies to ensure the Shah’s control of power. Iran was the lynchpin of U.S. forward strategy in the Persian Gulf,

2. A CIA assessment at the end of November described Khomeini as having become the central figure in the anti-Shah movement, espousing a xenophobic regime hostile to Western interests in the region. It said, “his influence is now so strong that neither other clerics or civilian opposition leaders will take actions he opposes.” He is “determined to overthrow the Shah and is unlikely to accept any compromise.” Another CIA “Alert Memorandum,” warning of the potential eruptions from upcoming demonstrations, said that “the single most important factor in determining what will happen will be the actions of Khomeini and his followers.”

and the alliance with the Shah was essential to allow the U.S. to pursue its geostrategic objectives.

The failure to hedge against growing instability in Iran was the product of a policy climate in which officials, however senior, were discouraged from challenging any aspect of the Shah's regime. This "mindset" came from the highest levels and had a chilling effect on discourse at all levels of the bureaucracy. In the early 1970s, for example, Secretary of State Henry Kissinger sent a formal memo to the bureaucracy stating explicitly that the Shah was to ". . . get

*The struggles of a society to cope with an autocratic regime bent on imposing radical change without regard to equity, representation or tradition had no relevance for American grand strategy. Consequently, as one presenter noted, "strategic concepts, like the Shah . . . has to be a buffer against the Soviet Union . . . blinds you to a lot of things that are happening underneath that strategic concept."*

everything he wanted." As one presenter remembered it, any criticism of the Shah from then on ran the risk of being seen as "empowering the enemy."

In another example, one participant who served in the Nixon Administration remembers then National Security Adviser Henry Kissinger explicitly rejecting the idea that they reconvene a meeting of the U.S.-Iran military review group. The group planned to examine the implications of the disproportionate amount of resources the Shah was devoting to the military rather than to economic and social development. Kissinger said, "No, we are not going to tell the Shah how to run his country." For the participant, this served as a stark example of the different perceptions of the Kennedy and Nixon Administrations about how best to promote strong allies. The Kennedy Administration had engaged the Shah in discussions about modernizing Iran, stressing the importance of fostering economic as well as military advancements to achieve national power. Had this kind of engagement continued, the participant commented, perhaps there would have been a chance to prevent the seeds of revolution in Iran, and thus the emergence of a repressive Islamist state. This opportunity was lost, however, when Nixon's predilection for *realpolitik* abetted the Shah's determination to achieve the status of a regional military superpower.

Despite some disagreement among his senior advisers, President Carter sustained essentially the same policy course as his predecessors. Dismissing

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intelligence warnings, beginning in 1977, that a domestic crisis threatened the longevity of the Shah's regime, senior officials, especially National Security Adviser Zbigniew Brzezinski, insisted that continuity in policy was the only option to assure the Shah's survival. Putting pressures on the Shah to reform his society or engaging with dissident elements in Iran would only hasten the Shah's demise, he argued. Even as the political situation was spiraling out of control in late 1978, virtually all of Carter's advisers were united in the mantra: "the Shah had to survive."

Because some members of Carter's cabinet, such as Secretary of State Cyrus Vance, seemed to be more open to new thinking about Iran, there was the semblance of more active policy debate about Iran during 1977–1979. Mid-level officers in the State Department joined with younger analysts in the Central Intelligence Agency to prepare briefings urging their superiors to seek more distance from the Shah. Serious consideration of alternatives for Iran, however, was hindered by the preoccupation of the administration with other ambitious foreign policy initiatives, from advancing the peace process in the Middle East to reaching a strategic arms limitation agreement with the Soviets in SALT II. According to one presenter, Vance was not genuinely committed to seeking change in Iran; he was just more polite about listening to those who were. There is no documented evidence that he ever brought forward the views of the outliers to the White House.

Another participant who served in the Carter Administration acknowledged that the problem was not a lack of information so much as "our own judgment and our own mindset." The stresses and penalties imposed on those who had tried to express different views served

*Intelligence analysts and policy experts who opposed the prevailing policy toward Iran were quickly marginalized. One participant, a senior Carter Administration official, stated that he was not even aware that there was a contingent of CIA analysts who had been pushing for a different assessment of Iran's prospects for stability under the Shah.*

as a deterrent to others' willingness to speak up. By the time of the revolution, the participant noted, there were few experts left in bureaucracy who were prepared to offer critical judgments. Concerns about the potential risk to their careers combined with a sense of fatalism about ever changing the impenetrable mindset that "we made our bed" with the Shah. "The Shah is

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Iran, Iran is the Shah”, as the participant put it. Even Ambassador Sullivan, who sent a cable at the end of 1978 with the title “Thinking the Unthinkable” excoriating the weaknesses of the Shah’s policies, came to his epiphany much too late.

### Conclusions and Areas of Future Inquiry

In hindsight, it seems obvious that the U.S. would have been better able to protect its interests in the Persian Gulf had policy-makers taken serious account of and acted upon the signs of deepening disaffection among Iranians and stemmed the rising power of the RADICAL clerics before it was too late. In light of the longstanding strategic dependency of the U.S. on the Shah, however, it is possible that no amount of intelligence about popular dissatisfaction or the ascendance of religious dissidents would have made a difference. The strategic assumption that the Shah’s regime had to endure indefinitely because there was nothing to which replace him created a self-fulfilling prophesy. The U.S. thus had no capacity to deal with a revolutionary Iran, with consequences that we feel today.

The working group discussion highlighted some critical variables in intelligence and policy making contributing to “strategic surprise,” or “intelligence failure.” The working group will examine these variables, listed below, in the remaining cases studies:

- A failure to delve into the intelligence and to ask the right questions (failure of imagination).
- A failure to heed intelligence when it is presented.
- The suppression of intelligence, to avoid a discussion of the weaknesses of existing policy and/or to obviate the need to seek alternatives.
- A climate in which there is strong support at the top for the existing policy such that discourse at all levels of government is discouraged. In some cases, even powerful “insiders” may perceive that deviation from the consensus view is either useless or could damage an individual’s credibility and lead to adverse professional consequences.
- A perceived inability to change the course of policy because there are no clear and compelling alternatives.

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- I Strong divisions within the intelligence community, resulting in failure to generate an National Intelligence Estimate (NIE) incorporating divergent viewpoints.
- I A failure to implement policy changes even when intelligence has been fully verified and troubling events which contradict the premises of the existing policy are clearly underway.

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**Discourse, Dissent, and Strategic Surprise**

With generous support from the John D. and Catherine T. MacArthur Foundation, the Institute for the Study of Diplomacy has established a Working Group of senior experts to examine how the U.S. national security establishment at critical junctures has ignored information or analysis that challenged prevailing policy assumptions—to the detriment of American security interests

Given the many urgent security challenges on the horizon, the project seeks to identify ways American officials might learn contemporary lessons from past experience. What lessons can be learned for future policy from historical cases of "intelligence failures" which were actually failures to take that information into account?

Drawing on several key case studies, this new project seeks to provide insights into the dynamics among national security and intelligence agencies, the president and key advisers, the Congress, the media, various interest groups and experts in evaluating intelligence and defining national security priorities and policy choices. This project complements ISD's ongoing Schlesinger Working Group on Strategic Surprise, which seeks to anticipate future challenges to U.S. national security interests.

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