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Mehdi Samii and the 1964–1968 Iran-US Arms Negotiations*

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In the early 1970s, Iran embarked on what has been characterized as “one of the largest military buildups in modern history,” with support from the United States.¹ Indeed, in 1972, US President Richard Nixon made the unprecedented decision to suspend all restrictions on arms sales to Iran. Rather than viewing Iran as a client in need of tutelage, he saw it as a key strategic partner and a foremost demonstration of his foreign policy doctrine.² This relationship marked a significant transformation in US policy from the administrations of John F. Kennedy and Lyndon B. Johnson, which been hesitant to support the Shah’s military ambitions, due to concerns that excessive arms sales would hinder Iran’s economic and political development.³

This article argues that Mehdi Samii, governor of the Central Bank of Iran (CBI) and Iran’s lead arms negotiator during the mid- to late 1960s, had a significant role in this transformation. Samii’s reputation in Washington as a US-aligned financial leader, his efforts to expand commercial ties to the Eastern Bloc, and his relationship with the Shah positioned him to resolve tensions with the United States and secure full support for Iran’s economic priorities and military ambitions. More broadly, by emphasizing Samii’s role, this article examines how US policy could be influenced by international technocratic actors. By leveraging their domestic political position, personal credibility, and economic diplomacy, such actors could influence the decision-making process in Washington. In this sense, the article contributes to a pericentric understanding of the global Cold War, demonstrating a means by which the United States could be compelled to accommodate the strategic objectives of its smaller partners.

Over the past two decades, considerable scholarly attention has been given to Iran-US relations during the 1960s. Scholars generally agree that Nixon’s Iran policies

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1. Matthew Shannon, *Losing Hearts and Minds: American-Iranian Relations and International Education during the Cold War* (Cornell University Press, 2017), 94.

2. Stephen McGlinchey, “Richard Nixon’s Road to Tehran: The Making of the U.S.–Iran Arms Agreement of May 1972,” *Diplomatic History* 37 (2013): 841.

3. Stephen McGlinchey, *US Arms Policies Towards the Shah’s Iran* (Routledge, 2014), 22, 38.

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were the culmination of a gradual shift across successive presidential administrations. During Kennedy's presidency, the United States was willing to intervene in Iranian politics to curtail the Shah's military ambitions and promote its own vision for the country's development despite resistance by both the Shah and his supporters within the administration.⁴ By the time Johnson assumed office, the Shah's consolidation of power and an improving economic situation altered the balance of power in bilateral relations, positioning Iran to assert its aims.⁵ Other factors are shown to have altered the Johnson administration's approach, including changing perspectives among policy-makers and the emergence of competing priorities like the war in Vietnam.⁶ These studies build from earlier research which tended to depict Iran as a US client state within the Cold War structure. As a result, they generally framed Iran's position as reactive to Washington's strategic objectives.⁷

In a departure from this approach, recent interventions have taken greater interest in the Iranian perspective, highlighting the reciprocal nature of bilateral relations during this period. For instance, scholars have demonstrated how Iran's efforts to court the Soviet Union enhanced its leverage toward the United States, in an important step toward the country's strategic independence.⁸ Others have examined the importance of Nixon's personal relationship with the Shah, which emerged as a means of advancing Iran's position. In these studies, such factors are central in pushing the United States toward embracing Iranian strategic aims, including primacy in the Persian Gulf region.⁹

Within this body of scholarship, little consideration has been given to the views and actions of key Iranian officials, including arms negotiators. These actors were critical in shaping Tehran's negotiating tactics and influencing perceptions in Washington, contributing to changes in bilateral relations. This article seeks to begin ameliorating this gap by restoring Samii's agency to the historical record, centering a crucial (if overlooked) Iranian actor rather than US policymakers alone. To do so, it incorporates Persian-language oral histories, memoirs, and other sources by Iranian officials which have previously received limited utilization for this topic. Methodological challenges remain, including the paucity of Pahlavi-era documentation regarding the 1960s arms negotiations. Nevertheless, the sources used offer insight on

4. Ben Offler, *US Foreign Policy and the Modernization of Iran: Kennedy, Johnson, Nixon and the Shah* (Palgrave Macmillan, 2015), 4–5.

5. Claudia Castiglioni, "No Longer a Client, Not yet a Partner: The U.S.–Iranian Alliance in the Johnson Years," *Cold War History* 15 (2015): 492–493.

6. Andrew Johns, "The Johnson Administration, the Shah of Iran, and the Changing Pattern of U.S.–Iranian Relations, 1965–1967: 'Tired of Being Treated like a Schoolboy,'" *Journal of Cold War Studies* 9 (2007): 64–94; Mark Atwood Lawrence, *The End of Ambition: The United States and the Third World in the Vietnam Era* (Princeton University Press, 2021), 185.

7. James Bill, *The Eagle and the Lion: The Tragedy of American–Iranian Relations* (Yale University Press, 1988); Mark Gasiorowski, *U.S. Foreign Policy and the Shah: Building a Client State in Iran* (Cornell University Press, 1991).

8. Castiglioni, "No Longer a Client, Not yet a Partner," 492–493; Johns, "The Johnson Administration, the Shah of Iran, and the Changing Pattern of U.S.–Iranian Relations," 92.

9. McGlinchey, *US Arms Policies Towards the Shah's Iran*, 4; Roham Alvandi, *Nixon, Kissinger, and the Shah: The United States and Iran in the Cold War* (Oxford University Press, 2014), 39–40.

the strategic aims and negotiating tactics of Iranian officials. Additionally, this research draws from relevant diplomatic sources, particularly documents from the Kennedy and Johnson presidential libraries, the *Foreign Relations of the United States* series, and the National Archives of the United Kingdom.

The article proceeds in four sections. The first examines the Kennedy administration's intervention in Iranian affairs to encourage economic and political reform from 1961 to 1963. This positioned tensions between the Shah's military ambitions and US expectations for development at the fore of bilateral relations. The second section discusses how Samii emerged as a key interlocutor from 1963, drawing on his unique position within Iranian politics and credibility within the Johnson administration. The third section analyzes the 1964–1968 “crisis period,” showing how Samii leveraged his dual roles as CBI governor and arms negotiator to influence US policymaking. By leaning on his technocratic reputation and engaging in economic diplomacy with the Eastern Bloc, Samii attained leverage in support of Iran's economic and military aims. The final section examines how actions taken by Samii and his political allies secured greater Iranian agency, laying the groundwork for a more equal partnership with the United States under the Nixon Doctrine and a more independent Cold War posture.

Guns, Butter, and the Kennedy Administration

Upon taking office, Kennedy promised a new era of US diplomacy, particularly toward the Third World.¹⁰ This included reorienting relations with states like Iran, which received largely unconditional aid under his predecessor, US President Dwight Eisenhower.¹¹ From 1953, Washington provided Iran with tens of millions of dollars in annual military and economic assistance, amounting to nearly one quarter of state revenue by 1959.¹² Kennedy rejected this approach, arguing that it hindered long-term development and aligned Washington with a brittle regime. Therefore, he declared future aid would be contingent upon progress toward social, political, and economic modernization, even at the risk of alienating Iran's traditional elite.¹³ This effort was championed by key staffers who prioritized development efforts within Cold War strategy, including economist and Deputy National Security Advisor Walt Rostow, National Security Council (NSC) staffer Robert Komer, and budgetary aide Kenneth Hansen, among others. Historian James Goode categorizes these officials as “New

10. “The New Frontier,” acceptance speech of Senator John F. Kennedy, July 15, 1960, Speech Files: 1953–1960, Speeches and the Press, Senate Files, Pre-Presidential Papers, JFK Papers (hereafter JFK Papers), John F. Kennedy Presidential Library, Boston, MA, United States (hereafter NLJFK).

11. Official United States Expressions of Interests in the Security of Iran, April 2, 1962, Iran: Shah's visit, April 1962: 11–14 (2 of 2 folders), Robert W. Komer Files, National Security Files, Presidential Papers, JFK Papers, NLJFK.

12. Memorandum From the Acting Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Jernegan) to the Deputy Under Secretary of State for Administration (Henderson), January 7, 1955, *Foreign Relations of the United States* (hereafter *FRUS*), 1955–1957, Near East Region, Iran, Iraq, vol. XII, ed. Paul Claussen, Edward C. Keefer, Will Klingaman, and Nina J. Noring (US Government Printing Office, 1991), doc. 286; Bank Melli Balance Sheet, 1959, Cooperation on Iran between UK and US, FO 371/140817, The National Archives, Kew, United Kingdom (hereafter TNA).

13. James Goode, “Reforming Iran during the Kennedy Years,” *Diplomatic History* 15 (1991): 15–16.

Frontiersmen,” in contrast with “traditionalist” State Department careerists like Julius Holmes, ambassador to Iran, who feared that pressuring the Shah would bring instability or push Iran away from the Western camp in the global Cold War.¹⁴

Despite Kennedy’s evident skepticism toward the Pahlavi government, the administration decided to accommodate the Shah within its near-term plans for Iran, not least because there appeared to be no viable alternative centers of power.¹⁵ Furthermore, the administration had little time to swap horses midstream. Through the late 1950s, relations deteriorated as the Shah perceived US support as inadequate, particularly after the Eisenhower administration failed to provide warning about a 1958 coup attempt, declined to join the Baghdad Pact, and was unable to prevent the collapse of the Iraqi monarchy.¹⁶ In 1959, relations worsened amid revelations that the Shah pursued a non-aggression pact with Moscow. In 1960–1961, the country was gripped by nationwide protests, strikes, and a fiscal crisis that left the state on the verge of bankruptcy.¹⁷ To coordinate Washington’s response to these issues, Kennedy formed a White House Iran Task Force (ITF).¹⁸

The New Frontiersmen viewed this situation as an opportunity to accelerate their agenda. The ITF drafted reports suggesting a reconfiguration of Iran policy, based on earlier proposals to influence the “scope and direction” of the country’s development by leveraging aid.¹⁹ Based on these recommendations, the NSC encouraged the administration to marginalize the Shah and promote reform through trusted partners within the Iranian government. These “chosen instruments” would implement a program of economic development, eventually leading to greater democratization.²⁰ Such plans followed Rostow’s theories, which stipulated that Third World development had to be spearheaded by local technocrats possessing what was considered the correct

14. Roland Popp, “An Application of Modernization Theory during the Cold War? The Case of Pahlavi Iran,” *International History Review* 30 (2008): 77; James Goode, *The United States and Iran: In the Shadow of Musaddiq* (Palgrave Macmillan, 1997), 167–177, 181. Rostow later emerged as a staunch supporter of the Shah within the Johnson administration.

15. Threatened Crisis in Iran, March 6, 1962, Iran, 1961–1962 (1 of 2 folders), National Security Files, Presidential Papers, JFK Papers, NLJFK; President’s Talking Paper, April 3, 1962, Iran: Shah’s visit, April 1962: 11–14 (2 of 2 folders), Robert W. Komer Files, National Security Files, Presidential Papers, JFK Papers, NLJFK.

16. Roham Alvandi, “Flirting with Neutrality: The Shah, Khrushchev, and the Failed 1959 Soviet–Iranian Negotiations,” *Iranian Studies* 47 (2014): 419–421.

17. A Review of the Problems in Iran and Recommendations for the National Security Council, May 15, 1961, Countries, Iran: General, 15 May 1961, National Security Files, Presidential Papers, JFK Papers, NLJFK; Goode, “Reforming Iran during the Kennedy Years,” 14; Hassanali Mehran, *Hadaf-hā va siyāsāt-hā-ye bānk-e markazī-yi Irān, az 1339 tā 1357 (The Goals and Policies of the Central Bank of Iran, 1960–1978)* (Ibex, 2013), 37–39 (author’s translation from Persian). As a former CBI governor, Mehran’s primary account of the bank’s formation and agenda is an invaluable resource.

18. Preliminary Comments on Iran TF Report, Countries, Iran: General, 15 May 1961, National Security Files, Presidential Papers, JFK Papers, NLJFK.

19. A Review of the Problems in Iran and Recommendations for the National Security Council, NLJFK; Notes on the Situation in Iran, March 20, 1961, folder 16, box 2a, James A. Bill Papers, College of William and Mary Special Collections Research Center, Williamsburg, VA, United States (hereafter WMSCRC).

20. Preliminary Comments on Iran TF Report, NLJFK; A Review of the Problems in Iran and Recommendations for the National Security Council, NLJFK.

ideological perspective. Under their leadership, the administration believed that the Shah would “naturally” become politically irrelevant.²¹ This plan revealed the administration’s paternalistic outlook toward Iran, which justified extensive intervention in the country’s politics to reach its preferred end.²²

The ITF’s priorities for their “chosen instruments” included educational reform, land redistribution, and creating conditions to stimulate free enterprise, which were intended to enable the country’s economic “takeoff.”²³ Crucially, it also recommended restricting the Shah’s efforts to expand the Iranian military, even if it created diplomatic challenges.²⁴ This recommendation received near-universal support within the administration, based on the “guns versus butter” model, a macroeconomic concept positing that increased military spending (“guns”) would come at the expense of civilian expenditure (“butter”). Accordingly, it stood to reason that the Shah’s military ambitions would siphon crucial resources from Iran’s economic development, ultimately causing further insecurity. By adopting this framework, the ITF ensured the guns-and-butter debate became the central tension within Iran-US relations in subsequent years. It marked the perceived limits to acceptable Iranian autonomy among both traditionalist policymakers and the New Frontiersmen, offering a point of convergence for the competing factions in Washington.²⁵

As sustained crises and US expectations made his position untenable, the Shah appointed veteran politician Ali Amini as prime minister, and withdrew from managing many of the day-to-day affairs of state while retaining his traditional control over the military, domestic security, and diplomacy.²⁶ Despite speculation in Iran that the United States forced this course of action, scholars generally agree that economic and political pressures brought these circumstances, rather than Washington’s direct meddling.²⁷ Nonetheless, the administration identified Amini as an ideal partner, as a reform-minded liberal with an agenda mirroring the ITF’s recommendations.²⁸ Amini was a known quantity, having previously served as a negotiator for Iran’s oil

21. Roham Alvandi, ed., *The Age of Aryamehr* (Ginkgo Library, 2018), 43–45.

22. For critical analyses of the ITF’s paternalistic and orientalist approach, see: Popp, “An Application of Modernization Theory during the Cold War”; Andrew Warne, “Psychoanalyzing Iran: Kennedy’s Iran Task Force and the Modernization of Orientalism, 1961–3,” *International History Review* 35 (2013): 396–422.

23. A Review of the Problems in Iran and Recommendations for the National Security Council, NLJFK; Gregory Brew, *Petroleum and Progress in Iran: Oil, Development, and the Cold War* (Cambridge University Press, 2022), 224–226.

24. A Review of the Problems in Iran and Recommendations for the National Security Council, NLJFK.

25. Offiler, *US Foreign Policy and the Modernization of Iran*, 38; Alex Mintz and Chi Huang, “Guns versus Butter: The Indirect Link,” *American Journal of Political Science* 35 (1991): 738–757.

26. Brew, *Petroleum and Progress*, 214.

27. Iraj Amini, *Bar bāl-yi buhrān: zendegī-yi siyāsī-yi ‘Ali Amīnī* (*On the Verge of Crisis: The Political Life of Ali Amini*) (Mahi Press, 2009), 275–279 (author’s translation from Persian); Marvin Zonis, *The Political Elite of Iran* (Princeton University Press, 1971), 48–50; April Summitt, “For a White Revolution: John F. Kennedy and the Shah of Iran,” *Middle East Journal* 58 (2004): 565.

28. Prime Minister Ali Amini—A Postmortem, July 25, 1962, Iran, 1961–1962 (1 of 2 folders), National Security Files, Presidential Papers, JFK Papers, NLJFK; A Review of the Problems in Iran and Recommendations for the National Security Council, NLJFK.

consortium and ambassador to Washington.²⁹ He also appeared to have sufficient political capital, with a natural constituency among the landowning elite through family ties and opposition credibility from his brief service in the government of Mohammad Mossadegh, who famously pursued Iranian oil nationalization.³⁰ Shortly after Amini's appointment, Secretary of State Dean Rusk telegraphed the embassy in Tehran confirming the administration's full support for the new prime minister.³¹

Initially, Amini governed from a position of strength. He received significant US economic aid, and traditionalists like Holmes worked to placate the Shah's apprehension toward the new political arrangement.³² In line with Rostow's expectations, Amini elevated technocratic administrators, including veterans of earlier modernization initiatives, and reinvigorated the Plan Organization—an independent development body previously led by eminent banker Abolhassan Ebtehaj—offering it a free hand in designing a \$5 billion Third Seven-Year Plan (Third Plan), protection from political meddling, and new implementation authority.³³ He also empowered the Ministry of Agriculture to begin an extensive land reform program.³⁴ Lastly, Amini expanded the newly formed CBI and codified its institutional independence, to stabilize Iranian monetary policy in accordance with plans from the International Monetary Fund (IMF). The ITF supported this by providing policy advice and technical support to the bank.³⁵

Samii emerged as an important, albeit peripheral figure for Amini's agenda. As managing director of the Industrial and Mining Development Bank of Iran (IMDBI) and an Ebtehaj protégé, he participated in international conferences and IMF meetings, helped negotiate World Bank loans, and courted investment in support of development efforts.³⁶ In Iran's burgeoning financial sector, Samii built a reputation for

29. William Burr, interview with John H. Stutesman, June 22, 1988, Association for Diplomatic Studies and Training Foreign Affairs Oral History Project, Arlington, VA, United States (hereafter ADST).

30. Zonis, *The Political Elite of Iran*, 49–50.

31. Telegram from Department of State to Tehran, May 29, 1961, folder 16, box 2a, James A. Bill Papers, WMSCRC.

32. Shah's Support for Amini Strengthened, November 22, 1961, Iran, 1961–1962 (2 of 2 folders), Robert W. Komer Files, National Security Files, Presidential Papers, JFK Papers, NLJFK; AID Approves \$20,000,000 in Loans to Help Iranian Government, February 16, 1962, Iran, 1961–1962 (2 of 2 folders); Robert W. Komer Files, National Security Files, Presidential Papers, JFK Papers, NLJFK; Memorandum for the President: Crisis in Iran, November 10, 1961, Countries, Iran: Security, 1961–1963, President's Office Files, Presidential Papers, JFK Papers, NLJFK.

33. Frances Bostock and Geoffrey Jones, *Planning and Power in Iran: Ebtehaj and Economic Development under the Shah* (Routledge, 1989), 88–97, 116–118; Country Background Paper, April 2, 1962, Iran: Shah's visit, April 1962: 11–14 (2 of 2 folders), Robert W. Komer Files, National Security Files, Presidential Papers, JFK Papers, NLJFK.

34. NEA Study of Possible US Actions re the Long-Term Political Situation in Iran, August 10, 1961, Iran, 1961–1962 (2 of 2 folders), Robert W. Komer Files, National Security Files, Presidential Papers, JFK Papers, NLJFK; Ali Amini, interview by Habib Ladjevardi, December 4, 1981, transcript 3, Iranian Oral History Project, Harvard University, Cambridge, MA, United States (hereafter IOHP) (author's translation from Persian).

35. Turnaround Evaluation of the USOM/Iran Project Program, July 18, 1961, Iran, 1961–1962 (2 of 2 folders), Robert W. Komer Files, National Security Files, Presidential Papers, JFK Papers, NLJFK; Mehran, *The Goals and Policies of the Central Bank of Iran*, 40–45.

competency and eschewing the graft and rent-seeking rampant in the Iranian economy.³⁷ Amini's successor, Asadollah Alam, later described Samii as a "chaste banker," illustrating this point.³⁸ With an education from the London School of Economics, a liberal-developmental outlook, and opposition ties, Samii was an ideal cabinet minister within the reformist government. However, he turned down Amini's advances, remaining an external advisor.³⁹ As co-founder of the IMDBI and strident believer in the power of development banking, Samii justified this by stating his work was both "dear to my heart" and an "effective and important factor in advancing the economy of my country."⁴⁰ This aligned with perceptions that Samii was driven by "noblesse oblige" over political ambition.⁴¹ Nevertheless, he remained a point of contact for international finance and travelled to Washington to lobby for further assistance for the Third Plan.⁴² Having assisted in the creation of the CBI in 1960, Samii also offered public support for Amini's efforts to strengthen the bank's position.⁴³

Despite early successes, Amini's government faced mounting setbacks as his support in Washington waned.⁴⁴ After six months in office, he failed to prevent the Shah's police from arresting Ebtehaj, whom many of the New Frontiersmen lionized for his earlier leadership of the Plan Organization.⁴⁵ This prompted some US officials to question Amini's ability to counterbalance the Shah and carry out Washington's objectives.⁴⁶ Meanwhile, the Shah's sympathizers within the administration used this situation to assert their position. In one telegram to Washington, Holmes argued that

36. Mehdi Samii, interview by Habib Ladjevardi, August 8, 1985, transcript 1, IOHP (author's translation from Persian); Khodadad Farmanfarmaian, interview by Habib Ladjevardi, December 14, 1982, transcript 7, IOHP; Announcement of Loan to Iranian Development Bank, November 23, 1959, report number 149139, Documents and Reports, World Bank Group Archives, Washington, DC, United States (hereafter WBGA).

37. Abbas Milani, *Eminent Persians: The Men and Women Who Made Modern Iran, 1941–1979* (Syracuse University Press, 2008), 760–765.

38. Asadollah Alam, *Yaddāsh-t-hā-ye 'Alam: jeld-e avval (Diaries of Alam: First Volume)* (Ketabsara, 1992), 311 (author's translation from Persian).

39. Bill, *The Eagle and the Lion*, 354; Milani, *Eminent Persians*, 763; Khodadad Farmanfarmaian, interview by Habib Ladjevardi, December 20, 1982, transcript 10, IOHP.

40. Mehdi Samii, "Bih janāb-e āqā-yi Muhandis Sharīf-Emāmī" ("To the Honorable Mr. Eng. Sharif-Emami") in Mehran, *The Goals and Policies of the Central Bank of Iran*, appendix (author's translation from Persian).

41. Khodadad Farmanfarmaian, interview by Habib Ladjevardi, November 19, 1982, transcript 3, IOHP.

42. *Summary Proceedings of the Thirteenth Annual Meeting of the Board of Governors* (International Monetary Fund, 1958), <https://doi.org/10.5089/9781475581751.015>, International Monetary Fund eLibrary (hereafter IMEL); Amini, *On the Verge of Crisis*, 307; Khodadad Farmanfarmaian, interview, transcript 10; Telegram from Tehran to Department of State, February 18, 1962, Bowles, Chester: Highlights of Bowles trip, 22 March 1962, Staff Memoranda, President's Office Files, Presidential Papers, JFK Papers, NLJFK.

43. Mehran, *The Goals and Policies of the Central Bank of Iran*, 27.

44. Offiler, *US Foreign Policy and the Modernization of Iran*, 44–45.

45. Telegram from Cairo to Department of State: Urgent Need for Action in Iran, February 17, 1962, Bowles, Chester: Highlights of Bowles trip, March 22, 1962, Staff Memoranda, President's Office Files, Presidential Papers, JFK Papers, NLJFK.

46. Memorandum for the President, April 9, 1962, Iran, 1961–1962 (2 of 2 folders), Robert W. Komer Files, National Security Files, Presidential Papers, JFK Papers, NLJFK.

the monarch was a “unique source of authority and stability,” and that Amini could only “govern with his support.”⁴⁷ Some in Washington blamed Amini’s cabinet for stalling policy implementation, compounding the inherent inefficiencies they perceived within the Iranian state.⁴⁸ While Iranian accounts have defended his government’s efficacy, US sources have claimed it was marred by gridlock, constant intervention in ministerial affairs, and personal frustration.⁴⁹ By contrast, Amini primarily attributed the cabinet’s shortcomings to insufficient political and financial support from the United States.⁵⁰ Amini’s domestic position also deteriorated. Holmes claimed that the Shah, bitter over being upstaged, fomented rumors that the prime minister was a Kennedy puppet.⁵¹ Left wing and nationalist opposition parties also moved against him, accusing him of “ruling by edict” after he delayed elections, on the basis of first needing to advance his agenda.⁵² By mid-1962, the prime minister’s position was under growing strain.

Complications surrounding the guns-and-butter dilemma ensured the collapse of Amini’s government. The United States continued to fund the Iranian military under Eisenhower-era agreements through his premiership.⁵³ However, the Shah continued to request additional support, including new funding and hardware, as the military remained under his purview.⁵⁴ In April 1962, the administration acquiesced, in exchange for eliminating US support for the Iranian government’s budgetary shortfall.⁵⁵ It was assumed that the Shah would have no choice but to reduce military expenditure amid mounting financial pressure. This approach was dubbed “self-help,” implying that coercive financial constraints would compel the Iranian government to behave with greater fiscal responsibility.⁵⁶ Instead, it forced Amini to balance the budget without the aid on which Iran had come to rely.⁵⁷ That summer, he proposed across-the-board cuts, including the defense budget. However, the Shah refused to

47. Telegram from Tehran to Department of State, February 18, 1962, NLJFK.

48. NEA Study of Possible US Actions re the Long-Term Political Situation in Iran, NLJFK; Memorandum for Mr. Komer, Subject: Incidental Intelligence re Iran, August 11, 1961, Iran, 1961–1962 (2 of 2 folders), Robert W. Komer Files, National Security Files, Presidential Papers, JFK Papers, NLJFK.

49. Memorandum for the Record by Robert Komer, October 11, 1962, Meetings and Memoranda, Staff memoranda: Komer, Robert, August 1962, National Security Files, Presidential Papers, JFK Papers, NLJFK; Ali Amini, interview, transcript 3.

50. Memorandum for Mr. Komer, Subject: Incidental Intelligence re Iran, NLJFK; Amini, *On the Verge of Crisis*, 466.

51. Telegram from Tehran to Department of State, October 11, 1961, Iran, 1961–1962 (2 of 2 folders), Robert W. Komer Files, National Security Files, Presidential Papers, JFK Papers, NLJFK; Ali Amini, interview, transcript 3.

52. Prime Minister Ali Amini—A Postmortem, NLJFK; Khodadad Farmanfarmaian, interview by Habib Ladjevardi, November 19, 1982, transcript 4, IOHP; Amini, *On the Verge of Crisis*, 402–407.

53. Background Paper: Comparison of the Past and Proposed MAP for Iran, April 3, 1962, Iran: Shah’s visit, April 1962: 11–14 (2 of 2 folders), Robert W. Komer Files, National Security Files, Presidential Papers, JFK Papers, NLJFK.

54. Telegram from Cairo to Department of State: Urgent Need for Action in Iran, NLJFK.

55. Background Paper: Comparison of the Past and Proposed MAP for Iran, NLJFK; Memorandum for the President from Kenneth Hansen, April 7, 1962, Iran: Shah’s visit, April 1962: 11–14 (2 of 2 folders), Robert W. Komer Files, National Security Files, Presidential Papers, JFK Papers, NLJFK.

56. Goode, “Reforming Iran during the Kennedy Years,” 21–22.

cede authority over military expenditure, pushing Amini's government to a breaking point.⁵⁸ Left with the choice of abandoning his development efforts or fomenting another fiscal crisis, he resigned in July.⁵⁹

Amini's fall was a victory for the Shah's sympathizers in the administration. Holmes celebrated the effective return to direct Pahlavi rule, claiming Iran would soon transform into a "beacon" of stability.⁶⁰ Left with little choice, the New Frontiersmen begrudgingly accepted the situation. Komer wrote that he could not "back another horse than Pahlavi," because he did not "see one running." However, he warned this was a "hiatus between Iran crises," and a new strategy was needed to ensure the Shah's "survivability."⁶¹ These concerns continued as the Shah moved to dismantle aspects of Amini's agenda by reducing the Plan Organization's funding and staff, limiting the Third Plan as a vehicle for development.⁶² Nevertheless, he accelerated Amini's land reform efforts, repackaged as the "White Revolution" alongside other initiatives, to bolster his political standing. This signaled his intention to pursue development on his own terms, despite skepticism from some corners in Washington.⁶³ As the White Revolution was met by protests for its perceived overreach, the United States chose not to intervene as it had in 1961–1962.⁶⁴ Meanwhile, the tension between development and military ambition persisted, and the Shah's demands for further funds and hardware were met with exasperation from US diplomats in Tehran.⁶⁵

Even as the Kennedy administration began shifting toward the Shah, the limits of its support for the White Revolution were quickly realized. Though the Shah boasted to Kennedy of "emancipating 15 million Iranians" through land reform, expanding women's rights, and combatting poverty, many in the administration were dubious.⁶⁶ By May 1963, the Shah purged the reformist minister of agriculture, prompting the

57. Background Paper: Termination of Supporting Assistance, April 4, 1962, Iran: Shah's visit, April 1962: 11–14 (2 of 2 folders), Robert W. Komer Files, National Security Files, Presidential Papers, JFK Papers, NLJFK.

58. Memorandum for the Record by Robert Komer, October 11, 1962, NLJFK; Ali Amini, interview, transcript 3.

59. Ali Amini, interview by Habib Ladjevardi, December 4, 1981, transcript 4, IOHP (author's translation from Persian). There is some debate over the Shah's role in toppling the Amini government, see: Ali Ansari, "The Myth of the White Revolution: Mohammad Reza Shah, 'Modernization' and the Consolidation of Power," *Middle Eastern Studies* 37 (2001): 1–24; Castiglioni, "No Longer a Client, Not yet a Partner," 495–496.

60. Memorandum for the President by Robert Komer, November 13, 1962, Countries, Iran: Security, 1961–1963, President's Office Files, Presidential Papers, JFK Papers, NLJFK.

61. Memorandum to McGeorge Bundy by Robert Komer, October 20, 1962, Countries, Iran: Security, 1961–1963, President's Office Files, Presidential Papers, JFK Papers, NLJFK.

62. Report on United States Strategy for Iran, May 29, 1963, Standing Group meetings: General: Meeting of May 21, 1963, Meetings and Memoranda, National Security Files, Presidential Papers, JFK Papers, NLJFK; Khodadad Farmanfarmaian, interview by Habib Ladjevardi, November 14, 1982, transcript 7, IOHP.

63. Report on United States Strategy for Iran, May 29, 1963, NLJFK.

64. Shannon, *Losing Hearts and Minds*, 63–68.

65. Telegram from Department of State to Tehran, September 10, 1962, Countries, Iran: Security, 1961–1963, President's Office Files, Presidential Papers, JFK Papers, NLJFK.

New Frontiersmen to raise concerns over the program's viability.⁶⁷ Even Holmes acknowledged that the Shah "knew little of development," and observed a "dearth of managerial experience and economic knowledge" among those implementing reform.⁶⁸ Maintaining its paternalistic approach, the ITF determined that Iran could not be trusted to pursue modernization without some form of guidance. Rather, the United States had to remain involved to "sharpen" Iranian development, without pressuring the Shah directly.⁶⁹ The New Frontiersmen viewed most Iranian politicians as beholden to the Pahlavi court, corrupt, or otherwise incompetent.⁷⁰ In their view, the Plan Organization was also compromised by reductions to its funding and staff and renewed political interference.⁷¹ This left the CBI as the most viable "chosen instrument" for the New Frontiersmen, given its newfound strength and institutional independence.⁷²

The Right Man for the Job

The CBI's personnel changes positioned it to implement a development agenda in line with the vision of the New Frontiersmen. Facing economic headwinds, the Shah understood the necessity of maintaining an independent and competent central bank to ensure sound monetary policy and encourage foreign investment, which had posed significant challenges prior to the CBI's formation.⁷³ After the incumbent CBI governor resigned in 1963, the new royalist premier, Alam, identified Samii as an ideal replacement given his international ties, apolitical reputation, and role in founding the bank.

At first, Samii emphatically refused his appointment. When Alam demanded he accept, Samii joked that the Shah would have to first press-gang him into the military,

66. Letter from the Shah of Iran to President Kennedy, June 1, 1963, Countries, Iran: Security, 1961–1963, President's Office Files, Presidential Papers, JFK Papers, NLJFK; Offiler, *US Foreign Policy and the Modernization of Iran*, 57.

67. Shannon, *Losing Hearts and Minds*, 65.

68. Telegram from the Ambassador to the Secretary of State, May 15, 1963, Review of Iranian Situation: Report on US Strategy for Iran, May 1963, National Security Action Memorandum 228, Meetings and Memoranda, National Security Files, Presidential Papers, JFK Papers, NLJFK; Memorandum for Mr. Komer, May 7, 1963, Review of Iranian Situation: Report on US Strategy for Iran, May 1963, National Security Action Memorandum 228, Meetings and Memoranda, National Security Files, Presidential Papers, JFK Papers, NLJFK.

69. Report on United States Strategy for Iran, May 29, 1963, NLJFK; Telegram from the Ambassador to the Secretary of State, May 15, 1963, NLJFK; The Iranian Situation, April 10, 1963, Review of Iranian Situation: Report on US Strategy for Iran, May 1963, National Security Action Memorandum 228, Meetings and Memoranda, National Security Files, Presidential Papers, JFK Papers, NLJFK.

70. NEA Study of Possible US Actions re the Long-Term Political Situation in Iran, NLJFK.

71. Vali Nasr, "Politics within the Late-Pahlavi State: The Ministry of Economy and Industrial Policy, 1963–69," *International Journal of Middle East Studies* 32 (2000): 110; Mehran, *The Goals and Policies of the Central Bank of Iran*, 100.

72. The Iranian Situation, April 10, 1963, NLJFK.

73. Mehran, *The Goals and Policies of the Central Bank of Iran*, 37–39; Bank Melli Balance Sheet, 1959, TNA. Prior to the CBI's formation, Bank Melli functioned as both Iran's central bank and largest commercial bank.

then issue official orders.⁷⁴ Samii was only willing to accept the role if he could secure “explicit promises” from the Shah, which would be “fundamental for the progress and improvement of the bank’s work.”⁷⁵ These concessions included the ability to independently select staff and pursue development policies that aligned with the Third Plan.⁷⁶ Despite apprehension from some of his advisors, the Shah accepted.⁷⁷ Unlike earlier offers for a cabinet appointment, Samii viewed heading the CBI as an opportunity to wield meaningful power. “I sincerely hope that in my new position,” he wrote, “I will be able to render effective and useful service to the economic progress, development, and prosperity of our country.”⁷⁸ Recognizing the “elbow room” provided by Amini’s reforms, Samii set about transforming the CBI into an “economic planning authority” which could fulfil some of the diminished Plan Organization’s mission. Though he understood that this went beyond the bank’s statutory purview, he maintained such actions were essential to stabilize the Iranian economic and political systems.⁷⁹

One of Samii’s first acts as CBI governor was to issue a directive to this effect, echoing the objectives of the New Frontiersmen.⁸⁰ This caught the administration’s attention, and Hansen and Komer issued memoranda advising Iran to promote development by “loosening up credit” and “stimulating foreign investment.”⁸¹ Soon after, Samii reduced interest rates from 6 percent to 4 percent.⁸² Drawing on his international financial experience, he secured tens of millions of dollars in various loans from the World Bank in late 1963 to improve rural conditions, fund infrastructure projects, and stimulate commerce, including the largest road construction loan in the bank’s history at the time.⁸³ He also attracted foreign investment from other private and national entities, including \$18 million from a collection of US banks, a \$5 million loan from Bank of America, and governmental loans from British sources. As relations with Moscow normalized, the CBI also pursued Soviet capital, including a \$38.9 million loan in 1963.⁸⁴ Iran soon became one of the largest Third World recipients of Soviet loans in the 1960s.⁸⁵

74. Mehdi Samii, interview by Habib Ladjevardi, transcript 1.

75. Mehdi Samii, “Bānk-e markazī-yi Īrān—Mordād 1342 (Central Bank of Iran—August 1963) in Mehran, *The Goals and Policies of the Central Bank of Iran*, appendix (author’s translation from Persian).

76. Mehdi Samii, interview by Habib Ladjevardi, transcript 1; Mehran, *The Goals and Policies of the Central Bank of Iran*, 49–50.

77. The Iranian Political Elite: An Analytic Profile, folder 20, box 4, James A. Bill Papers, WMSCRC.

78. Samii, “To the Honorable Mr. Eng. Sharif-Emami.”

79. Khodadad Farmanfarmaian, interview, transcript 10; Mehran, *The Goals and Policies of the Central Bank of Iran*, 4, 51–52.

80. Mehran, *The Goals and Policies of the Central Bank of Iran*, 51–52.

81. Memorandum to McGeorge Bundy by Robert Komer, October 20, 1962, NLJFK; Memorandum for Mr. Komer, May 7, 1963, NLJFK.

82. Mehran, *The Goals and Policies of the Central Bank of Iran*, 50–52; *International Monetary Fund Annual Report, 1965*, (International Monetary Fund, 1965) <https://doi.org/10.5089/9781616351779.011>, IMFL.

83. World Bank and IDA annual report 1963–1964, January 1, 1964, report number 20078, Documents and Reports, WBGA.

Beyond promoting investment, Samii used his seat on Iran's Economic Council to advance his development aims.⁸⁶ He advocated for expansions to Third Plan expenditure, created CBI-sponsored economic training programs, and helped establish a national stock exchange.⁸⁷ The CBI also channeled credit to the Plan Organization to finance key projects and shield it from interference by parliament, which frequently sought to redirect its funds.⁸⁸ The core of Samii's agenda was market-oriented, based on his belief that "governments are not good entrepreneurs." Indeed, Iran's economy grew rapidly with the infusion of foreign capital and rising oil revenues.⁸⁹ In implementing these policies, Samii gained like-minded allies, notably Economy Minister Alinaghi Alikhani.⁹⁰

Through this period, Samii was careful to preserve his reputation as an apolitical technocrat.⁹¹ Soon after taking office, he declared to CBI staff that "the art of our work should be to separate the bank from political affairs."⁹² Despite tensions with members of parliament seeking to influence monetary policy and expenditure, he resisted this pressure and cemented the CBI's position as an effective and responsible fiscal authority.⁹³ As one cabinet minister stated, Samii came to be seen by many as the "economic brains of the country."⁹⁴ However, as noted by the CBI's deputy governor, their work was inherently steeped in politics, especially as the bank waded into economic development.⁹⁵ Therefore, this apolitical posturing ultimately served to expand Samii's influence and preserve the CBI's institutional independence.

Samii's unique position in Iranian politics also extended to his relationship with the Pahlavi court. According to Samii, he "was one of a few [Iranian figures] who

84. Telegram from Foreign Office to Tehran, April 30, 1964, Iran Aid for Development Projects, T 317/472, TNA.

85. Aid and Trade Activities of Communist Countries in Less Developed Areas of the Free World, March 1966, CIA-RDP92B019090R000400010024-7, CIA Records Search Tool Freedom of Information Act Reading Room (hereafter CREST).

86. Mehran, *The Goals and Policies of the Central Bank of Iran*, 15, 22.

87. Khodadad Farmanfarmaian, interview, transcript 10; Mehran, *The Goals and Policies of the Central Bank of Iran*, 50–53, 58; William Dellalfar and Javad Khalilzadeh-Shirazi, *A Statistical Analysis of the Dynamics of Economic Growth in Iran: 1959–73*, December 1977, report number SDF45, Documents and Reports, WBG; Milani, *Eminent Persians*, 765.

88. Mehran, *The Goals and Policies of the Central Bank of Iran*, 52.

89. Khodadad Farmanfarmaian, interview, transcript 10; Dellalfar and Khalilzadeh-Shirazi, *A Statistical Analysis of the Dynamics of Economic Growth in Iran*, WBG; *International Monetary Fund Annual Report, 1968* (International Monetary Fund, 1968), <https://doi.org/10.5089/9781616351809.011>, IMFL.

90. Gholam-Reza Akhbari, *The Life and Times of the Shah* (University of California Press, 2009), 321–323.

91. Khodadad Farmanfarmaian, interview, transcript 10; Mehdi Samii, interview by Habib Ladjevardi, August 8, 1985, transcript 2, IOHP (author's translation from Persian).

92. Mehdi Samii, quoted in Mehran, *The Goals and Policies of the Central Bank of Iran*, 60.

93. Mohammad Yeganeh, interview by Zia Sedghi, transcript 7, July 9, 1985, IOHP (author's translation from Persian); Khodadad Farmanfarmaian, interview, transcript 10; Milani, *Eminent Persians* 765; Khodadad Farmanfarmaian, interview, transcript 10; Telegram from Embassy Tehran to Foreign Office, February 22, 1964, Iran Aid for Development Projects, T317/472, TNA.

94. Farhang Mehr, interview by Habib Ladjevardi, January 22, 1986, transcript 10, IOHP (author's translation from Persian).

95. Khodadad Farmanfarmaian, interview, transcript 10.

refused to be a sycophant” to the Shah, a comment preserved in later interviews reflecting his self-assured manner in dealing with the monarch.⁹⁶ The Shah came to admire his frankness and was deferential to his advice if dealt with correctly during their weekly consultations. He also came to “believe wholeheartedly” in Samii’s management of the CBI, and affirmed its independence.⁹⁷ As a result, the CBI was able to make “urgent decisions” regarding policy without prior permission from the court, unlike most Iranian state institutions.⁹⁸ In subsequent years, the Shah attempted to lean on Samii’s apolitical reputation by offering to install him as a technocratic prime minister or opposition party leader.⁹⁹ Samii deflected, later remarking that it would be difficult for a viable political institution with meaningful power to “come to life” in Iran. The ability to successfully reject such advances further illuminates the two figures’ mutual respect.¹⁰⁰ Over the course of Samii’s career, he remained one of the Shah’s most trusted advisors.¹⁰¹

The nascent Johnson administration welcomed Samii’s ascension. One memorandum described ongoing “dialogue” between the White House and the CBI, praising its “competent economic administration” and advancement of US-backed development goals.¹⁰² In 1964, the administration strengthened its support by sending staff from the Federal Reserve system and private banks to advise the CBI.¹⁰³ Samii also became a “principal contact” for US diplomats in Tehran, valued for his unique ability to navigate Iranian politics.¹⁰⁴ Armin Meyer, Holmes’ successor as ambassador, recalled collaborating with Samii to “get things through” to the Shah when others could not.¹⁰⁵ Because of his general alignment on economic development and his unique political position, Samii emerged as an ideal “chosen instrument” to continue guiding Iranian modernization in the administration’s preferred direction.

96. Mehdi Samii, interview by James Goode, March 19, 1983, subject file 1980–1991, box 1, James F. Goode Papers, Harry S. Truman Presidential Library, Independence, MO, United States (hereafter NLHST).

97. Mehdi Samii, interview by Habib Ladjevardi, August 8, 1985, transcript 3, IOHP (author’s translation from Persian); Mehran, *The Goals and Policies of the Central Bank of Iran*, 53–55.

98. Mehdi Samii, interview Habib Ladjevardi, transcript 1; Mehran, *The Goals and Policies of the Central Bank of Iran*, 61.

99. Asadollah Alam, *Yaddāsh-t-hā-ye ‘Alam: jeld-e dovvom (Diaries of Alam: Second Volume)* (Ketabsara, 1992), 427–428 (author’s translation from Persian); Afkhami, *The Life and Times of the Shah*, 433.

100. Mehdi Samii, interview by Habib Ladjevardi, transcript 2.

101. Abbas Milani, *The Shah* (Palgrave Macmillan, 2011), 250, 271.

102. Airgram to the Department of State from Tehran (Economic Review), May 10, 1965, MAP-Korea/Iran-December 1963–March 1966, box 42, Files of Robert Komer, National Security Files, Lyndon Johnson Presidential Library, Austin, TX, United States (hereafter NLLBJ).

103. William Lehfeldt, interview by William Burr, April 29, 1987, transcript, ADST; Merritt Sherman, Letter to Thomas Timlen, January 8, 1965, Meeting Minutes, January 8, 1965, vol. 52, part 1, Federal Reserve Archival System for Economic Research (hereafter FRASER).

104. William Lehfeldt, interview.

105. Annual Econ-Military Review, June 18, 1965, MAP-Korea/Iran-December 1963–March 1966, box 42, Files of Robert Komer, National Security Files, NLLBJ; Armin Meyer, interview by William Burr, March 29, 1985, Foundation for Iranian Studies Oral History Project.

However, there were clear points of divergence between Samii and the Johnson administration. For instance, despite his free-market orientation, he supported selective protectionism and import substitution as “temporary” measures in support of Iranian industrialization, an approach dissuaded by Washington.¹⁰⁶ Similarly, in 1963 he declined to join other US-aligned technocrats in signing a letter to the Shah urging limitations on defense expenditure.¹⁰⁷ Rather than strict loyalty to the theoretical suggestions put forward by New Frontiersmen like Rostow, Samii identified “moral principle and national duty” as his primary motivations.¹⁰⁸ In Samii’s view, this amounted to synthesizing the “popular” and “triumphal” spirit of Mossadegh’s earlier pursuit of oil nationalization with the Shah’s “visionary” approach to Iranian power.¹⁰⁹ In practical terms, this meant simultaneously promoting measures to bolster Iran’s economic independence and enhance its military strength.

The “Crisis Period”

Naturally, Samii and the Shah found common ground on military affairs. Though he disagreed with some of the Shah’s more “grandiose” plans, such as his perceived goal to eventually make the Gulf “free of all super-power influence,” he agreed that Iran should emerge as a regional “pivot of stability.”¹¹⁰ He also rejected the Johnson administration’s guns-and-butter logic, arguing that deficit spending, foreign loans, and expanding oil revenues would enable simultaneous investment in defense and development.¹¹¹ Based on this mutual understanding, the Shah requested in early 1964 that Samii participate in Iran’s arms procurement efforts as “financial advisor” and de facto chief negotiator, in addition to his CBI responsibilities.¹¹² This positioned Samii to pursue his aims for Iran, with his dual portfolios forming the basis of the country’s negotiating strategy.

Samii’s first task as arms negotiator was to assuage Washington’s concerns regarding Iranian development during the Shah’s state visit in June 1964. With talking points prepared by Samii, the Shah touted Iran’s recent economic performance, according to

106. Alvandi, *The Age of Aryamehr*, 52–57; Mehdi Samii, Policy Directive, in Mehran, *The Goals and Policies of the Central Bank of Iran*, appendix (author’s translation from Persian).

107. Khodadad Farmanfarmaian, interview, transcript 7; Khodadad Farmanfarmaian, interview, transcript 10.

108. Mehdi Samii, “Bih janāb-e nakhust vazīr ‘Alam” (“To His Excellency Prime Minister Alam”), in Mehran, *The Goals and Policies of the Central Bank of Iran*, appendix (author’s translation from Persian).

109. Mehdi Samii, interview by James Goode; Mehdi Samii, interview by Habib Ladjevardi, transcript 2.

110. Mehdi Samii, interview by Habib Ladjevardi, transcript 2; Mehdi Samii, interview by Habib Ladjevardi, transcript 3; Memorandum of Conversation, February 19, 1970, *FRUS*, 1969–1976, vol. E-4, Documents on Iran and Iraq, 1969–1972, ed. Monica Belmonte (US Government Printing Office, 2006), doc. 47.

111. Mehran, *The Goals and Policies of the Central Bank of Iran*, 57.

112. Telegram from the Embassy in Iran to the Department of State, December 29, 1965, *FRUS*, 1964–1968, vol. XXII, Iran, ed. Nina D. Howland (US Government Printing Office, 1999), doc. 114; Mehdi Samii, interview by Habib Ladjevardi, transcript 3; Khodadad Farmanfarmaian, interview by Habib Ladjevardi, transcript 10; Draft Monetary and Banking Statute of Iran, 1959, Cooperation on Iran between UK and US, FO 371/140817, TNA.

Rusk.¹¹³ The Iranian delegation persuaded the administration that conditions had sufficiently improved to allow for expanded defense expenditure.¹¹⁴ This facilitated the completion of a memorandum of understanding (MOU) on military affairs, that increased defense grants by nearly twenty million dollars, enabled further arms sales as economic assistance was phased out, and laid the groundwork for a status of forces agreement (SOFA) to expand military cooperation later that year.¹¹⁵

Simultaneous to these negotiations, the CBI and Ministry of Economy worked to expand Iran's commercial ties with the Soviet Union. Building on earlier efforts to secure Eastern Bloc loans, the bank underwrote a three-year trade agreement with the Soviet Union as the MOU was finalized.¹¹⁶ This trade agreement included a payments-and-credit arrangement that codified Samii's involvement in future Eastern Bloc relations, in cooperation with Alikhani.¹¹⁷ These negotiations aimed to form the basis of a broader "rapprochement" between Iran and the Soviet Union, which would ultimately enhance Iran's leverage toward the United States.¹¹⁸ This resembled the "negative equilibrium" principle implemented by Mossadegh, one of Samii's influences, which attempted to balance relations with competing powers to support Iran's strategic interests.¹¹⁹

Samii's efforts dovetailed with the Shah's broader pursuit of a more independent Cold War posture, which was also intended to deter Soviet-backed destabilization efforts and blunt domestic left-wing agitation. The Shah had notably pledged to his Soviet counterparts in 1962 not to host US missiles in Iran as a prelude to normalizing relations.¹²⁰ Similarly, the Shah intermittently participated in the international non-aligned movement, and Iran was represented at the formative 1955 Bandung Conference. However, this often resulted in diplomatic posturing more than institutional commitment, as Iran remained a US ally and member of the Central Treaty Organization—a Middle Eastern alliance meant to counter Soviet influence.¹²¹

113. Telegram from the Department of State to the US Embassy in Tehran, June 9, 1964, *FRUS*, 1964–1968, vol. XXII, Iran, doc. 41.

114. Letter from President Johnson to the Shah of Iran, January 2, 1964, *FRUS*, 1964–1968, vol. XXII, Iran, doc. 1; United States Support for Nation-Building: Iran, an Economic Success Story, Administrative History of the Department of State, vol. I, chapter 4, sec. A-D, State Dept. Administrative History box 2, NLLBJ.

115. United States Support for Nation-Building: Iran, an Economic Success Story, NLLBJ; Draft Report on Iran: Iranian Military Posture, August 1965, MAP-Korea/Iran-December 1963–March 1966, box 42, Files of Robert Komer, National Security Files, NLLBJ. The controversial SOFA granted extraterritorial privileges to US personnel in Iran, see: Johns, "The Johnson Administration, the Shah of Iran, and the Changing Pattern of U.S.-Iranian Relations," 70.

116. Aid and Trade Activities of Communist Countries in Less Developed Areas of the Free World, June 1964, CIA-RDP92B01090R000700020091-9, CREST.

117. "Payment Agreement Between the U.S.S.R. and Iran," *International Legal Materials* (1965): 152–156; Mehran, *The Goals and Policies of the Central Bank of Iran*, 67.

118. Alinaghi Alikhani, interview by Habib Ladjevardi, November 9, 1985, transcript 12, IOHP (author's translation from Persian); Mohammad Baheri, interview by Habib Ladjevardi, August 8, 1982, transcript 7, IOHP (author's translation from Persian).

119. Brew, *Petroleum and Progress*, 34, 91; Mehdi Samii, interview by James Goode.

120. Roham Alvandi, "The Shah's détente with Khrushchev: Iran's 1962 missile base pledge to the Soviet Union," *Cold War History* 14 (2014): 442.

The 1964 MOU was a point of controversy within the Johnson administration moving into the following year. Supporters argued it was necessary for securing the Shah's loyalty with only minor economic impact.¹²² Meanwhile, traditionalist critics feared that the Shah was diverting critical resources from South Vietnam, while New Frontiersmen warned that the Shah's resurgent military ambition deviated from US expectations regarding Iranian development.¹²³ Based on these criticisms, the administration secured assurances that the CBI would conduct an economic review to assess the viability of additional defense expenditure. According to Komer, the New Frontiersmen hoped this process would provide their perceived ally, Samii, with leverage to lobby the Shah against further military expansions.¹²⁴

However, Samii slow rolled the review and presented an unrealistically positive forecast by overestimating economic growth, underestimating population growth, and distorting anticipated oil revenue. Even with manipulated figures, the report revealed that development and military expenditure would exceed Iran's existing budget, echoing the impasse that toppled Amini's premiership.¹²⁵ While presenting the review, Samii argued the CBI could close the shortfall with additional international loans, which was impossible in 1962.¹²⁶ Though frustrated, the administration acquiesced. In their report, diplomatic staff still praised Samii as an independent "financial authority" and recommended both upholding the MOU and expanding Iran's military credit by \$30 million. It was determined that pressing the CBI on the review's inconsistencies would be counterproductive, as it could lead to the bank's leadership getting their figurative "necks chopped off," costing Washington another valuable interlocutor.¹²⁷ Samii's first gambit succeeded, as he played on the bias toward like-minded technocrats among the New Frontiersmen.

Amid deliberations with the United States, Samii continued to strengthen ties with the Soviet Union. In early 1965, he and Alikhani implemented a cooperative shipping program and began to negotiate agreements on joint infrastructure projects with Moscow.¹²⁸ These negotiations generated momentum for the intended rapprochement, culminating in the Shah's June visit to Moscow. This alarmed Washington, prompting

121. Alvandi, *Nixon, Kissinger, and the Shah*, 179.

122. Draft Report on Iran: Iranian Military Posture, August 1965, NLLBJ.

123. Lawrence, *The End of Ambition*, 185; Castiglioni, "No Longer a Client, Not yet a Partner," 501; Iran Increases its Allocation for Military Equipment, November 16, 1965, MAP-Korea/Iran-December 1963–March 1966, box 42, Files of Robert Komer, National Security Files, NLLBJ.

124. Airgram to the Department of State from Tehran (Economic Review), May 10, 1965, NLLBJ.

125. Airgram to the Department of State from Tehran (The Central Bank's Figures), May 10, 1965, MAP-Korea/Iran-December 1963–March 1966, box 42, Files of Robert Komer, National Security Files, NLLBJ; Mehran, *The Goals and Policies of the Central Bank of Iran*, 57.

126. Airgram to the Department of State from Tehran (The Central Bank's Figures), May 10, 1965, NLLBJ; Airgram to the Department of State from Tehran (Economic Review), May 10, 1965, NLLBJ.

127. Airgram to the Department of State from Tehran (Recommendations), May 10, 1965, MAP-Korea/Iran-December 1963–March 1966, box 42, Files of Robert Komer, National Security Files, NLLBJ.

128. Intelligence Brief: Economic Benefits of New Soviet Shipping Service Between Iran and Europe, May 1965, CIA-RDP79T01003A002300020001-3, CREST; Intelligence Memorandum: The Shah of Iran and His Policies, June 5, 1967, CIA-RDP79T00826A002000010094-0, CREST.

concerns among traditionalist officials that he would accept the “handsome offer” of a non-aggression pact, a specter that haunted US policymakers since the Shah considered it during the nadir in relations in 1958–1959.¹²⁹ Many within the administration saw Iran’s potential “neutralist” posture as playing into Soviet Premier Nikita Khrushchev’s stated intentions to bring Iran into the Soviet orbit.¹³⁰

With his position strengthening, Samii tested the waters for amending the MOU. In September, he travelled to Washington to request a lower interest rate for credit-based arms sales.¹³¹ His counterparts pushed back, lecturing him about Iran’s financial situation, and how the change would offer little benefit. Samii pushed back on this argument, claiming the revised rate would free millions of dollars for his development agenda, again playing on the administration’s biases. This successfully convinced the negotiators, and they promised to take the issue to the White House.¹³²

Sensing an opening with these concessions, the Iranian government openly expressed its dissatisfaction with the MOU in late 1965.¹³³ Meyer had already warned Washington of this possibility, given the Shah’s insecurity over the growing strength of his rival regimes (Iraq and Egypt), a recent assassination attempt, and regional conflicts.¹³⁴ The Shah told Meyer that Iran urgently required \$200 million in additional arms credit, warning that the development agenda emphasized by the New Frontiersmen would be “useless” unless Iran’s security could be ensured.¹³⁵ Meyer was sympathetic toward these concerns and relayed the Shah’s case to Washington, detailing the need for aircraft, missiles, navy destroyers, and tanks. He also consulted with CBI officials including Samii, who assuaged his worry that the Iranian parliament might veto additional sales.¹³⁶ The administration nevertheless dismissed the request, still asserting it would encumber development.¹³⁷ Congressional pressure to emphasize non-military aid and avoid a Middle Eastern “arms race” exacerbated this concern.¹³⁸

129. Armin Meyer, *Quiet Diplomacy: From Cairo to Tokyo in the Twilight of Imperialism* (iUniverse, 2003); Memorandum for the President by Robert Komer, September 16, 1965, McGeorge Bundy, vol. 14, September 1–22, 1965, box 4, Memos to the President, National Security Files, NLLBJ.

130. Policy Directive: Iran-USSR Relations and Prevention of a Turn Toward Neutralism by the Government of Iran, March 16, 1962, Iran, 1961–1962 (2 of 2 folders), Robert W. Komer Files, National Security Files, Presidential Papers, JFK Papers, NLJFK.

131. Meeting Between Mr. Kuss, DASD/ILN, and Mr. Samii, Governor of the Central Bank of Iran in Washington, September 24, 1965, MAP-Korea/Iran-December 1963–March 1966, box 42, Files of Robert Komer, National Security Files, NLLBJ.

132. Meeting Between Mr. Kuss, DASD/ILN, and Mr. Samii, Governor of the Central Bank of Iran in Washington, NLLBJ.

133. United States Support for Nation-Building: Iran, an Economic Success Story, NLLBJ.

134. Airgram to the Department of State from Tehran (Shah’s Position), May 10, 1965, MAP-Korea/Iran-December 1963–March 1966, box 42, Files of Robert Komer, National Security Files, NLLBJ.

135. Telegram from Embassy in Tehran to Department of State, November 12, 1965, MAP-Korea/Iran-December 1963–March 1966, box 42, Files of Robert Komer, National Security Files, NLLBJ.

136. Telegram from the Embassy in Iran to the Department of State, December 29, 1965, *FRUS*, 1964–1968, vol. XXII, Iran, doc. 114.

137. Joint State/Defense/AID Message, June 12, 1965, MAP-Korea/Iran-December 1963–March 1966, box 42, Files of Robert Komer, National Security Files, NLLBJ.

138. To Feed the Hungry, December 28, 1965, Legislative Background and Domestic Crises File, box 1, NLLBJ; Memorandum for the President, November 6, 1966, Walt Rostow, vol. 15, November 1–30, 1966, box 11, Memos to the President, National Security File, NLLBJ.

Once again, the Shah's priorities were seen as deviating from the administration's policy prescriptions.

With Washington stonewalling, the Iranian negotiators deepened engagement with Moscow. Among the most consequential moves was granting the Soviets access to the Iranian energy sector, through agreements enabling joint oil exploration and pipeline construction. US intelligence warned strongly against this course of action. According to a Central Intelligence Agency (CIA) report, these agreements positioned the Soviets to engage in sabotage and espionage against Iran's critical infrastructure.¹³⁹ However, Iranian negotiators doubled down, securing an agreement with the Soviets to construct a steel mill in Isfahan, supported by CBI credit.¹⁴⁰

These actions were explicitly political, designed to demonstrate to the Johnson administration that Iran was prepared to ignore its directives and pursue its strategic objectives with backing "beyond the United States."¹⁴¹ As a member of the Iranian negotiating staff reflected, they conveyed that existing dynamics vis-à-vis the United States were no longer working "in Iran's best interest."¹⁴² Indeed, successive administrations refused to support Iran's aims to produce steel for over a decade, creating palpable frustration in Tehran.¹⁴³ The successful agreement created a new sense of confidence among the Iranian negotiators. In their view, they had demonstrated Iran was "equal to every other country," and that they were not simply "servants of . . . America."¹⁴⁴

By 1966, the Shah was positioned for further escalation. In a letter to Johnson, he implicitly threatened to procure Soviet arms—a move that greatly alarmed the administration.¹⁴⁵ As intended, the CBI's commercial diplomacy lent credibility to this threat, playing on institutional concerns regarding Tehran's posture toward Moscow.¹⁴⁶ According to one CIA report, Iran's economic relations turning "to the East" demonstrated the Shah's increasingly "independent spirit" within the broader Cold War.¹⁴⁷ In a memorandum, Komer further argued that expanding economic ties with the Soviets might lead the Shah to "see rust on his westward anchor," an indication of waning US influence in Iran.¹⁴⁸

Reactions toward Iranian actions were varied within the administration, and complicated previous factional alignments. Some New Frontiersmen, previously skeptical of the Pahlavi government, downplayed the negative ramifications of its increasingly

139. Intelligence Memorandum: The Shah of Iran and His Policies, June 5, 1967, CREST.

140. "Iran-U.S.S.R. Steel Mill and Gas Pipeline Agreement," *International Legal Materials* 5 (1966): 419–424.

141. Alinaghi Alikhani, interview, transcript 12.

142. Mohammad Yeganeh, interview by Zia Sedghi, July 16, 1985, transcript 12, IOHP (author's translation from Persian).

143. Mohammad Yeganeh, interview by Zia Sedghi, April 30, 1985, transcript 2, IOHP (author's translation from Persian).

144. Alinaghi Alikhani, interview, transcript 12.

145. Letter to President Johnson from the Shah of Iran, March 7, 1966, *FRUS*, 1964–1968, vol. XXII, Iran, doc. 122.

146. Johns, "The Johnson Administration, the Shah of Iran, and the Changing Pattern of U.S.-Iranian Relations," 76.

147. US-Iranian Relations, May 6, 1966, CREST.

148. Memorandum for the President by Robert Komer, September 16, 1965, NLLBJ.

“independent stance.”¹⁴⁹ Similarly, Meyer argued that Iran was merely seeking to demonstrate that it was “its own master” and urged conciliation.¹⁵⁰ Meanwhile, traditionalists who had previously been sympathetic to the Shah were not even willing to offer limited acceptance. For instance, Rusk, along with others in the traditionalist camp, chalked Iran’s actions up to “blackmail” or “rug-merchant behavior.”¹⁵¹ The invocation of orientalist stereotypes reveals a persistent view within the administration that Iranian actions were duplicitous and irrational, disregarding their strategic value.

Rusk’s approach won the day, and the administration held a dismissive posture. Johnson punted the issue, insisting that no changes to the MOU would be made until the US military conducted a study of the situation.¹⁵² This proved an ineffective solution, as the study concurred with the Shah’s perspective upon its completion in May.¹⁵³ Nevertheless, Johnson’s position was unchanged. He summoned Meyer to Washington and gave him marching orders: verbally reassure the Shah, continue to stonewall.¹⁵⁴ However, stalling was no longer viable as Samii and Alikhani’s commercial diplomacy toward the Soviet Union intensified. In June, the Shah hosted Soviet ministers for a ceremony to formally sign the Isfahan steel mill agreements. Incensed, Meyer requested members of the Iranian negotiating staff meet with him to discuss the situation. During the meeting, the negotiators reiterated their intentions, with one stating that lack of US cooperation had left Iran no choice but to “find another solution” to achieve its strategic aims.¹⁵⁵

Meyer interpreted this as a veiled warning, cautioning Johnson that Iran would likely pursue closer ties to the Soviet Union if it could not secure a “no strings” arms arrangement with the United States.¹⁵⁶ In a subsequent meeting with Meyer, the Shah admitted he nearly reached an arms deal with the Soviet Union, to acquire anti-aircraft guns, missiles, and planes financed by low-interest credit. Alarmed, Meyer assured the Shah that he could sway Johnson and offered various concessions to appease him, including specific armaments. When the Shah rejected these advances, Meyer derided what he described as Iran’s “virtual stampede in the direction of the Eastern Bloc,” to little effect.¹⁵⁷ In late July, Meyer sent Johnson his “final call for help,” pleading to offer Iran a “carrot” before relations deteriorated further.¹⁵⁸

149. Offiler, *US Foreign Policy and the Modernization of Iran*, 112.

150. For the President from Ambassador Meyer, May 23, 1966, Walt Rostow, vol. 3, May 16–26, 1966, box 7, Memos to the President, National Security Files, NLLBJ.

151. Telegram from Foreign Office to Tehran, August 4, 1966, Arms for Iran, FO 248/1633, TNA; Meyer, *Quiet Diplomacy*, 144.

152. McGlinchey, *US Arms Policies Towards the Shah’s Iran*, 43–45.

153. For the President from Ambassador Meyer, May 23, 1966, NLLBJ.

154. Memorandum for the President, May 12, 1966, Walt Rostow, vol. 3, May 16–26, 1966, box 7, Memos to the President, National Security Files, NLLBJ.

155. Mohammad Yeganeh, interview, transcript 2.

156. Telegram from the Embassy in Iran to the Department of State, July 3, 1966, *FRUS*, 1964–1968, vol. XXII, Iran, doc. 149.

157. Telegram from the Embassy in Iran to the Department of State, July 19, 1966, *FRUS*, 1964–1968, vol. XXII, Iran, doc. 153; Meyer, *Quiet Diplomacy*, 144.

158. Memorandum for the President, July 29, 1966, Walt Rostow, vol. 9, July 16–31, 1966, box 9, Memos to the President, National Security Files, NLLBJ.

This was the last straw. The administration set to work on an appeasement plan, as the severity of the situation moved even skeptics like Rusk. After some deliberation, Iran was offered \$200 million in credit to purchase arms, matching the Shah's initial request. However, "sensitive" platforms, like Hawk missiles or F-4s, remained withheld until the Shah "clarified his position" toward the Soviet Union.¹⁵⁹ In response, the Shah announced that any deal with the Soviets would be limited to the purchase of "minor" arms, forgoing more advanced military cooperation.¹⁶⁰ Thus, he secured US hardware while remaining open toward deepening ties with Moscow in other areas.¹⁶¹

Beyond strengthening Iran's negotiating position, expanding commercial ties with the Eastern Bloc also bolstered Iranian independence on the development issue. Due to import substitution policies, new trade relations, and low-interest loans, Iran's industrial sector steadily advanced, in line with Samii's agenda.¹⁶² Increasingly, such policies broke with US advice, which remained grounded in its earlier paternalistic approach. For example, Rostow urged Samii to prioritize agricultural modernization, even as industrialization had clearly become Iran's primary economic objective.¹⁶³ Moreover, Iran's overall growth had motivated the Johnson administration to phase out remaining economic aid to Iran, in a tacit admission that the country would no longer be subject to edicts on development from the United States.¹⁶⁴ Therefore, there was little question over whether Iran could afford the new arms credit. In one memorandum, Rostow acknowledged there could be a "possible impact" on the economy but advised to simply "wait and keep an eye open."¹⁶⁵

As the trusted former "chosen instrument" of the New Frontiersmen, Samii allayed remaining concerns while negotiating the credit arrangement's minutiae.¹⁶⁶ Still seen as "Iran's soundest financial leader," he readily agreed with concerned officials that the ever-expanding arms acquisitions could be "worrying," even while directly facilitating them. Similarly, he promised to protect development expenditure even as it ceased to

159. Telegram from Foreign Office to Tehran, August 4, 1966, TNA; Telegram from the Department of State to the Embassy in Iran, August 5, 1966, *FRUS*, 1964–1968, vol. XXII, Iran, doc. 170.

160. Memorandum for the President, August 31, 1966, Walt Rostow, vol. 11, August 12–31, 1966, box 10, Memos to the President, National Security Files, NLLBJ; Telegram from Tehran to Foreign Office, August 17, 1966, Arms for Iran, FO 248/1633, TNA; Telegram from Foreign Office to Washington, August 19, 1966, Arms for Iran, FO 248/1633, TNA.

161. Negotiations with the Soviet Union concluded in January 1967, with Iran exchanging natural gas for minor armaments, see: Telegram from the Embassy in Iran to the Department of State, January 24, 1967, *FRUS*, 1964–1968, vol. XXII, Iran, doc. 185.

162. Iran's Economic Relations with the Soviet Union and Other Eastern European Countries, August 22, 1967, Economic Affairs, Ext Relations with Eastern Europe, FCO 17/383, TNA; Dellalfar and Khalilzadeh-Shirazi, *A Statistical Analysis of the Dynamics of Economic Growth in Iran*, WBGA.

163. Alvandi, *The Age of Aryamehr*, 57–58; Alinaghi Alikhani, interview, transcript 12.

164. William Gaud, Memorandum for the President, December 13, 1966, Walt Rostow, vol. 18, January 1–14, 1967, box 12, Memos to the President, National Security Files, NLLBJ; Meyer, *Quiet Diplomacy*, 135, 148.

165. Memorandum for the President, August 31, 1966, NLLBJ.

166. Memorandum for the President, August 10, 1966, Walt Rostow, vol. 10, August 1–11 1966, box 9, Memos to the President, National Security Files, NLLBJ.

be a meaningful condition for arms sales. Eventually, Samii simply argued that military and development expenditure effectively served the same purpose.¹⁶⁷

After the 1966 negotiations, the Shah declared to US diplomats that Iran would continue bolstering its Eastern Bloc ties.¹⁶⁸ Soon after, Samii and Alikhani signed a new commercial agreement with Moscow and hosted a Soviet trade delegation, yielding credit expansions, new gas export deals, and a preliminary arrangement to sell Iranian manufactured goods in Soviet markets.¹⁶⁹ Alikhani became increasingly itinerant, establishing industrial trade agreements with Bulgaria, Poland, Czechoslovakia, and other Soviet-aligned states through 1967. As one British diplomat wrote, even if Iran had not yet been “engulfed” by this trade, its scale was increasingly significant.¹⁷⁰ In these negotiations, Samii maintained a lower profile, though the CBI remained tasked with overseeing credit guarantees and import regulations.¹⁷¹ This enabled Samii to sustain his positive reputation with Washington, even as US policymakers viewed Alikhani negatively due to his more visible role in Iran’s Eastern Bloc relations.¹⁷² Once again, Samii’s apolitical reputation served to his advantage.

In mid-1967, the Shah took a new approach to the arms credit negotiations. He complained in May to the CIA director that despite “détente” in “matters of aid and trade,” he remained concerned about the Soviet threat to Iran, particularly espionage and potential attack by Soviet regional allies.¹⁷³ Some US officials advocated a deferential approach toward Iran after the events of 1966, but others worried that the Shah was warning about a threat that his own policies had enabled, again belittling Iranian policy.¹⁷⁴ For instance, one intelligence report cautioned that its expanding economic influence in Iran was already a key “triumph” for the Soviets, while another argued that Iran’s commercial relations with the wider Eastern Bloc deliberately exposed the country to Soviet pressure. This contrasted with the Shah’s argument that Eastern Bloc demand for Iranian commodities diminished the risk of destabilization by creating mutual dependence.¹⁷⁵

167. Record of National Security Council Interdepartmental Group for Near East and South Asia Meeting, April 3, 1969, *FRUS*, 1969–1976, vol. E-4, Iran and Iraq, 1969–1972, doc. 10; Memorandum of Conversation, February 19, 1970, *FRUS*, 1969–1976, vol. E-4, Iran and Iraq, 1969–1972, doc. 47.

168. Averill Harriman, Matters of Particular Interest in Each Country: Iran, November 22, 1966, Walt Rostow, vol. 15, November 1–30, 1966, box 11, Memos to the President, National Security Files, NLLBJ.

169. Intelligence Memorandum: US-Iranian Relations, June 1967, DOC_0000381440, CREST; Intelligence Memorandum: The Shah of Iran and His Policies, June 5, 1967, CREST; Manoucher Parvin, “Political Economy of Soviet-Iranian Trade: An Overview of Theory and Practice,” *Middle East Journal* 31 (1977): 39–40.

170. Telegram from Sofia to Foreign Office, August 22, 1967, Economic Affairs, Ext Relations with Eastern Europe, FCO 17/383, TNA; Iran’s Economic Relations with the Soviet Union and Other Eastern European Countries, TNA.

171. Mehran, *The Goals and Policies of the Central Bank of Iran*, 67.

172. Nasr, “Politics within the Late-Pahlavi State,” 107.

173. Memorandum from Director of Central Intelligence Helms to Secretary of Defense McNamara, May 16, 1967, *FRUS*, 1964–1968, vol. XXII, Iran, doc. 197; Averill Harriman, For the President and the Secretary of State, June 5, 1967, Walt Rostow, vol. 30, June 1–12, 1967, box 17, Memos to the President, National Security Files, NLLBJ.

174. Iran’s Economic Relations with the Soviet Union and Other Eastern European Countries, TNA.

Despite this contention, the strategy of both enhancing Eastern Bloc ties while decrying the Soviet threat succeeded, and the perennial budgetary concerns were waived during subsequent MOU reviews.¹⁷⁶ Throughout the summer, Johnson also deflected pressure from Congress to restrict Middle Eastern arms credit sales due to the Six-Day War, based on concerns that they contributed to regional insecurity.¹⁷⁷ Johnson's efforts proved effective. Rather than frame Iran as a wayward client in need of discipline, he argued the country was becoming "vitaly important to our 'forward strategy' for the common defense of the free world," as it was "directly confronted by the Soviet bloc." This offered further credence to the Shah's assertions.¹⁷⁸ In August, the Shah was invited to Washington to make his case to Congress and break bread with the president, as the earlier acrimony faded.¹⁷⁹

As tensions eased, Iranian negotiators prepared for a final push. In late 1967, the Shah requested an \$800 million credit expansion over the subsequent five years.¹⁸⁰ This came in anticipation of the British government announcing strategic withdrawal from the Persian Gulf in January 1968, presenting an opportunity for Tehran as an ascendent regional power. Despite concerns of conflict with other friendly states, like Saudi Arabia, the Johnson administration soberly assessed the potential benefits of Iranian primacy in the Persian Gulf.¹⁸¹ Following earlier patterns, Iranian efforts to strengthen ties with the Eastern Bloc intensified, to create additional leverage for new demands. Through March 1968, the Iranian negotiators secured commercial agreements with Soviet-aligned states including Romania and Hungary.¹⁸² Also mirroring 1966, Samii also underwrote plans to expand the Isfahan steel mill and bring additional Soviet technical advisors to Iran.¹⁸³ These activities continued in subsequent years, as Samii helped formulate arrangements to build a pipeline to supply Iranian oil to the Eastern Bloc.¹⁸⁴ With these actions, the negotiators reiterated that they were "determined," and would "accept assistance from anywhere" in achieving Iran's strategic objectives.¹⁸⁵

175. National Intelligence Estimate, September 28, 1967, *FRUS*, 1964–1968, Soviet Union, vol. XIV, ed. David C. Humphrey and Charles S. Sampson (US Government Printing Office, 2001), doc. 248; Intelligence Memorandum: The Shah of Iran and His Policies, June 5, 1967, CREST.

176. United States Support for Nation-Building: Iran, an Economic Success Story, NLLBJ.

177. McGlinchey, *US Arms Policies Towards the Shah's Iran*, 49; Meyer, *Quiet Diplomacy*, 145–146.

178. Memorandum for Walt Rostow, July 18, 1967, Walt Rostow, vol. 35, July 16–24, 1967, box 19, Memos to the President, National Security Files, NLLBJ; William Gaud, Memorandum for the President, July 28, 1967, Administrative History of the Department of State, vol. I, chapter 4, sec. A-D, State Dept. Administrative History box 2, NLLBJ.

179. McGlinchey, *US Arms Policies Towards the Shah's Iran*, 50.

180. McGlinchey, *US Arms Policies Towards the Shah's Iran*, 50–51.

181. Meyer, *Quiet Diplomacy*, 147, 153.

182. Iranian Ministry of Water and Power: Protocol, February 13, 1968, Economic Affairs, Ext Relations with Eastern Europe, FCO 17/383, TNA; Iran/Hungarian Economic Relations, March 12, 1968, Economic Affairs, Ext Relations with Eastern Europe, FCO 17/383, TNA (author's translation from Persian).

183. Agreement concerning economic and technical co-operation, signed at Teheran, June 22, 1968, document 11071, United Nations Treaty Collection.

184. Alam, *Memoirs of Alam: First Volume*, 250–251.

185. Mohammad Yeganeh, interview, transcript 12.

The Shah paired his own efforts with those of his negotiators. In May, Iran hosted the Soviet premier and members of the general staff, who met with both the Shah and the Economic Council to discuss future relations.¹⁸⁶ Shortly after this visit, Iran hosted two Soviet naval vessels for a diplomatic tour, thereby inviting a military presence into the Persian Gulf which had previously intimidated the Shah and troubled the United States.¹⁸⁷ These moves further asserted Iran's newfound confidence and agency, demonstrated its ability to independently manage Eastern Bloc relations, and heavily implied the Shah was open to new arms purchases from Moscow.

The Iranian negotiators noticed that their actions had “created a change” in Washington's stance.¹⁸⁸ Rather than push back, the administration acceded to the Shah's latest requests by offering a \$600 million credit package over the subsequent six years, \$100 million up-front, and full support for further credit arrangements.¹⁸⁹ This amounted to a significant personal promise by Johnson, as it created new battles with Congress in the final months of his presidency.¹⁹⁰ Beyond Iranian maneuvering, the administration was pressured to make these concessions by several geopolitical factors, including Iran's continued support for the war in Vietnam and its value as a “moderate” influence within the non-aligned movement. Both issues preoccupied Johnson, who hoped Iran would lend Third World credibility to US foreign policy.¹⁹¹

In an anticlimax, the fundamental tension in Iran-US relations was resolved in Iran's favor. The guns-and-butter issue collapsed into a new consensus in Washington that Iran's development and militarization were no longer oppositional. Rather, they were mutually reinforcing and complementary to US interests. Traditionalists in the administration no longer dismissed the Shah's ambitions, setting the stage for Iranian primacy in the Gulf. Concerns over development held by the New Frontiersmen had been removed from contention thanks to Iran's positive fiscal situation. Indeed, economic growth neared 10 percent annually through rising oil revenue, industrialization, and the CBI's policies.¹⁹²

Samii's interactions with the administration during the finalization of the 1968 agreement illustrate how the balance had shifted toward Iran.¹⁹³ During one meeting, Rostow attempted to emphasize his prescriptions. Jumping between subjects, he compared Iranian and Mexican development, shared reports on protein consumption in

186. Denis Wright, Mr. Kosygin's Visit to Iran, May 2, 1968, Political Affairs, Ext Bilateral Iran/Russia, FCO 17/379, TNA; Kosygin's Visit to Iran, May 4, 1968, Political Affairs, Ext Bilateral Iran/Russia, FCO 17/379, TNA.

187. Soviet Warships in the Persian Gulf, May 27, 1968, Political Affairs, Ext Bilateral Iran/Russia, FCO 17/379, TNA.

188. Mohammad Yeganeh, interview, transcript 2.

189. Record of Meetings of the Interdepartmental Regional Group for Near East and South Asia, April 5, 1968, *FRUS*, 1964–1968, vol. XXII, Iran, doc. 277; Memorandum from the President's Special Assistant (Rostow) to President Johnson, June 12, 1968, *FRUS*, 1964–1968, vol. XXII, Iran, doc. 294.

190. Meyer, *Quiet Diplomacy*, 147.

191. Lawrence, *The End of Ambition*, 192–193, 198.

192. Alvandi, *The Age of Aryamehr*, 55–56.

193. Telegram from the Embassy in Iran to the Department of State, April 9, 1968, *FRUS*, 1964–1968, vol. XXII, Iran, doc. 278; Telegram from the Department of State to the Embassy in Iran, May 18, 1968, *FRUS*, 1964–1968, vol. XXII, Iran, doc. 283.

the Iranian diet, and discussed his views on educational television. However, it was clear that the archetypal New Frontiersman had accepted Iran's growing autonomy. For example, he lauded burgeoning Iranian industrialization and the "processing industries" which Samii had fostered against his advice.¹⁹⁴ In response, Samii glibly "expressed his gratitude" for Rostow's assistance, perhaps realizing its vanishing significance as Iran moved away from a US-directed development model.¹⁹⁵

Likewise, during negotiations in Washington in late 1968, Samii requested extended credit to purchase additional planes and tanks, with accompanying technicians. In previous years, US policymakers would have rebuffed such a request. Instead, Rusk readily promised to bring the proposal to his successor during the presidential transition, enabling future purchases.¹⁹⁶ Of course, Nixon further accelerated US military support for Iran in 1969, enabling the country's eventual inheritance of regional primacy.¹⁹⁷ In 1972, the administration removed remaining restrictions on Iranian arms purchases with the controversial "blank check" memorandum.¹⁹⁸

US perspectives toward Iranian engagement with the Eastern Bloc also evolved. In 1965–1966, most policymakers dismissed Iran's maneuvers with Moscow, framing it within an orientalist outlook that rejected the country's strategic rationale.¹⁹⁹ By 1967, views were shifting—with some officials arguing that trade with Iran was an indication of Soviet weakness, or that Iran could play a role in facilitating engagement between Washington and Moscow.²⁰⁰ Nixon readily accepted Iran's "independent posture" within his foreign policy doctrine. Visiting Tehran during the campaign, Nixon discussed this point with the Shah, laying groundwork for future US regional policies.²⁰¹ From this juncture, Nixon pointed to Iran as a key ally capable of managing its own economy and defense, and as a model for a pragmatic Cold War strategy.²⁰²

Moving into the 1970s, Samii further strengthened Iran's position. By encouraging policymakers to ease restrictions on access to financial markets, Iran's US investments

194. Memorandum of Conversation, June 13, 1968, *FRUS*, 1964–1968, vol. XXII, Iran, doc. 298.

195. Memorandum of Conversation, June 13, 1968, *FRUS*, 1964–1968, vol. XXII, Iran, doc. 298.

196. Memorandum of Conversation, December 6, 1968, *FRUS*, 1964–1968, vol. XXII, Iran, doc. 322; Telegram from the Department of State to the Embassy in Iran, December 9, 1968, *FRUS*, 1964–1968, vol. XXII, Iran, doc. 324. When his term at the CBI concluded earlier in the year per statutory requirements, he was appointed to lead the Plan Organization, while retaining his diplomatic portfolio, see: Mehdi Samii, interview by Habib Ladjevardi, transcript 1.

197. Record of National Security Council Interdepartmental Group for Near East and South Asia Meeting, April 3, 1969, *FRUS*, 1969–1976, Iran and Iraq, vol. E-4, 1969–1972, doc. 10.

198. Alvandi, *Nixon, Kissinger, and the Shah*, 63–64.

199. Meyer, *Quiet Diplomacy*, 135; Telegram from the Embassy in Iran to the Department of State, December 13, 1966, *FRUS*, 1964–1968, Iran, Vol. XXII, doc. 183.

200. Intelligence Report: Soviet Prospects for Trade in Natural Gas with the Free World, November 1967, CIA-RDP08S01350R000601920001-9, CREST; Telegram from the Embassy in Iran to the Department of State, September 17, 1968, *FRUS*, 1964–1968, vol. XXII, Iran, doc. 311.

201. Alvandi, *Nixon, Kissinger, and the Shah*, 40.

202. Address by Richard M. Nixon to the Bohemian Club, July 29, 1967, *FRUS*, 1969–1976, vol. I, *Foundations of Foreign Policy*, 1969–1972, ed. Louis J. Smith and David H. Herschler (US Government Printing Office, 2003), doc. 2.

expanded through the 1970s, further increasing the country's sway in Washington.²⁰³ Samii also sought to arrange for the US military to purchase Iranian oil, turning Iran's economic boom into a facet of US security.²⁰⁴ Rather than a shaky client regime requiring direct intervention, Iran had become a security partner that facilitated détente with Moscow and protected its shared interests with the United States. Samii had realized his vision of synthesizing the country's long-standing pursuit of economic independence with its quest for greater regional power. As stated by the Shah's court minister at the time, "[Iranians] have at last become masters of our own destiny."²⁰⁵

The pattern of Iran-US relations that emerged during the 1970s would have been unthinkable less than a decade prior, given Iran's immense economic and political challenges, and a dismissive US perspective toward Iranian strategic aims. In addition to institutional dynamics and shifting priorities in Washington, and the Shah's influence, this process was shaped by the actions and perspectives of Iranian negotiators often absent from the historical narrative.

Illustrating this argument, Samii used his unique credibility and position in Iranian politics to mollify US policymakers, while strengthening Iran's leverage through economic diplomacy with the Eastern Bloc. His actions helped shift the United States away from its paternalistic approach, demonstrating the Iranian government's capability in determining the country's defense policy and modernization trajectory. In reframing Iran's demands as those of an assertive partner rather than a client state, Samii altered the balance of bilateral relations—resolving the tension between US expectations for development and the Shah's military ambitions. This laid the groundwork for Iran's military build-up, the apogee of its relations with the United States under the Nixon administration, and its increasingly independent Cold War posture.²⁰⁶

More broadly, this case reveals how international technocratic actors outside of traditional centers of decision-making could shape the dynamics of the global Cold War. By foregrounding the agency of Iranian negotiators, this article demonstrates how a major developing state influenced US policymaking, to ensure the accommodation of its strategic aims and redefine its position within the international order.

203. Meeting Between Mr. Kuss, DASD/ILN, and Mr. Samii, Governor of the Central Bank of Iran in Washington, NLLBJ; Bill, *The Eagle and the Lion*, 180–185, 319–340.

204. Memorandum of Conversation, December 6, 1968, *FRUS*, 1964–1968, vol. XXXIV, Energy Diplomacy and Global Issues, ed. Susan K. Holly (US Government Printing Office Washington, 1999), doc. 227.

205. For the sources of this translation, see: Asadollah Alam, *The Shah and I: The Confidential Diary of Iran's Royal Court, 1969–1977*, ed. Alinaghi Alikhani, trans. Alinaghi Alikhani and Nicholas Vincent (I.B. Tauris, 1991), 64.

206. McGlinchey, "Richard Nixon's Road to Tehran," 856; Alvandi, *The Age of Aryamehr*, 2–3, 261–265.

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