

HHS paper

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November 5, 1969

MEMORANDUM FOR MR. SISCO

FROM: Harold H. Saunders

SUBJECT: Iran and Oil

cc
(Rockwell
Miklos)

I do not recommend that you read all of the attached paper, though you may want to look at sections I and IV which summarize the argument and conclusions. The paper was done as an internal staff paper here for our man working with the Cabinet Task Force on oil import policy, so the rest of it covers some basic political ground in an overly simple way.

There are two points here, however, which may warrant your attention:

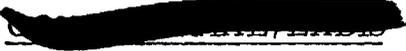
1. The immediate operational problem is how to handle the Iranian oil import requests. You mentioned to me yesterday that the Shah obviously expects something. My purpose in this memo is to construct an option in the context of the oil import policy review that would include a quota for Iran. The oil experts will probably pick it to pieces. But I just felt that no one would even look at the Iranian case if we on the political side didn't press it. So for the tactical purpose of gaining a hearing for the argument, I have--at the risk of being brushed aside by the experts as naive--made myself an advocate for a general policy that would justify country quotas for a few selected friends like Iran, Indonesia, Saudi Arabia and possibly Nigeria.

2. The longer range point is how this relates to developing a foundation for the US presence in the Mid-East in the 1970's. Obviously we may not have much future there if the Arab-Israeli impasse continues. But planning around that for the moment, I see a fundamental problem:

US programs as presently constituted--economic aid, military aid, cultural exchange--just aren't going to be available in the Mid-East because most of the countries there will have enough income of their own from oil or will get help from oil-rich neighbors. We will have to build our presence on different foundations.

One of these, I hope, will be the activities of US private industry and investment, especially in oil and oil-related fields. Another will be in education and technical assistance, though we now have almost no base in current programs for a significant effort in this area for

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- 2 -

countries with their own resources. A third will have to be in the more sophisticated area of trade. In short, as we try to relate to these maturing economies, we will have to pay more attention to trade and investment policy.

The Iranian argument is a clear case in point, and it seems to me that you and I, looking to the future, have a reason to fight for a policy something like that outlined in the attached. I am the first to admit that I am launching into a technical area beyond my competence. But I'm doing so purposely to draw attention to a problem.

I'm sending copies of this to Stuart and Jack because of the Iranian angle which they might want to think about pursuing in some form, but I did want to put my more general proposition to you. The ideas are all uncopyrighted, but I guess for the moment I shouldn't be identified with the attached outside the NEA family.