

The Carter Administration

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- When President Jimmy Carter took office in January 1977, he inherited a unique relationship with the shah of Iran, who had been returned to his throne by a U.S.-British covert action and who had accepted the role of protecting U.S. interests in the Persian Gulf. The shah had some of the most sophisticated arms in the U.S. inventory.
- When the monarchy was overthrown, the United States and other countries in the world got their first real introduction to radical political Islam, not only during the revolution against the shah but also in the 444-day captivity of American diplomats in Tehran. That experience shaped the U.S. relationship with Iran for decades thereafter.
- The Algiers Accords ending the hostage crisis returned only a fraction of Iran's frozen assets. It created a claims tribunal that settled hundreds of U.S. claims against Tehran. Those costs, plus Iran's alienation from much of the world, suggests the hostage model is not likely to be repeated.
- The Carter administration's effort to build an independent military capability in the Gulf established the initial framework that was completed by its successors.

Overview

When President Jimmy Carter took office in January 1977, he inherited a unique relationship with Iran and its imperious and ambitious ruler Mohammed Reza Shah Pahlavi. That relationship was the product of interaction dating back to World War II and included a U.S.-British covert operation in 1953 to remove Prime Minister Mohammad Mosaddegh and return the shah to the throne.

Most importantly, during the eight years before Carter's election, President Richard Nixon and his foreign policy adviser, Henry Kissinger, had created a unique and unprecedented relationship with the Iranian ruler. As part of what was dubbed the Twin Pillar policy, the shah was identified as the primary guardian of U.S. interests in the Persian Gulf. (Saudi Arabia was the other pillar.) In return, the shah was permitted to purchase whatever non-nuclear U.S. military technology he wished.

The explosion of oil prices in the preceding four years had given the shah a windfall of revenues, and he used this money to fund a massive economic and military buildup. Tens of thousands of U.S. technicians were provided to install and maintain an enormous arsenal and to train Iranians to use it. But when oil prices declined, Iran was hugely over-extended. Disaffection with the shah's rule, which had been simmering for years, burst into the open.

The revolution

During the first two years of the Carter administration, Iran went through a wrenching societal transformation that steadily gathered momentum. Both Washington and the shah's own forces were constantly surprised at the speed of events, and the shah could not maintain control. Opposition forces, led from abroad by Ayatollah Ruhollah Khomeini, took over the streets of Tehran in December 1978, and the shah left the country the following month.

Khomeini returned to Tehran on February 1, 1979, and 10 days later the monarchy fell and was replaced by an Islamic revolutionary government. This was the first contact between the United States and radical, political Islam. It set the tone for future dealings with Iran and other radical Islamic states.

The United States attempted to develop a working relationship with the new government. Some modest progress was made in the summer of 1979 with the relatively secular, technocratic provisional government of Prime Minister Mehdi Bazargan and Foreign Minister Ibrahim Yazdi.

U.S. Embassy seizure

But in October 1979, President Carter reluctantly permitted the shah, who was desperately ill with lymphoma, to enter the United States for medical treatment. This triggered a violent reaction in Tehran. Mobs of students invaded the U.S. Embassy on November 4, taking its occupants prisoner and demanding the return of the shah and his financial assets to Iran. Khomeini threw his support behind the students and the Bazargan government was dismissed, thus beginning a 444-day siege usually referred to as the hostage crisis.

When the students attacked the U.S. Embassy, Khomeini and his clerical circle were facing an internal problem of their own. They were pressing for adoption of a new constitution that would permanently enshrine the concept of an Islamic Republic, with direct clerical oversight of the government. Many, if not most, Iranians who had joined forces against the shah had not anticipated that the monarchy would be replaced by a theocracy, and opposition was growing.

The conflict with America – the hated Great Satan – rallied the public behind Khomeini. The referendum on Islamic rule was passed by a nearly unanimous vote one month after the hostages were taken. Khomeini subsequently referred to the taking of the U.S. Embassy as a second Iranian revolution.

The fallout

Iran publicly considered withdrawing all its deposits from Western banks, but the United States responded by freezing all Iranian assets on deposit in the West – some

\$12 billion. The massive arms purchasing program started by the shah was also frozen. Many of the weapons systems – including major warships – that were under construction were cancelled or sold to other parties. The proceeds were used to pay termination costs of the many contracts. Other materiel was placed in storage. The magnitude and disposition of this account (managed entirely by the United States) would later become a point of bitter legal contention between Iran and the United States.

President Carter was primarily motivated in his decision-making by concern for the welfare of the hostages. When Iran threatened to put them on trial, he sent a private note to Iran's leaders warning that if any of the hostages were harmed, the United States would interrupt Iran's commerce. Iran never acknowledged the message, but talk of trials ceased. When one hostage, Richard Queen, was diagnosed with multiple sclerosis, Iran quickly returned him to U.S. custody.

But it was also an election season in the United States. The hostage issue initially became a rallying point for Americans in support of their government. But, as popular frustration mounted with both with the hostage impasse and a stagnant economy, the continued imprisonment of U.S. diplomats became emblematic of a loss of confidence in Carter's leadership.

The squeeze

One of the most extensive diplomatic campaigns in American history was mounted to pressure Iran's revolutionary government to release the hostages. Nations around the world and key Islamic statesmen were persuaded to intervene with Iran's leadership on the grounds that the taking and holding of diplomatic prisoners were clear violations not only of international law but also of Islamic law and practice.

The Palestine Liberation Organization interceded in the early days of the conflict and succeeded in securing the release of 13 blacks and women held at the embassy. Tehran apparently believed that this gesture would convince Americans about the justice of their cause. When it did not, they were never willing to repeat the process. Iranian relations with the PLO progressively soured, taking them out of the picture.

The United Nations repeatedly condemned the Iranian action, although the Soviet Union vetoed Security Council resolutions that would have penalized Iran. The Carter administration brought a case against Iran in the World Court. Washington established secret negotiating channels to the Iranian government leadership, leading to a tentative agreement in which Iran would be given an international forum to express its grievances against the shah in return for transfer of the prisoners from the students to government control as the first step toward release. To that end, both the U.N. Secretary General and a formal U.N. fact-finding commission traveled to Tehran to meet with victims of the shah's regime.

Despite many efforts, however, Washington never succeeded in developing contacts with Ayatollah Khomeini or the clerical circle. In the end, Khomeini vetoed all diplomatic initiatives.

Failed rescue

The administration contemplated a rescue mission from the earliest days of the crisis, but rejected it as unworkable. The 52 hostages were being held inside a fortified complex in the heart of a hostile city far from any U.S. military facilities. But in early 1980, several developments made a rescue more feasible. U.S. intelligence had developed a network of agents in Iran. Reconnaissance had also identified a number of Iranian facilities that could be used to support such a mission. Special Forces had trained for months for the actual breaching of the embassy walls, and new information was available about the specific location of each hostage within the embassy compound.

In late March 1980, Khomeini rejected a negotiated settlement of the crisis, after a comprehensive plan had been accepted by Iran's provisional president and foreign minister. Negotiations seemed at a dead end, and U.S. political pressure was mounting to do something about the hostages after five months of futile efforts. So Carter broke diplomatic relations with Iran and secretly approved a complex rescue plan. Secretary of State Cyrus Vance vehemently opposed any use of force. When his objections were overridden, he told Carter that he would resign after the mission, regardless of the outcome, and he did.

The mission took place on the night of April 24-25. It involved eight large military transport helicopters launched from a U.S. carrier in the Gulf of Oman. Six were required to complete the mission. Other fixed wing aircraft, bringing a Delta Force team and supplies, were to rendezvous with the helicopters at a site dubbed Desert One, a small abandoned airstrip some 200 miles from Tehran.

The mission ran into early trouble. The helicopters encountered a massive dust cloud (invisible to the satellites that were the only available source of weather information) almost as soon as they crossed the coastline into Iran. One helicopter developed mechanical problems and had to stop. Another helicopter's warning light indicated a possible cracked rotor and it decided to turn back just short of the landing site. A third was found to have an irreparable hydraulic problem upon arrival at Desert One, thus bringing the number below the necessary six.

The commander at Desert One made the agonizing decision to abort the mission, and the president accepted his judgment. As the helicopters maneuvered in the dark and dust to refuel for the return trip, one of them clipped the wing of a transport aircraft and both aircraft burst into flames, killing eight U.S. servicemen. Carter went on radio early in the morning to announce the mission's failure and to clarify that this was

a limited rescue mission, not a military invasion. Until his announcement, Iran was unaware of the operation.

The endgame

On September 12, 1980, after the establishment of an Iranian cabinet and parliament, Iran sent an emissary to Germany to propose negotiating an end to the crisis. Initial talks, under German auspices, were held in mid-September. But the process was interrupted by Iraq's invasion of Iran on September 22. Although some expected Iran to be forced to come to the United States for arms and spare parts, the Iran-Iraq War was more of a distraction than a boon to the hostage negotiations. In the end, Iran solved its military problems without U.S. government assistance.

After the Reagan landslide over Carter in November, Iran nominated Algeria to act as the intermediary for talks to end the hostage impasse. Washington accepted. The talks were tortuous and continued to the very last second of the Carter administration. Unraveling the various strands of the problem, and particularly the frozen assets was immensely complicated.

In the end, Iran paid off its various loans at incredible financial cost and agreed to establish a claims tribunal in The Hague to adjudicate commercial claims against Iran. In the Algiers Accords of January 1981, the United States promised not to interfere in Iran's internal politics and not to bring claims against Iran on behalf of the hostages.

The agreement was criticized for being negotiated under duress, but it has been validated by every succeeding U.S. administration. The claims tribunal has resulted in payment by Iran of hundreds of millions of dollars to dozens of companies that had contracts under the shah's regime. The shah died in Egypt in July 1980, and his assets were not returned to Iran.

After paying off the loans and setting up an escrow account at The Hague, Iran received only \$4 billion or roughly one-third of its original assets. The cash loss to the Iranian treasury amounted to about \$150 million per hostage, or roughly \$300,000 per day for each hostage. The financial cost, and the incalculable loss of international legitimacy that has dogged Iran ever since, suggest that the hostage episode is not a model that is likely to be attractive to other countries and is unlikely to be repeated.

The aftermath

- The Iranian revolution and the hostage crisis dramatized to U.S. policy-makers the gap between U.S. regional interests and its ability to project force.
- The shah had been anointed as the substitute for a robust U.S. military presence at a time when U.S. forces were tied down in Southeast Asia and the

American public was opposed to any new overseas commitments. When the shah fell, the United States was left strategically naked, without a safety net.

- The Carter administration began to rebuild a regional capability in the form of the Rapid Deployment Joint Task Force and to undertake urgent negotiations with regional states for operating facilities.
- At the end of Carter's four-year term, however, those plans were more intention than reality. They would be completed by his successors.

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