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PA/HO Department of State

E.O. 12958, as amended

June 21, 2006

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Authority NND 969000  
By EW NARA Date 5-31-02

POL 33 PERSIAN GULF

Department of State

TELEGRAM



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~~SECRET~~ 717

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ACTION SS-45

INFO OCT-01 1046 W

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R 191832Z MAR 71  
FM AMEMBASSY LONDON  
TO SECSTATE WASHDC 3921  
INFO AMEMBASSY TEHRAN  
AMEMBASSY KUWAIT  
AMEMBASSY JIDDA  
AMCONSUL DHAHRAN

LONDON-2491  
3-19-71  
04/47

~~SECRET~~ SECTION 1 OF 2 LONDON 2491

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SUBJECT: MEETING WITH FOREIGN SECRETARY ON PERSIAN GULF

REF: STATE 42732

SUMMARY: I TOOK AMBASSADOR MACARTHUR WITH ME TODAY TO CALL ON FOREIGN SECRETARY SIR ALEC DOUGLAS-HOME FOR A DISCUSSION OF THE SITUATION IN THE PERSIAN GULF. SIR WILLIAM LUCE WAS ALSO PRESENT. AMBASSADOR MACARTHUR VOICED HIS CONCERN ABOUT TRENDS IN THE GULF AND TOOK THE OPPORTUNITY TO BROACH, ON AN INFORMAL BASIS, THE POSSIBILITY OF INTRODUCING AN IRANIAN CIVILIAN PRESENCE ON THE DISPUTED ISLANDS OF ABU MUSA AND THE TUNBS BEFORE THE BRITISH LEAVE. SIR ALEC PROMISED TO GIVE THE IDEA CAREFUL STUDY AND ON HIS OWN BEHALF RAISED AN ALTERNATIVE POSSIBILITY THAT AN HMG INVITATION FOR THE IRANIANS TO TAKE OVER THE ISLANDS MIGHT BE JUSTIFIED ON THE GROUNDS OF ENSURING THE FUTURE SECURITY OF THE GULF. END SUMMARY

SIR ALEC BEGAN THE DISCUSSION BY REFERRING TO HIS RECENT ANNOUNCEMENT OF BRITISH GULF POLICY TO THE COMMONS (LONDON 1906). THE GOVERNMENT, SIR ALEC SAID, HAD A CHOICE OF STAYING ON, OR OF MAKING ARRANGEMENTS FOR NEW AGREEMENTS WHICH WOULD ENABLE THE UK TO PLAY A ROLE IN FUTURE GULF STABILITY WITH THE CONSENT AND COOPERATION OF THE SHEIKHDOMS. BRITISH POLICY IS BASED ON THE FORMATION OF A FEDERATION TO

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WHICH THE TRUCIAL SCOUTS COULD BE GIVEN AT THE TIME OF WITHDRAWAL. BRITAIN IS PREPARED TO MAINTAIN PERMANENTLY SMALL CONTINGENTS OF NAVY AND ARMY. THE GENERAL THRUST OF BRITISH POLICY IS TO PRE-EMPT ANY POSSIBLE SOVIET INTERVENTION. A FEDERATION IS THE BEST WAY. HOWEVER, IF NO FEDERATION CAN BE FORMED, THE UK MUST MAKE DEALS WITH THE SEPARATE LARGER STATES. THE SITUATION NOW IS THAT THE ISLANDS DISPUTE WITH IRAN INTERFERES. THE TWO SMALL SHEIKHDOMS OF SHARUA AND RAS-AL-KHAIMAH ARE INTIMIDATED BY THEIR FEAR OF ARAB REACTION TO THEIR GIVING UP THE ISLANDS TO IRAN. THE SHAH HAS "PUT HIS FOOT INTO IT" BY HIS PUBLIC INSISTENCE THAT HE MUST HAVE SOVEREIGNTY.

AMB MACARTHUR AGREED BRITISH GOVERNMENT HAD NO REAL CHOICE EXCEPT TO WITHDRAW. HE ALSO AGREED FULLY THAT THE SOVIETS AND THEIR RADICAL ARAB PROTEGES POSE A GENUINE THREAT. IT USEFUL TO RECALL THAT RUSSIAN ASPIRATIONS IN THE GULF GO BACK TO PETER THE GREAT AND THAT IN 1946 SOVIETS WERE FRUSTRATED IN THEIR EFFORT TO CUT THROUGH THE TURKISH-IRANIAN BARRIER TO THE ARABIAN PENINSULA AND THE GULF BY DETACHING IRANIAN AZERBAIJAN. NOW THEY ARE TRYING TO LEAP-FROG TURKISH-IRANIAN BARRIER BY (A) PLACING RADICAL-ARAB STATES SUCH AS IRAQ, SYRIA AND SOUTHERN YEMEN IN A POSITION OF INCREASING DEPENDENCE ON MOSCOW AND (B) ENCOURAGING THESE RADICAL ARAB STATES TO SEEK THE TRIUMPH OF "ARAB SOCIALISM" BY OVERTHROWING THE REGIMES IN THE MODERATE ARAB GULF STATES THAT HAVE FRIENDLY RELATIONS WITH THE WEST. IN EFFECT THEY SEEK TO ELIMINATE WESTERN INFLUENCE IN ANY WAY THEY CAN.

HE SAID UK HAS A FANTASTIC STAKE IN GULF IN TERMS OF SECURITY, TRADE, COMMERCIAL INTERESTS, OIL, AND VERY LARGE STERLING BALANCES IN LONDON HELD BY THE ARAB OIL PRODUCING STATES. NOW, HOWEVER, THE SITUATION HAS REACHED A CRITICAL POINT WHICH SEEMS HINGE LARGELY ON SOLUTION TO GULF ISLANDS PROBLEMS. THE UK POSITION, AS WE UNDERSTAND IT, IS THAT UK CANNOT PERMIT AN IRANIAN MILITARY PRESENCE ON THE ISLANDS BEFORE WITHDRAWAL WITHOUT THE CONSENT OF THE RULERS. THE RULERS IN TURN SAY IF THEY AGREE TO SUCH AN IRANIAN PRESENCE THEY WILL FIND THEIR VERY LIVES FOFEIT BEFORE ARAB DISPLEASURE. THEREFORE, WE FACE AN IMPASSE. IF THIS IMPASSE CONTINUES TO THE END OF THIS YEAR,

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WESTERN INTERESTS WILL FACE THE WORST OF ALL POSSIBLE WORLDS.

AMB MACARTHUR EXPRESSED HIS PERSONAL VIEW THAT THE FEDERATION CANNOT BE FORMED AGAINST THE DIRECT OPPOSITION OF THE SHAH. THIS LEADS TO FOLLOWING MAJOR CONCERNS: A) WHEN BRITISH WITHDRAW THERE WILL BE NO FEDERATION AND IF THE INDIVIDUAL SHEIKHDOMS CONTINUE SEPARATELY, THEY WILL BE MUCH MORE VULNERABLE TO SUBVERSION AND SUBVERSIVE OUTSIDE INFLUENCES. B) IF THIS YEAR PASSES WITH NO SOLUTION, THE SHAH WILL THEN COMMIT BRUSQUE AND FORCEFUL SEIZURE OF ISLANDS WHICH MAY WELL SPARK OTHER SEIZURES SUCH AS A SAUDI MOVE AGAINST ABU DHABI OR AN IRAQI MOVE AGAINST KUWAIT. C) RADICAL ARABS AND SOVIETS WILL EXPLOIT IRANIAN SEIZURE OF ISLANDS TO TRY TO MAKE FUTURE COOPERATION BETWEEN IRAN, THE ONLY STRONG MODERATE GULF STATE, AND OTHER MODERATE ARAB STATES DIFFICULT IF NOT IMPOSSIBLE. AND IF IRAN IS UNABLE TO COOPERATE WITH MODERATE GULF STATES AND BOLSTER THEM, THEY RISK GOING DOWN THE DRAIN. IN AMB MACARTHUR'S JUDGMENT THERE WILL BE A VACUUM IN GULF WHEN BRITISH WITHDRAW. ONLY QUESTION IS WHO WILL FILL VACUUM AND WHEN. SINCE NEITHER US, BRITISH NOR ANY COMBINATION OF WEST EUROPEAN STATES AND JAPAN IS IN POSITION TO DO SO, IF RADICAL ARAB-SOVIET ATTEMPT TO FILL VACUUM IS TO BE FRUSTRATED, IT MUST BE DONE ON BASIS OF SHAH'S PROPOSAL, NAMELY, CLOSE COOPERATION BETWEEN IRAN AND MODERATE ARAB STATES. IF SHAH TAKES ISLANDS, NOT ONLY WILL THERE BE NO FEDERATION, NOT ONLY MAY THERE BE ADDITIONAL SEIZURES OF TERRITORY, BUT MOSCOW AND RADICAL ARABS WILL EXPLOIT SITUATION AND MAKE FUTURE COOPERATION BETWEEN IRAN AND THE ARAB MODERATES EXCEEDINGLY DIFFICULT.

WE RECOGNIZE, AMB MACARTHUR ADDED, THAT UK HAS RACKED ITS BRAINS TO FIND A SOLUTION TO THIS PROBLEM. HOWEVER, SPEAKING FOR HIMSELF, AMB MACARTHUR ASKED WHETHER, IF BRITISH FELT THEY COULD NOT INTRODUCE IRANIAN MILITARY PRESENCE, THEY COULD INTRODUCE CIVILIAN PRESENCE ON THE ISLANDS BEFORE WITHDRAWAL. HE STRESSED HE DID NOT KNOW ALL THE PROBLEMS THIS MIGHT ENTAIL NOR HOW SHAH WOULD REACT BUT FELT THAT IT COULD POSSIBLY LEAD SHAH TO SUPPORT FEDERATION AND TO BE FORTHCOMING AND GENEROUS TO THE RULERS. IF UK COULD ACCOMPLISH THIS, IT WOULD PUT UK IN POSITION OF BEING FORTHCOMING WITH SHAH. TRUE, RULERS MIGHT BE FORCED TO MAKE SOME NOISES, BUT THIS MIGHT VERY WELL BE BEARABLE.

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SIR ALEC SAID THAT THE BRITISH INDEED WERE RACKING THEIR BRAINS FOR SOLUTION. PROBLEM WAS MADE MUCH TOUGHER BECAUSE SHAH WOULD NOT AGREE TO FUZZ SOVEREIGNTY ISSUE. INTRODUCTION OF A CIVILIAN IRANIAN PRESENCE MIGHT BE SOMEWHAT EASIER BUT ESSENTIALLY IT SEEMED TO BE SUBJECT TO SAME OBJECTIONS AS MILITARY PRESENCE. AMB MACARTHUR ASKED IF

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ACTION: SS-45

INFO: OCT-01 1046 W

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FM AMEMBASSY LONDON  
TO SECSTATE WASHDC 3922  
INFO AMEMBASSY TEHRAN  
AMEMBASSY KUWAIT  
AMEMBASSY JIDDA  
AMCONSUL DHAHRAN

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IT MIGHT NOT BE POSSIBLE NEVERTHELESS TO INTRODUCE IRANIAN CIVILIANS IN ORDER TO EASE THE TRANSITION TO THE FUTURE PRESENCE OF IRANIAN MILITARY. HE REITERATED SHAH PERSONALLY FEELS EXTREMELY STRONGLY ON THIS QUESTION; ISLANDS TO HIM CONTROL IRAN'S JUGULAR IN GULF. HIS FEELINGS ABOUT THEM ARE SIMILAR TO WAY AMERICANS FELT ABOUT SOVIET MISSILES IN CUBA.

SIR ALEC SAID HE HAD RECENTLY TOYED WITH POSSIBILITY OF SHAH HOLDING ISLANDS IN TRUST ON BEHALF OF ALL STATES IN THE GULF. HOWEVER, THIS IS MADE DIFFICULT BY THE SHAH'S INSISTENCE ON SOVEREIGNTY. REGARDING CIVILIAN IRANIAN PRESENCE IN ISLANDS BEFORE BRITISH WITHDRAWAL, SIR WILLIAM LUCE EXPRESSED THOUGHT THAT ISLANDS HAVE BECOME SUCH A PUBLIC ISSUE WITH ARABS THAT ALL ARE WATCHING AND INTRODUCTION OF CIVILIAN PRESENCE WOULD RAISE SOME BASIC PROBLEMS AS MILITARY PRESENCE. SIR ALEC ADDED THAT HIS FEAR IS THAT INTRODUCTION OF IRANIAN CIVILIANS WOULD BE EXPLOITED BY THE ARABS. AMB MACARTHUR AGREED THAT RADICAL ARABS WOULD CERTAINLY TRY TO EXPLOIT SUCH A SOLUTION. HOWEVER, IMPORTANT THING, HE THOUGHT, WAS TO AIM AT IRANIAN-MODERATE ARAB COOPERATION FOR FUTURE GULF SECURITY. THIS IS WHAT SOVIETS FEAR MOST AS IS CLEAR FROM THEIR BROADCAST PROPAGANDA AND THAT OF RADICAL ARABS BEAMED ON GULF. CERTAINLY, TO MAKE IRAN-GULF ARAB COOPERATION POSSIBLE WILL COST BRITISH.

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SOMETHING BUT ALTERNATIVE OF NO FEDERATION AND A CHAOTIC SITUATION COULD COST EVEN MORE.

LUCE INTERJECTED THAT UK DOES NOT ACCEPT THAT SHAH NECESSARILY CAN PREVENT THE FORMATION OF A FEDERATION. AMB MACARTHUR SAID THIS WAS OF COURSE MATTER OF JUDGEMENT. IF ALL THE NINE STATES STRONGLY DESIRED A FEDERATION, THIS COULD BE SO. HOWEVER, GIVEN FAINT-HEARTED SUPPORT OF FEDERATION IDEA IN SHEIKDOMS SHAH'S OPPOSITION COULD BE DETERMINING FACTOR.

SIR ALEC NOTED THAT IF CIVILIANS FROM ANY OTHER COUNTRY WERE TO BE INTRODUCED ON THE ISLANDS, HMG WOULD BE BOUND TO PUSH THEM OFF. WHY WOULD THIS NOT ALSO BE TRUE OF IRANIAN CIVILIANS? SIR WILLIAM ADDED THAT THIS WOULD SEEM TO BE PARTICULARLY SO SINCE THE UK HAD MADE A POINT WITHIN RECENT YEARS OF REMOVING IRANIAN BUOYS FROM THE VICINITY OF THE ISLANDS. AMB MACARTHUR STRESSED THAT SITUATION HAS DRASTICALLY CHANGED SINCE BRITISH WITHDRAWAL ANNOUNCED. NOW WE KNOW THAT SHAH WILL SEIZE ISLANDS.

SIR ALEC ASKED HOW FAR WOULD UK OFFEND MODERATE ARABS IF IT WERE TO CONNIVE IN AN IRANIAN CIVILIAN PRESENCE. AMB MACARTHUR RECALLED THAT SHAH HAD TOLD HIM PERSONALLY AND PRIVATELY THAT HE HAD REASON TO BELIEVE THAT KING FEISAL WOULD NOT BE A PROBLEM WHEN IRAN OCCUPIES ISLANDS. FURTHERMORE, SHAH FEELS THAT BAHRAIN, ABU DHABI AND DUBAI WILL LOOK THE OTHER WAY. HOWEVER, HE ALSO FEELS VERY STRONGLY THAT IF THERE IS A FEDERATION, ANY MEMBER STATE COULD RAISE A CRY OPPOSING IRAN'S TAKING ISLANDS AND OTHER MEMBERS OF FEDERATION WOULD FEEL BOUND TO GO ALONG. THIS IS WHY SHAH ADAMANTLY OPPOSES FEDERATION UNTIL THERE IS IRANIAN PRESENCE ON ISLANDS.

THE FOREIGN SECRETARY WONDERED WHAT SORT OF FIGURE UK WOULD CUT WITH RULERS IF IT WERE TO SELL ARAB SOIL DOWN THE RIVER. AMB MACARTHUR REJOINED THAT THERE IS AT LEAST A REASONABLE CHANCE THAT WHILE THEY WILL COMPLAIN THEY WILL NOT RAISE MAJOR OUTCRY. SOME SHEIKDOMS COUNT ON IRANIAN HELP IN TIME OF NEED. FURTHERMORE, THE FACT IS THAT ISLANDS ARE THEMSELVES TINY AND HAVE LITTLE POPULATION. IF A PACKAGE COULD BE PUT TOGETHER, IT SEEMED POSSIBLE SHEIKDOMS COULD STOMACH IT WITHOUT PUBLICLY AGREEING TO IT.

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AT THIS POINT, SIR ALEC RAISED AN ALTERNATIVE POSSIBILITY. IF AN IRANIAN CIVILIAN PRESENCE WERE TO BE INTRODUCED WOULD NOT IT BE BETTER TO CEDE ISLANDS TO IRANIANS OPENLY, JUSTIFYING IT ON BASIS THAT IT WAS REQUIRED FOR THE SAKE OF THE FUTURE STABILITY AND SECURITY OF GULF. A FEDERATION MIGHT SOME DAY BE ABLE TO CONTRIBUTE SOMETHING TOWARD GULF SECURITY, BUT THERE IS NO ASSURANCE THAT IT WILL EVER BE FORMED. THEREFORE, WHY SHOULD NOT UK STATE THAT, IN THE INTERESTS OF GULF SECURITY, IRAN SHOULD HAVE THE ISLANDS.

WE ALL AGREED THAT THIS WAS AN INTERESTING AND CHALLENGING POSSIBILITY. AMB MACARTHUR POINTED OUT THAT NOT ONLY MUST WE BE CONCERNED ABOUT GROWING SOVIET PRESENCE IN GULF AND SOVIET AID IN CONSTRUCTING PORT FACILITIES AT UMM QASR IN IRAQ, BUT ALSO BY CHICOM ATTEMPTS TO ESTABLISH THEMSELVES IN KUWAIT. FURTHERMORE, WE MUST ALSO REMEMBER RELATIONSHIP OF GULF SITUATION TO OUR SECURITY CONCERNS IN INDIAN OCEAN.

SIR ALEC ASKED IF SHAH WOULD BE AGREEABLE TO A REGIONAL DEFENSE ARRANGEMENT IF HE OBTAINED THE ISLANDS. A BRITISH HAND-OVER TO THE IRANIANS COULD CONCEIVABLY BE JUSTIFIED ON BASIS OF REGIONAL DEFENSE NEEDS. SIR WILLIAM OBJECTED THAT SUCH A BRITISH HAND-OVER WOULD ENSURE THAT NONE OF THE ARABS WOULD AGREE TO A REGIONAL ARRANGEMENT. AMB MACARTHUR RECALLED THAT SHAH, IN RABAT IN 1969, HAD PUT TO KING FAISAL THE IDEA OF COOPERATIVE REGIONAL SECURITY ARRANGEMENTS AND HAD ASSURED FAISAL THAT HE WOULD AGREE TO ANY TYPE OF ARRANGEMENT WHICH WOULD BE ACCEPTABLE TO THE SAUDIS WHETHER IT BE FORMAL SECURITY TREATY OF TACIT AND INFORMAL UNDERSTANDING THAT IRAN WOULD COME TO AID OF GULF STATES IF REQUESTED. SHAH HAD SUGGESTED INFORMAL ARRANGEMENTS SINCE HE THOUGHT IT WOULD BE DIFFICULT FOR MODERATE ARABS TO SIGN A FORMAL SECURITY TREATY AS RADICAL ARABS WOULD ACCUSE THEM OF SPLITTING ARAB WORLD.

IN CONCLUSION, SIR ALEC SAID HE WISHED TO THINK OVER "CIVILIANIZATION" IDEA BROACHED BY AMB MACARTHUR. IN BRITISH VIEW, SHAH IS FOOLISH TO OPPOSE THE FEDERATION NOW, BUT THE FACT IS HE DOES, AND THE ISLANDS PROBLEM THEREFORE IS THE KEY. THE IDEA OF INTRODUCING CIVILIANS IS A NEW ONE

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AND THE FOREIGN SECRETARY WOULD PERSONALLY GIVE IT VERY  
SERIOUS THOUGHT. HE CLOSED SAYING TO AMB ANNENBERG  
THAT THEY SHOULD GET TOGETHER TO TALK MORE ABOUT THIS AFTER  
HE HAD CONSIDERED IT FURTHER.  
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