

sive conclusions re Iranian defenses within context over-all Middle East defenses prior to Shah's visit. While realizing desirability coordinated US-UK position re regional defense role of Iran believe must await outcome above mentioned conferences. We have already informed Shah we shall not make any definite decisions during discussions military assistance or security arrangements during his visit here and hope UK would see fit follow similar course.

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No. 238

789.5/11-1654: Telegram

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TOP SECRET

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2364. From lengthy discussion at Foreign Office of Iranian defense problem (Deptel 2657)² following clarification British attitude emerges:

1. British expects Shah on his forthcoming visit to US and UK to raise problem of association of Iran in regional defense planning in Middle East and for their part will reply that they hope eventually Iran will join some regional defense pact or organization.

2. HMG believes it clearly in UK interest (and also US interest) to secure any improvement in Iranian armed forces that may be possible but until Iran's financial position improves substantially, UK believes US and UK should continue advising Iranians develop their armed forces on modest lines, from economic and practical point of view (paragraph 1 Embassy telegram 2200).³

3. At same time British recognize (a) prestige value which Shah, and Iranians generally, attach to military equipment and (b) need for an efficient and contented army, from regime's standpoint.

4. Therefore, problem in British opinion resolves itself into presenting advice to Shah in as palatable form as possible and keeping Shah and army happy about such progress as they are making.

5. While convinced economic progress in Iran should precede any substantial expansion of Iranian armed forces British do not believe economic progress should necessarily precede a diplomatic move such as adherence to a regional defense pact if Iran should decide to do so.

6. In HMG opinion, however, a diplomatic move this sort should not be such as (a) provoke Soviet action under Iranian-Soviet

¹ Repeated to Tehran.

² *Supra*.

³ Not printed, but see footnote 2, *supra*.