
A Thesis submitted to the Faculty of the Graduate School of Arts and Sciences of Georgetown University in partial fulfillment of the requirements for the degree of Master of Arts in Security Studies

By

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This paper tests the hypothesis that asymmetric intelligence liaison is damaging to the competitive advantage of the state that appears to be getting the most out of the arrangement. This is one facet of Jennifer Sims’s theory of intelligence liaison and is based on the logic that while one state may be benefiting in the short term from such an association, in the long term this situation represents either institutionalized intelligence dependency or a miscalculation on the part of the superordinate state of the true costs of the liaison. The hypothesis was tested using the U.S. – Iranian intelligence relationship from 1957 to 1979 as a case study. I found that the relationship was allowed to devolve from a relatively equal partnership to a situation where the U.S. was largely dependent on the Shah for its collection against the Soviet Union, and therefore asymmetric. Both actors responded as predicted by the theory, but without success from the U.S. perspective. This suggests several refinements to the theory, including the necessity of determining the value of liaison for a particular partner vis-à-vis the target of the intelligence relationship in calculations of symmetry, and also the danger presented by uniquely valuable collection assets to such calculations.
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Introduction

Ever since the attacks of September 11, 2001 the United States Intelligence Community (IC) has placed greater emphasis on the need to share information, both within the IC and with outside actors. This is exemplified by the official adoption of a policy of “responsibility to share,” to replace the older policy of “need to know.” A new emphasis on intelligence liaison, also known as intelligence cooperation, is one aspect of this shift. Indeed, the case has been made that the global war on terrorism requires strengthened liaison relationships with other countries in order to succeed. The former Undersecretary of Defense, Intelligence (USDI) Stephen Cambone went so far as to decree in 2005 that for “intelligence under the purview of the [Department of Defense], originators shall use the ‘Releasable to’ (REL TO) marking, and any subsequently approved releasability marking to the maximum extent possible.” Regional gaps in the capability of the intelligence community have also forced the U.S. to rely on its allies to adopt similar policies. As Derek Reveron notes, “in the War on Terror, sharing has become the norm.”

In contrast, the potentially harmful consequences of liaison relationships were made apparent by the failure of intelligence prior to the 2003 Iraq War and the Curveball

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3 For example, the U.S. currently relies on regional allies for human intelligence from the Middle East. Chris Clough, “Quid Pro Quo: The Challenges of International Strategic Intelligence Cooperation,” International Journal of Intelligence and Counterintelligence 17, No 4 (2004), p. 607.
case. Curveball was a German asset who claimed to have valuable information on the Iraqi biological warfare program.\(^5\) This information was passed by the German Bundesnachrichtendienst (BND) to the Defense Intelligence Agency (DIA), and then subsequently used in the National Intelligence Estimate on Iraq prior to the start of the war. The U.S. IC, however, was unable to properly verify Curveball’s information because he was a German agent, and therefore unavailable for vetting. The U.S. consequently did not discover that his reporting was fabricated until it was too late.\(^6\) In addition to the damage caused by this false intelligence, this example illustrates the degree to which reliance on a single source of information can lead to unhealthy dependencies.

With all of this in mind, the question to be answered is this: under what conditions does intelligence sharing and foreign liaison in particular contribute to a state’s national security? In order to contribute to a fuller appreciation of the actual cost-benefit calculus of liaison, this paper will specifically seek to determine the effects of a specific kind of relationship, asymmetric intelligence liaison. These are instances of intelligence cooperation where one of the partners appears to be benefiting to a greater degree than the other from the relationship.

The hypothesis to be tested is that asymmetric liaison is damaging to the competitive advantage of both states in the bilateral relationship, but especially to the

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\(^5\) U.S. Senate Select Committee on Intelligence, *Postwar Findings about Iraq’s WMD Programs and Links to Terrorism and How They Compare with Prewar Assessments*, 190th Cong., 2d sess, 2006.

state that appears to be getting the most out of the arrangement.\textsuperscript{7} This is based on the logic that while one state may be benefiting in the short term from such an association, in the long term this situation represents either institutionalized intelligence dependency or a miscalculation on the part of the superordinate state of the true costs of the liaison.\textsuperscript{8} This supposition is tested using the U.S. – Iranian relationship from 1957 to 1979 as a case study. This represents the period from the founding of the Iranian State Intelligence and Security Organization (SAVAK), and therefore the start of U.S. – Iranian liaison, to the Iranian Revolution. This was a particularly important case of asymmetric liaison, and is significant in the history of American foreign policy. Perhaps more importantly, it represents an instance of a superpower being dependant on a lesser power for influence within the region, and is therefore a strong test of the theory.

I will first conduct a brief review of the literature on intelligence liaison generally, in order to establish how this paper contributes to that body of work. Next, the theoretical framework upon which this thesis is based will be detailed. This will include an account of the causal mechanisms that link intelligence liaison with competitive advantage, as well as the specific predications to be tested by this case study. This will be followed by a detailed analysis of the U.S. – Iranian case of intelligence liaison. The various predictions of the theory of liaison will be investigated using documentary and historical evidence, with particular attention paid to both partners’ management of the liaison relationship.

\textsuperscript{7} Competitive advantage is defined here as a state’s overall capacity to control and to adapt to changes in the distribution of power in the international system, in order to provide for its own security.

\textsuperscript{8} This is one of Jennifer Sims’ key hypotheses regarding intelligence liaison. See Jennifer E. Sims, “Foreign Intelligence Liaison: Devils, Deals, and Details,” \textit{International Journal of Intelligence and Counterintelligence}, vol. 19 (2006), p. 198.
Finally, I will discuss the theoretical implications of my findings, as well as the policy recommendations that are derived from them.

**Literature Review**

Unfortunately, much of the current literature on intelligence liaison falls into two broad categories: either a historical overview of the topic as an aspect of the broader transatlantic alliance during the Cold War; or an advocacy piece in the wake of 9/11, either for or against increased cooperation in the practice of counterterrorism. James Bamford’s *Body of Secrets* provides an excellent example of the former. 9 Bamford gives a detailed account of the development of the UKUSA agreement throughout the Cold War. He particularly emphasizes how the agreement itself, with its specific provisions on various satellite architectures and worldwide ground listening stations, helped to define spheres of influence for all parties involved during the Cold War. 10

Loch Johnson and Annette Freyberg give a similar treatment to the U.S. – West German relationship. 11 A key component of Johnson and Freyberg’s thesis is that although Germany had an advantage over the U.S. in terms of human intelligence (HUMINT) against the Soviet target, Washington’s true purpose in establishing intelligence relations was to bring Bonn closer into the Western alliance. 12 There are numerous examples of similar accounts of liaison relationships among NATO members.

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12 Ibid, p. 171.
At the same time, this portion of the literature largely lacks systematic analysis of the wider implications of the relationships under study.

The second major genre of literature on intelligence liaison is more recent. It mainly deals with issues of counterterrorism, and how intelligence sharing, as it is generally termed in this literature, can help to alleviate some of the conundrums posed by the threat of international terrorism. Derek Reveron, for example, notes that the globalized terrorist threat means that there is an increased need for intelligence collection around the globe, largely in areas that are denied to traditional American collection activities.  

Some writers go even further. Adam Svendsen argues that the attacks of September 11, 2001 ushered in a “new intelligence order,” leading to ever closer security and intelligence arrangements among states. Svendsen further contends that such arrangements have led to a “homogenization” of intelligence policies. The underlying assumption in these and similar articles is the normative policy prescription that more cooperation is better. This is not to say that there is no nuance in such arguments. Rather, they tend to argue their point as a matter of foreign policy, rather than intelligence policy, and therefore do not delve too deeply into how liaison can impact intelligence services themselves.

While both types of scholarship enumerated above certainly have their place, little attention has been paid to evaluating the true costs and benefits inherent in such relationships. One counterexample of note is Jennifer Sims’s “Foreign Intelligence

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Liaison: Devils, Deals, and Details.”

This piece provides a useful analytical framework for looking at different types of liaison relationships, which is based both on a characterization of the relative benefits of the relationship for both parties and on what type of goods are shared. Other theoretical treatments of this topic have used a different lens for investigation. Stephane Lefebvre breaks liaison down into bilateral and multilateral relationships, and then examines the restraints and difficulties that each type of relationship presents for the involved states.

Chris Clough by contrast looks at the topic from the perspective of how the changing international system has affected intelligence cooperation. Despite this fairly extensive literature, however, there does not seem to be any consensus on intelligence liaison as an intelligence policy, other than the broad conclusion that it is a risky yet necessary practice.

This paper will seek to build upon Sims’s theoretical foundation using in-depth analysis of one particular category of intelligence liaison, complex asymmetric liaison. Whereas simple liaison involves exchanges of information, complex liaison involves the exchange of information and goods (such as bodyguards or weapons). Asymmetric liaison refers to partnerships in which the value of exchange seems greater for one side than the other over time. Sims suggests such asymmetries are dangerous because they imply dependencies that pose particularly grave risks to the superordinate partner. Her theory is therefore a normative one; it implies that states that do not rebalance asymmetric relationships will suffer unless they take steps to redress the balance. My

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15 Sims, “Foreign Intelligence Liaison.”
17 Chris Clough, “Quid Pro Quo: The Challenges of International Strategic Intelligence Cooperation.”
study will provide an empirical test of part of Sims’s theory. Moreover, it will do so using one of the major intelligence relationships of the Cold War, thereby providing ample opportunity to derive policy recommendations from the findings.

**Theoretical Framework**

As detailed above, Sims is one of the few scholars to tackle the academic study of intelligence in a concerted way, and she has done so with a particular eye to developing a theory of intelligence. Moreover, Sims’s theory integrates intelligence with the more general field of International Relations. This is done by recognizing intelligence as a separate element of national power, similar to military or economic factors. Intelligence is understood as the ability to improve the decision-making process by providing additional information that is both relevant to the policymaker and better than that of the adversary.\(^{18}\) Sims terms this “decision advantage.”\(^{19}\) Hence, intelligence is defined as the “collection, analysis, and dissemination of information for decision-makers engaged in a competitive enterprise.”\(^{20}\) It follows that the better a state’s intelligence apparatus is at collecting and analyzing information, the more powerful it will be, and thus the more successful it will be in achieving its policy objectives. This is termed “competitive advantage,” defined as the overall assessment of a state’s power relative to other states within the system.

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\(^{19}\) Ibid.

\(^{20}\) Ibid.
A Theory of Liaison

With the above theory in mind, intelligence liaison is best thought of as the exchange of information and services between two states, similar to other types of exchanges in international politics. In relation to the theory of intelligence elaborated above, liaison acts as an alternative form of collection, providing information that a state might not be able to gather on its own. What distinguishes this from “intelligence sharing,” as liaison is sometimes termed, is that both states are still engaged in some form of competition, even if they are allies. It is therefore no different from trade agreements. That is to say that both sides are attempting to achieve some sort of material advantage, even if that advantage is not in terms of what is nominally being traded. For instance, the U.S. has very close relationships with many countries in Europe, especially NATO powers. Nevertheless, it is still careful about the information it shares, and in fact might have closer intelligence relationships with states such as Colombia and Pakistan due to coincidence of intelligence interests. In other words, intelligence relationships do not follow the same logic as normal alliance relationships. This means that two states might have a very adversarial history of liaison, even though they are otherwise close allies. This is certainly the case between the U.S. and Israel. It is precisely these cases, where liaison relationships run counter to normal diplomatic relationships, which are most interesting in terms of study. At the same time, information is sometimes exchanged

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21 Sims, “Foreign Intelligence Liaison,” p. 198.
22 For evidence of this relationship one needs only to look at the case of Jonathan Pollard, an Israeli spy who is still in U.S. prison for his activities, despite repeated efforts on the part of the Israeli government to negotiate his release. Mark M. Lowenthal, Intelligence: From Secrets to Policy, 4th Edition (Washington, DC: CQ Press, 2009), p. 323.
precisely to achieve a particular political end. In fact, alliances can sometimes be built around such agreements on intelligence cooperation, as is arguably the case with the UKUSA agreement, noted above.\(^{23}\)

What this ultimately means is that intelligence liaison affects the calculation of competitive advantage through two separate, yet related, causal mechanisms. On the one hand, the actual information that is exchanged affects the decision advantage of all involved states, as described by Sims’s theory. As a result, if one state provides more, or better, intelligence than the other, it is ceding some of its decision advantage, at least vis-à-vis the state to whom it is giving information. On the other hand, such arrangements also have an effect on alliance politics. In other words, the provision of intelligence can serve to strengthen, or in certain cases weaken, the degree to which states are allied to one another. Moreover, this dynamic can sometimes have more consequential results than the actual information exchanged. These two factors are separate intervening variables that affect the ultimate competitive advantage of a state. It is precisely this dichotomous nature that makes it so difficult to determine the true costs and benefits of intelligence cooperation arrangements.

Sims’s work provides a foundation for more extensive empirical analysis of this topic. Sims classifies liaison relationships as either simple or complex, and symmetric or asymmetric. A simple exchange is one where intelligence is the only commodity that is traded. A complex relationship, on the other hand, can involve other goods, such as money, weapons, or political capital. A relationship is symmetric if all parties are

benefiting similarly, while an asymmetric relationship is one in which benefits are not comparable. This is measured in terms of each party’s material gain over time. It should be noted that the calculation of benefit here is only in terms of actual material or informational goods, not in terms of policy outcomes. A hypothetical example of simple liaison would be if two states agreed to share information on a particular target of collection, such as a specific terrorist group. On the other hand, the U.S. intelligence relationship with Israel during the Cold War, whereby the U.S. apparently provided military and political support in exchange for intelligence that Israel collected against targets of mutual interest in Eastern Europe and the Middle East, demonstrates a complex relationship. The current relationship between the U.S. and Pakistan offers a good example of an evolving asymmetric relationship, as the U.S. was, at least initially, more reliant on HUMINT from Pakistan, than Pakistan was on technical intelligence from the U.S. In fact, Sims argued in 2006 that the provision of both economic and military aid to Pakistan was actually an attempt to correct this imbalance. It is this last category of liaison that is the focus of this study.

For the purposes of this thesis, it will be necessary to examine both the causal mechanisms by which complex asymmetric liaison affects competitive advantage, as well as the consequences of shifts in the relationships towards greater or lesser symmetry. To be clear, competitive advantage is further defined here as greater capacity relative to other states to control and to adapt to changes in the distribution of power in the

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25 Sims, “Foreign Intelligence Liaison,” p. 199.
26 Ibid, p. 199.
international system, thereby enhancing a state’s security relative to others. Liaison therefore contributes to a state’s competitive advantage in two separate ways. First and foremost, it is a means of intelligence collection. This implies that it allows a state to obtain information it deems necessary, but would not otherwise be able to obtain, or at least not efficiently. This information is subsequently integrated with other sources of information, and turned into finished intelligence, which leads to decision advantage for decisionmakers. Second, liaison can also be a tool of both subtle and direct influence. This is to say that liaison relationships serve to strengthen ties between states, especially within alliances. This can be explicitly stated in the cooperation agreement, or it can be more implicit. More subtly, liaison provides a channel for states to pass information to their partners that supports their particular policy preferences. Although competition between liaison partners continues to occur, such cooperation is meant to provide both states with increased security through one or both causal mechanisms described above.

The hypothesis to be tested is that asymmetric liaison relationships actually decrease the superordinate state’s competitive advantage. This is somewhat counterintuitive. The logical conclusion might seem to be that the superordinate state, which is gaining disproportionately from the exchange, is also gaining in competitive advantage vis-à-vis its partner. According to Sims’s theory this is not the case. She argues that that the state in question has either become dependent on its partner, and thus susceptible to coercion, or instead has miscalculated its partner’s true gains, likely due to

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27 The process by which this occurs is outside the scope of this paper. It relates to the intelligence cycle and intelligence theory more generally. For a more thorough explanation, see Sims, “A Theory of Intelligence in International Politics.”

28 Sims, “Foreign Intelligence Liaison,” p. 198.
effective counterintelligence practices of the other state. The former situation implies that the first party to the agreement is vulnerable to blackmail, which can manifest itself in ways similar to traditional alliance politics, as seen prior to the outbreak of World War I. The latter situation implies a breakdown in intelligence collection, as well as a vulnerability to deception. In this way, the state has lost its decision advantage, and therefore its ability to adapt to changes in the international system. In either case, the state’s competitive advantage has suffered. In a normative sense, Sims’s theory therefore argues that the superordinate partner should attempt to rebalance the liaison arrangements to ensure that its partner also values the relationship, and that it does so because of the collection the relationship provides rather than the influence it affords over the superordinate state. \(^{29}\) A failure to do so increases the danger of strategic surprise. This thesis will therefore seek to test this proposition using a case study of the U.S. – Iranian intelligence relationship prior to the fall of the Shah in 1979.

*Application of the Theory: The Iranian Case*

The U.S.-Iranian case was selected to test this hypothesis for two major reasons. First of all, it serves as an extreme example of asymmetric liaison. By the time the Shah fell in 1979, the U.S. had become almost entirely reliant on Iran for collection within the Persian Gulf region, and even more so for technical collection against the Soviet Union’s ballistic missile program. \(^{30}\) Therefore, this of all cases should demonstrate the impact of asymmetric intelligence relationships on competitive advantage. Secondly, the eventual

\(^{29}\) Ibid.

\(^{30}\) James Bamford, *Body of Secrets*, p. 149.
fall of the Shah, and the soul-searching on the part of the U.S. intelligence community
over what it considered a major case of intelligence failure has led to a wealth of data in
the form of primary source documents, to include declassified intelligence estimates,
reports, and official memorandums which are simply not available in other cases.\textsuperscript{31}

At the same time, it must be mentioned that there is an element of selection bias
present here. After all, part of the logic in choosing this case is the degree to which it
does appear to bear out the predictions of Sims’s theory. Such issues are only apparent in
retrospect, however. Any case study on this topic will by necessity look at instances of
asymmetric liaison that presented policy problems for the state in question. The important
issue is whether the predicted causal mechanisms were at play in this particular case. If
so, the theory is supported.

The first step in testing Sims’s hypothesis is to establish the value of the liaison
relationship to both parties and then to determine if asymmetry exists. If, for example,
the U.S. had a robust HUMINT collection capability in the Persian Gulf outside of liaison
channels, this capacity would need to be characterized before any judgments about the
costs and benefits of asymmetric liaison could be made.

Assuming that an asymmetrical relationship is documented, the predictions that
the hypothesis implies about such cases will be tested using the available documentary

\textsuperscript{31} The National Security Archive has acquired thousands of documents related to this relationship, dating
from World War II through the 1979 revolution. Additionally, the Foreign Relations of the United States
series published by the Department of State offers another valuable source. Moreover, many personal
accounts of policymakers involved in the decision-making process throughout the 1960s and 70s have also
been published. Washington, D.C., Digital National Security Archive, Iran: The Making of U.S. Policy,
1977-1980 (Iran Revolution) and U.S. Department of State, \textit{Foreign Relations of the United States, 1969-
and historical evidence. For example, one such prediction is that the Shah’s government would have leveraged its ability to collect against the Soviet Union to control the US ability to collect on other targets of less mutual interest, such as Iran itself. This hypothesis will be explored through examination of American intelligence estimates, as well as the statements and thoughts of intelligence officials regarding their understanding of the situation in Iran. Of course, if U.S. officials were able to discern the truly valuable information from liaison channels, diversify its collection against Iran through unilateral actions, while practicing effective counterintelligence, the US would have, by these actions, acted as the theory suggests it should: rebalancing an asymmetric relationship in order to prevent damage to itself. If, alternatively, the US did not do anything to rebalance the liaison relationship and paid no price for this decision, the hypothesis would be disproved.

The second and related hypothesis is that regarding international developments both governments sought to influence, Iran would have been better positioned to manipulate U.S. decision-making than the U.S. would have been at affecting Iranian decision-making over the period of asymmetry, but not after any significant rebalancing of the relationship. It will be necessary to distinguish between rebalancing and rewarding one’s partner, blackmail, and other forms of coercion. Such actions are indicative of dependencies that already exist for the superordinate power. Rebalancing on the other hand consists of institutionalizing new dependencies on the subordinate partner in order to mitigate the incentives for coercion. This prediction will be analyzed by examining the influence that both partners were able to exert on each other by nature of their
intelligence relationship. In other words, in what ways did the U.S. and Iran attempt to manage the liaison in terms of both intelligence and policy, and how successful were they? Further data will be drawn from the foreign policies of both partners at this time, which will be examined for signs that one or the other partner was disproportionately successful at achieving its goals when the two allies differed. These events will be viewed in the context of the intelligence that was available at the time to ensure that the causal mechanism is in fact the liaison itself, rather than some other external variable.

Before I delve into my analysis of this case, it is necessary to provide a caveat based on the research that was conducted. Any investigation in the field of intelligence studies is inherently limited by the availability of unclassified or declassified data. This is true even in cases that are over 30 years old, such as this one. As already noted, there is a wealth of archival evidence to be found about U.S. intelligence policy and decision-making during this period. Having said that, it is impossible to know what information is still classified and therefore not available to researchers. Moreover, the evidence from the Iranian side is much more limited, for obvious reasons. Additionally, potentially valuable information on U.S. counterintelligence operations during this period is minimal at best. As more information is declassified, it will become easier to form a more accurate picture of the decision-making that drove the events of this case. Nevertheless, there is enough currently available data from a variety of sources to make overarching judgments about the conduct of liaison with Iran from 1957 to 1979.

The first step in evaluating the theory that intelligence liaison is damaging to the competitive advantage of the superordinate state in the relationship is to establish the competitions in which each is engaged and for which each needs information not readily available except through collaboration with the other. The second and related step is to establish the baseline collection capabilities of both partners: the U.S. and Iran. The reasoning behind this is twofold. First, it establishes what resources both states had available, as well as what information was available to share. Second, and more importantly, in conjunction with each party’s stake in the competitions concerned, these capabilities determine how valuable the relationship was to each actor, thereby resolving to what extent, if at all, the U.S. – Iranian liaison relationship was asymmetric.

U.S. Collection Capabilities

The U.S. ability to collect intelligence during the period in question varied based both on discipline of collection (HUMINT versus Signals Intelligence, also known as SIGINT) and the target of collection (against Iran as opposed to against the Soviet Union). In the area of HUMINT, the Central Intelligence Agency’s (CIA) capability to collect information within Iran declined somewhat remarkably from the early 1950s until the early 1970s. Indeed, from the 1950s until the mid-1960s the CIA had agents within many of the opposition groups that challenged the Shah. For example, as late as 1961 the CIA was able to inform the Shah that General Teimur Bakhtiar, then head of

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SAVAK, was planning a coup against him.\textsuperscript{33} This is not surprising given the part that the CIA played in the earlier removal of Iranian Prime Minister Mohammad Mosaddegh in 1953 through Operation Ajax and the agency’s continued access to SAVAK.\textsuperscript{34} What is surprising is the degree to which these earlier sources of information were allowed to atrophy.

By the mid-1970s, if not earlier, the U.S. had lost its network of sources within Iranian society outside of the royal court. An evaluation conducted on U.S. intelligence performance prior to the 1979 Iranian Revolution concluded that, “CIA intelligence reporting on the Iranian internal situation was minimal before late 1977,” and that, “there was absolutely no reporting on the internal situation based on sources within the opposition during the first quarter of 1978.”\textsuperscript{35} While this is only a snapshot of HUMINT collection in this case, it is representative of the type of reporting throughout the period. This is born out by the lack of intelligence available on numerous issues related to the Iranian internal situation.\textsuperscript{36} Further evidence of this decline is provided by the fact that as late as 1976 the CIA judged that the best information on Iranian elites came from a series

\begin{itemize}
\item \textsuperscript{34} For a more detailed account of Operation Ajax, the CIA led covert action that supported the coup that toppled Prime Minister Mosaddegh and reinstated the monarchy, see Kenneth M. Pollack, \textit{The Persian Puzzle: The Conflict between Iran and America} (New York: Random House, 2004), pp. 65-67.
\item \textsuperscript{36} See National Intelligence Officer David H. Blee to Ambassador Edward S. Little, November 4, 1976, Director of Central Intelligence, “Part I, Reporting Assessment – FOCUS Iran,” Digital National Security Archive, IR01120.
\end{itemize}
of diplomatic reporting in the early-1950s and mid-1960s. In fact, it seems that the limited resources allotted to HUMINT in Iran were strictly targeted against the Soviet Union and communist activities within the country. It must also be noted that this precipitous loss of collection capacity was based on a conscious decision by U.S. officials to restrict unofficial contact, whether overt or clandestine, between Americans and Iranians for fear of angering the Shah. As will be explored below, this decision was made over concerns about access to listening posts targeted against the Soviet Union on Iranian territory. Overall, American HUMINT was extremely weak on collection within Iran.

U.S. SIGINT collection within Iranian territory was similarly dichotomous. On the one hand, SIGINT targeted against Iran itself was nonexistent. No effort was made to conduct electronic eavesdropping through telephone lines against the Iranian regime. Moreover, a proposal to establish an advanced electronic listening post at the American embassy in Tehran was rejected by the American ambassador on the grounds that plenty of information was received from SAVAK through liaison channels, so such measures were unnecessary. This is especially surprising because the same equipment would also have collected information on topics of greater interest to the intelligence community, such as the Soviet and communist activities in Iran mentioned earlier. Thus, SIGINT was not a significant factor in analysis of the internal situation in Iran during this period.

38 Pollack, The Persian Puzzle, p. 95.
39 Permanent Select Committee on Intelligence, Iran: Evaluation of U.S. Intelligence Performance, p. 3
41 Ibid, p. 110.
By contrast, U.S. intelligence officials judged SIGINT, specifically telemetry intelligence (TELINT), collection against the Soviet Union from within Iran to be uniquely valuable. The intelligence collected largely consisted of the feed from two listening posts on Iranian soil that overlooked Soviet rocket and missile launching facilities in Central Asia. These sensors were capable of monitoring every electronic activity at those facilities, as well as Soviet military activity in the Persian Gulf region.\(^\text{42}\) Director of Central Intelligence (DCI) Richard Helms went so far as to call the two listening posts “absolutely essential” to the monitoring of Soviet missile programs, and to further note that “there is no place to which we could transfer these activities were Iran denied us.”\(^\text{43}\) As will be explored below, such a unique asset presents special problems in the context of asymmetric liaison.

**Iranian Collection Capabilities**

Whereas U.S. collection capabilities within Iran deteriorated steadily from the late 1950s until the mid-1970s, Iran’s internal collection and, indeed, its overall capacity took the opposite course. Initially, the U.S. provided the Shah with a great deal of assistance in establishing a professional intelligence agency. In 1957 the U.S. laid out the framework for what would become SAVAK. Recruits were sent to the U.S., and later Israel, for training in intelligence and counterintelligence techniques.\(^\text{44}\) In addition to HUMINT

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\(^\text{44}\) This was also the same year that the Shah agreed to allow the U.S. to build the two listening posts on Iranian soil. While I was not able to find any evidence linking the two events, it seems unlikely that they are coincidental. Sullivan, *Mission to Iran*, p. 96 and Richard Helms, *A Look Over my Shoulder: A Life in the Central Intelligence Agency* (New York: Random House, 2003), p. 417.
collection, the CIA trained Iranians in the arts of technical surveillance detection and analysis of Soviet practices. Moreover, this reliance on the CIA for training and guidance was not restricted to this early period in SAVAK’s history. Throughout the 1960s and early 1970s SAVAK relied on the CIA for assistance in the areas where it was lacking. As late as 1969 the Shah asked the CIA to augment its collection in the Middle East – Indian Ocean region because Iran still had not developed an adequate foreign intelligence system.

By the mid-1970s, however, SAVAK had become a formidable intelligence service. This was true both in terms of its domestic collection, as well as foreign intelligence. Domestically, SAVAK had effectively eliminated the terrorist apparatus within the country by the mid-1970s. This was done through a targeted counterintelligence effort as well as a campaign of brutal counterterrorism. In fact, SAVAK had such a large number of informants within opposition movements that Iranians came to believe that its gaze was omnipresent. Perhaps even more remarkably, SAVAK had developed the foreign intelligence collection capacity it lacked less than a decade earlier. Despite the general disregard with which CIA analysts treated information provided by the Iranians, SAVAK was able to collect valuable information in the Persian Gulf region in the late 1970s. For example, in early 1978 Tehran acquired intelligence on

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45 Ibid.
47 Sullivan, Mission to Iran, p. 97.
48 As a side note, it was just such techniques that led to international concern over civil liberties in Iran under the Shah. Such matters weighed heavily on President Carter when he took office. Nevertheless, he followed his predecessors’ act when it came to the close-knit relationship between the U.S. and Iran. For more details, see Sullivan, Mission to Iran, pp. 97-98.
communist plots in Afghanistan to overthrow the regime, which it then passed to Washington.\textsuperscript{49} Although these warnings went unheeded, they indicate that SAVAK was quite capable in the area of HUMINT. Indeed, SAVAK even operated within the U.S. with a cadre of fifteen to twenty officers and roughly one hundred paid agents.\textsuperscript{50} These assets collected intelligence on both Iranian students studying in American universities, as well as on American critics of the relationship between the U.S. and the Shah. Senator Edward Kennedy was one such critic who became aware of these activities when his visit to Iran was crashed by SAVAK agents.\textsuperscript{51} The Shah was thus quite active, as well as successful, in collecting intelligence on his friends, as well as his enemies.

\textit{Characterization of U.S. – Iranian Liaison}

Although the extent of asymmetry between the U.S. and Iranian intelligence services varied over time, it is clear that by the 1970s the relationship appeared to favor the U.S. to a large degree in terms of decision advantage provided. This conclusion is based both on what intelligence each partner shared with the other, as well on how valuable that information was for both states. In terms of the first factor, both the U.S. and Iran were active in sharing raw intelligence with one another. As was noted above, the CIA was initially able to provide the Shah with a great deal of information on opposition groups in Iran. Moreover, this liaison produced actionable intelligence that helped SAVAK carry out the successful campaign of counterintelligence and

\textsuperscript{49} Sullivan, \textit{Mission to Iran}, p. 99.
\textsuperscript{50} Rubin, \textit{Paved with Good Intentions}, p. 181.
\textsuperscript{51} Ibid, p. 179.
counterterrorism that was noted above.\textsuperscript{52} It has already been established however, that the
capacity of the CIA to provide SAVAK with such information had deteriorated by the
1970s. Indeed, for reasons that will be discussed below, the Shah restricted the CIA’s
ability to collect intelligence on many priority issues. Consequently, the only information
that the CIA had to share was some limited HUMINT on the Soviet Union, Iraq and
Iran’s Arab neighbors, as well as the take from the electronic listening posts on Iranian
territory. In other words, the Shah effectively succeeded in shifting U.S. collection from
unilateral U.S. control to his own.

Looking at the issue from the other perspective, the Shah shared a great deal of
information with Washington. While the greatest asset for the U.S. was certainly the
previously mentioned listening posts, SAVAK also shared virtually the entirety of its
collection on internal Iranian politics.\textsuperscript{53} In addition, the Shah was generally quite willing
to share his insights into regional issues, which were gained from his personal meetings
with other heads of state.\textsuperscript{54} Iran therefore was able to acquire and pass a large quantity of
information that Washington desired.

Accordingly, the liaison between the U.S. and Iranian intelligence services was
extremely valuable in terms of the raw intelligence that it produced for U.S. intelligence
analysts. DCI Helms recognized the value of these facilities, calling them “unique,” and

\textsuperscript{52} Sullivan, \textit{Mission to Iran}, pp. 96-97.
\textsuperscript{53} Marvin Zonis, \textit{Majestic Failure: The Fall of the Shah} (Chicago: The University of Chicago Press, 1991),
p. 267 and U.S. Department of State, “Iran: Internal Dissidence – A Note of Warning,” June 12, 1972,
\textsuperscript{54} Richard Helms, “Meeting with the Shah of Iran,” October 22, 1969, \textit{Foreign Relations of the United
even went so far as to label the intelligence relationship with the Shah “vital” to U.S. national security.\textsuperscript{55}

This internal evaluation is perhaps the best indicator that this instance of liaison was indeed asymmetric, at least after these facilities were installed in the late 1960s. According to Sims’s theory the value of a particular liaison is judged not only by direct gains, but also by the opportunity cost of the relationship.\textsuperscript{56} By this metric the value of U.S. liaison with Iran was artificially raised by the uniqueness of the collection that would be lost if Iranian cooperation ceased. Moreover, the target of the intelligence relationship, the Soviet Union, was the highest priority topic for the U.S. intelligence community, which further raised the value of liaison.

The calculation is much different when viewed from the other perspective. While the CIA was certainly instrumental in first establishing SAVAK, the evidence discussed above indicates that by the 1970s the CIA’s ability to provide the Shah with information that he needed had seriously diminished. This is to say that U.S. – Iranian liaison was not targeted against the Shah’s high priority issues. What is more, the information that was passed from Washington to Tehran was not of the same caliber as that which was shared in the other direction. There is in fact no evidence that the Shah valued such intelligence in the same way that Washington valued Tehran’s collection.

\textsuperscript{56} Sims, “Foreign Intelligence Liaison,” p. 198.
**U.S. and Iranian Management of the Intelligence Relationship**

Now that it has been established that the U.S. – Iranian intelligence liaison relationship did indeed provide an apparent asymmetric advantage to the United States by the late 1960s, the next matter is to analyze what both partners did in terms of managing the relationship. Sims’s theory of liaison predicts that the Shah would leverage American dependency on intelligence collection in Iran to control the U.S.’s ability to collect on other targets of less mutual interest, such as Iran itself, or to influence the U.S. in ways important to Iranian national security. As a corollary, the theory argues that American collection managers ought to have sought to rebalance the relationship. The question of what measures, if any, the U.S. took to address this asymmetry will be examined, along with the effects of its actions.

Before delving into these issues, however, the question of whether American and Iranian intelligence officials saw their relationship as asymmetric must be answered. Unfortunately, there is little evidence regarding the Iranian perspective on this subject. Iranian actions, which will be explored further below, certainly seem to indicate that they recognized the value of American intelligence dependency; there is simply not enough data to determine to what extent the Shah explicitly recognized this situation.  

It is more important to determine if Washington, as the seemingly superordinate partner, understood this asymmetry. In fact, this turns out to have been the case. While he was DCI, Helms was quite explicit in a conversation with the Shah that he was,  

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57 For example, Iranian efforts to limit U.S. collection on opposition groups provide evidence that the Shah recognized the importance of not allowing the CIA to diversify its sources of intelligence.
“disturbed over the lack of substantive intelligence briefing with which [the CIA] had provided [the Shah].”\(^{58}\) Moreover, there was widespread recognition of the uniqueness of the listening posts in Iran among senior policymakers, combined with a constant fear that the Shah would cease allowing their use.\(^{59}\) This is an important finding, as in order for the normative prescriptions of the theory for rebalancing to come into play, there had to be a conscious understanding on the part of American officials that U.S. – Iranian liaison was in fact asymmetrically balanced in their favor.

**U.S. Attempts at Rebalancing**

While Washington certainly recognized the precariousness of its intelligence position vis-à-vis Iran, U.S. efforts at redressing this imbalance were not successful. This is not to say that the CIA did not attempt to rebalance. Without a doubt, this issue was handled with the seriousness it deserved, as indicated by Helms’s comments quoted above. His conversation with the Shah also serves as evidence of one way in which this asymmetry was addressed by U.S. intelligence officials. That is, there was an attempt to provide further value to the Shah through liaison channels, where possible.

Besides the above mentioned provision of intelligence on regional issues of interest to the Shah, the CIA also passed valuable information on Iranian students and opposition members residing in the U.S. Perhaps the best example is provided by Nasser Afshar, a naturalized U.S. citizen and the editor of the anti-Shah *Iran Free Press*. In

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either 1975 or 1976 SAVAK decided to assassinate Afshar, and requested a complete file from its American associates. The CIA obtained Afshar’s entire FBI file and sent it to SAVAK, not knowing the Iranians’ intentions. More routinely, the CIA shared information on Iranian students studying in the U.S., especially those who decided to stay in the country after graduation. It should also be noted that the CIA continued its practice of training SAVAK in techniques of HUMINT collection well into the 1970s. This practice in particular, however was less a method of rebalancing then a continuation of past practices. Although such HUMINT was surely valuable to SAVAK, it was not comparable to the information that was passed in the other direction.

More valuable to the Iranians was the technical intelligence (TECHINT) that was shared through liaison channels. For instance, in 1974 the U.S. and Iran signed a memorandum of understanding for the sharing of remote-sensing satellite data that was obtained from the Earth Resource Technology Satellite (ERTS). While this information might not traditionally be considered intelligence (by condition the information had to be made publically available), it was certainly considered as such by the Shah, and is therefore part of any calculation of symmetry. Indeed, Iran was unable to obtain this

60 Rubin, Paved with Good Intentions, p. 181.
61 While outside the scope of this paper, this incident raises other issues with the provision of intelligence to foreign governments, especially information on U.S. persons. Ibid.
62 Ibid.
63 Ibid.
65 It is worth noting that the U.S. Ambassador to Iran at the time, and therefore a signatory of the agreement, was Richard Helms, the former DCI. Helms undoubtedly realized the intelligence value of such imagery to the Shah. Ibid.
type of information elsewhere. This was of course in addition to the production from the listening posts that Iran was already receiving.

Project Ibex was an even more ambitious attempt at rebalancing. Ibex was a $500 billion system of advanced SIGINT and imagery sensors that was to be targeted against Iran’s neighbors, likely including Iraq and Afghanistan, which was designed and built by the American Rockwell International Corporation with the guidance of U.S. intelligence agencies.\(^66\) It was based on some of the same technology as the two listening posts that were already functioning on Iran’s border with the Soviet Union.\(^67\) As with the imagery that would come from the ERTS, this project was especially valuable to the Shah because of its exclusivity. That is to say that while Iran had other potential suppliers of military hardware, such advanced technology could only be provided by the U.S. This is the same logic underlying the asymmetry in liaison between the U.S. and Iran in the first place.

Ibex should therefore have gone a long way towards diminishing the apparent asymmetry in liaison between the two partners. It failed to do so for two reasons. First, the project was plagued by incompetence and corruption. Much of the equipment that was eventually used in Ibex was based on concepts that had been found to be, “impractical and overly sophisticated,” by the National Security Agency (NSA).\(^68\) In addition, the Shah became aware of several instances of bribery paid to agents within Iran, contrary to his explicit requests.\(^69\) A second and more fundamental reason that Ibex failed to rebalance the


\(^{67}\) Ibid.

\(^{68}\) Ibid.

\(^{69}\) Ibid.
relationship was that the project would have eventually reverted to Iranian control once
the project was complete.\textsuperscript{70} Thus, while Ibex might have achieved some measure of
parity in the short term, in the long term SAVAK would have been no more dependent on
U.S. intelligence then it already was – indeed, presumably less so.

Another method of rebalancing consists of diversifying collection in order to
alleviate dependence on one’s partner. There were many calls from both administration
officials and analysts throughout the 1970s for such measures. For example, in 1976 the
CIA Human Resources Committee called for greater emphasis on collection from a
“diversity of sources,” rather than simply relying “entirely on discussions with the most
senior diplomatic and intelligence liaison channels.”\textsuperscript{71} There were even calls for greater
open source collection, particularly with regards to Soviet intentions in the Persian
Gulf.\textsuperscript{72} Even specific requests from analysts, such as for the acquisition of cassette tapes
produced by Ayatollah Khomeini, went unfulfilled.\textsuperscript{73} Ultimately, the evidence suggests
that even though there was recognition within the U.S. of the need for diversification of
collection resources, no concerted action was taken to address the problem.

It should also be noted that there is a fundamental issue with the proposition that
diversification could lead to rebalancing in the U.S. – Iranian case. If the collection from
the listening posts was indeed unique, then there was by definition no way for the U.S. to

\textsuperscript{70} Ibid.
\textsuperscript{71} National Intelligence Officer David H. Blee to Ambassador Edward S. Little, November 4, 1976,
Director of Central Intelligence, Part I, Reporting Assessment – FOCUS Iran, Digital National Security
Archive, IR01120.
\textsuperscript{72} Paul B. Henze to Zbigniew Brzezinski, November 9, 1978, National Security Council, Soviets & Iran –
Open Collection, \textit{Declassified Documents Reference System} (Farmington Hills, Mich.: Gale, 2010),
CK3100487177.
\textsuperscript{73} Jervis, “The Failure to See that the Shah Might Fall, p. 17.
diversify collection against the Soviet missile program. With this in mind, perhaps this instance of asymmetric liaison was less a problem of collection management than a fundamental dilemma for the intelligence community during this period. This question will be addressed further in the theoretical implications section later on.

A final method for rebalancing is provided by the provision of resources that fall outside the scope of intelligence through liaison channels, otherwise known as complex liaison. This is one potential solution to the issue posed above. In the case at hand, there were numerous such assets provided, including the provision of training, technical equipment, and a large amount of actual military hardware. While this might appear at first glance to be an instance of rebalancing through complex liaison (indeed there is evidence that the Carter administration viewed it as such\textsuperscript{74}), upon closer inspection it turns out to be an example of the Shah using his leverage to manipulate U.S. decision-making. This is a different issue entirely, and will be dealt with in its own section.

Moreover, in order for such measures to materially impact calculations of liaison symmetry, they must institute new dependencies on the seemingly subordinate partner. To a limited degree this was the case in the short term. This is because Iran was reliant on the U.S. for replacement parts and technical support on the advanced American military equipment that it bought, at least while it was building up its arsenal.\textsuperscript{75} Still, there were other possible suppliers of military equipment to Iran during this period, most notably the

\textsuperscript{74} Alfred L. Atherton, Jr. and Leslie H. Gelb to Zbigniew Brzezinski, November 2, 1977, Department of State, US/Iranian Military Relationship, Digital National Security Archive, IR01241.

\textsuperscript{75} Subcommittee on Foreign Assistance, Committee on Foreign Relations, U.S. Senate, United States Military Sales to Iran, July 1976 from Yonah Alexander and Allan Nanes, eds. The United States and Iran: A Documentary History, (Frederick, Maryland: University Publications of America, 1980), pp. 406-419.
Soviet Union. With this in mind, the U.S. could not credibly threaten to cut off its supply of goods to Iran, without itself facing negative consequences. This is intertwined with the larger issue of U.S. policy towards the Persian Gulf at the time.

The only conclusion that can be drawn from the available evidence is that despite several initiatives in the mid-1970s, the U.S. never successfully rebalanced its liaison with Iran in any meaningful way. U.S. – Iranian liaison therefore remained asymmetric from the late 1960s until the revolution of 1979. Sims’s theory, as applied to this case, predicts that the Shah would have used his leverage to exert control over U.S. collection efforts or to influence its decision-making. The question then, is to what extent did this occur in this case?

*The Shah’s Leverage over U.S. Collection*

The Shah recognized that an asymmetric intelligence relationship with the U.S. gave him influence over U.S. decision-making. In fact, according to Helms, the Shah always acted as his own DCI. In doing so, he was able to gain a broader understanding of the linkages between intelligence and policy, particularly in the case of liaison. More importantly, he also understood the need to preserve American dependency in order to achieve his broader objectives. This was done through a couple of different avenues.

First, the Shah ensured that Americans in Iran did not have contact with Iranians outside of official channels. This obviously included clandestine, as well as overt contacts. This edict was enforced by a very active counterintelligence campaign carried

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out by SAVAK. The story of William G. Miller provides an excellent example, not only of the ability for SAVAK to carry out the Shah’s orders, but also of the degree to which the Shah was willing to use his influence to limit U.S. collection.

Miller was a Foreign Service officer assigned to Tehran in the 1960s who became friends with several younger Iranians that happened to be members of the National Front, an opposition group. SAVAK monitored Miller’s meetings with his friends, and then reported them to the Shah. The Shah in turn informed the American ambassador, who subsequently informed Miller that his career in the State Department was essentially over. He returned home and took a senior position with the Peace Corps. Soon after, Miller was sent to Iran by his new employer in order to survey the organization’s operations there. While in the country, Miller met with his friends in the National Front for dinner. SAVAK again informed the Shah, who threatened the ambassador that he would throw the Peace Corps out of the country if such activities continued. Miller was of course again fired. What's more, this was not an isolated incident. Internal State Department documents during this period warned that contact between Americans and dissidents was likely to, “bring adverse reaction from SAVAK.” Moreover, the CIA was just as limited in its conduct of HUMINT within Iran, with the sole exception of operations targeting the Iranian communist party and the Soviet Union, which it viewed

77 Zonis, Majestic Failure, pp. 266-267.
78 Ibid.
79 Ibid.
as a high priority issues.\textsuperscript{81} Such restrictions ensured that U.S. intelligence and diplomatic communities could not establish channels of information outside those the Shah himself controlled.

The second way in which the Shah maintained control over U.S. – Iranian liaison was to ensure that Iranian collection was diversified on its high priority requirements. The best example of this strategy is SAVAK’s active targeting of Iranian students in the United States. What is surprising about such operations is that the U.S. could quite easily have provided SAVAK with the information it desired on these college students. Indeed, the Afshar case provides evidence that it often did.\textsuperscript{82} Instead, SAVAK went through the effort to recruit agents within Iranian opposition groups in American universities.\textsuperscript{83} Going further, SAVAK was even willing to conduct counterintelligence operations against the U.S., as discussed above. Thus, while the U.S. intelligence community was willing to delegate much of its collection to SAVAK, Iran ensured it had access to multiple streams of information.

One of the major arguments against some of the points I have made here is that collection by the CIA within Iran was poor not because the Shah restricted U.S. activities, but rather because the CIA simply did a poor job of collecting information that was valuable to policymakers. Robert Jervis, who was the main author of the CIA’s postmortem on the intelligence failure leading up to the 1979 revolution, makes such a case, stating that neither the CIA nor the State Department felt it failed to acquire the

\textsuperscript{81} Zonis, \textit{Majestic Failure}, p. 267. \\
\textsuperscript{82} Rubin, \textit{Paved with Good Intentions}, p. 181. \\
\textsuperscript{83} Ibid.
information it sought on Iranian internal politics, and further, “that the U.S. government rarely has good information on opposition forces in non-democratic countries, regardless of priority.”

There is likely some merit to this argument, as intelligence collection against such targets is a persistent problem. Moreover, collection against Iranian opposition groups was not a high priority for the CIA and it had further been delegated to SAVAK, as has already been discussed. With this in mind, it is not surprising that some U.S. officials did not feel especially burdened by the Shah’s restrictions. Still, the evidence presented here makes clear that the Shah was active in limiting the ability of the U.S. to collect information on certain issues. It is the intent that matters in testing the theory of liaison, not so much the possibility for success of U.S. collection absent such measures.

Throughout the period in question, the Shah successfully leveraged U.S. collection against the Soviet Union in order to ensure that Washington remained dependant on Tehran for its intelligence take. Given the potential for influence that this gave the Shah, this should not be surprising. Indeed, the Shah preserved this liaison precisely so that he could blackmail U.S. decisionmakers into acquiescing to his wishes.

**Assessment of U.S. and Iranian Manipulation of Decision-making**

The second prediction of Sims’s theory to be tested is that barring any successful rebalancing, Iran would have been able to influence U.S. decision-making on international developments in which both partners pursued conflicting policies. This

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84 Jervis, “The Failure to See that the Shah Might Fall, p. 16. Also, see Jervis’s new book which addresses these issues more fully, using both this case, and the case of the Iraq War. Robert Jervis, *Why Intelligence Fails.*
hypothesis gets at the second causal mechanism at play in intelligence liaison, alliance politics. Up to this point, issues of policymaking have not been seriously considered, as they fall outside of the field of intelligence, strictly defined. However, the theory of liaison that is being tested states that external political considerations often come into play during the course of liaison exchanges. Moreover, the fact that the Shah was both the principal policymaker, as well as his own intelligence chief, blurs many of the distinctions that are often made between intelligence and policy. Thus, the question to be answered is: was Iran able to manipulate U.S. decision-making through liaison channels, and when, if at all, was the U.S. able to do the same?


The early period of U.S. – Iranian intelligence relations offers a stark contrast to that of the later period, especially in terms of foreign policy. It first must be remembered that, while the Shah had already agreed to the construction of U.S. intelligence facilities on his territory by this point, SAVAK was still in the very early stages of its development. It was still finding its role within the Iranian regime, with a large degree of help from the CIA and the Israelis. In other words, if there was ever a period when liaison between Iran and the U.S. was close to symmetric, this was it. This is significant, as the U.S. had some success in this period at influencing the Shah to

85 Helms, A Look over my Shoulder, p. 417.
87 Sullivan, Mission to Iran, p. 96
88 This point is open for debate, as although the SIGINT facilities were not yet operational at this point, there is no doubt that U.S. intelligence officials understood their future importance. Such questions of making calculations on liaison symmetry into the future are difficult. This theoretical point will be addressed in a later section.
implement policies that he was otherwise reluctant to enact. The overarching goal of U.S. policy towards Iran at this time was to keep it out of Soviet hands.89 An aspect of this policy was to shift the Shah’s preoccupation from military security to economic progress using American military aid as leverage, in order to stabilize the country.90 Along those lines, the U.S. advised the Shah reduce his army from 240,000 men to 150,000 in order to realign with “military realities,” rather than focusing on the “political glamour value of advanced weaponry.”91 Despite his reservations, the Shah agreed to these demands.

The even more surprising aspect of this period in U.S. – Iranian relations was that the U.S. managed to influence Iranian social and economic policies. The Kennedy administration encouraged the Shah to both avoid inflation and to expedite his program of social reform, particularly in the area of land reform, known as the “White Revolution.”92 As just noted, this came at the expense of the Shah’s military budget. Even as the White Revolution progressed in 1963, U.S. officials, including the CIA, pressed the Shah to concentrate on sustainable development.93 Ultimately, the White Revolution proved to a limited success at best, and left many sections of Iranian society unsatisfied. The important takeaway for this case study, however, is that at a time when liaison between the United States and Iran was roughly symmetric, the U.S. was able to use its other tools of influence to exert pressure on the Shah.

90 Rubin, Paved with Good Intentions, p. 107.
91 Ibid.
93 Pollack, The Persian Puzzle, p. 89.
Relations with the Soviet Union: Threat or Regional Balancer?

Perhaps the first area in which a shift in the dynamic between the U.S. and Iran was in each state’s policies towards the Soviet Union. The Shah originally viewed Soviet policies aimed at driving a wedge between Iran and its western allies as the key threat to Iranian security. While the Shah did seek an accommodation with the Soviets at this time, such efforts were limited to attempts to bring about, “the cessation of hostile Soviet propaganda, modest expansion of trade, and the settlement of a few minor commercial and border matters.” These aims were very much in line with the U.S. regional strategy of the time. Indeed, U.S. policymakers were pleased at this turn of events.

By 1967 U.S. and Iranian interests began to diverge, however. Whereas the Shah previously saw the Soviet Union as an existential threat to his regime, he began to view it as another possible avenue to achieving his ultimate goal of an Iran that was independent from all outside powers. Under this logic, Iran signed a $540 million five-year trade agreement in the beginning of 1967 and further announced a Soviet – Iranian arms deal, which included the extension of $110 million of Soviet credit. These developments caused a great deal of consternation in the Johnson administration, as they ended the “virtual monopoly which the U.S. held over the supply and training of the Iranian armed

95 Ibid.
98 Ibid.
forces.”99 By 1972 Iran was the fourth largest recipient of Soviet economic aid, and the second largest recipient of Eastern European aid.100 While U.S. policymakers were happy that the threat of direct conflict between Iran and the Soviet Union had subsided, these increased ties ran counter to U.S. desires to maintain Iran as a key ally in the Middle East, especially given Tehran’s willingness to work with Israel, an otherwise pariah state in the region at that time. Even more worrisome for intelligence officials was the concern that Moscow might one day urge the Shah to reconsider the maintenance of U.S. special intelligence facilities on Iranian territory.101 For reasons already enumerated, this was not an idle concern. Such a move would have had devastating consequences for U.S. SIGINT collection.

Despite threats to turn to the Soviet Union, the Shah never did. However, this was a fear of the U.S. throughout the 1960s and 1970s. Virtually every intelligence document of this period that even mentioned Soviet – Iranian relations described the inherent dangers of Iran’s drift towards the East. Moreover, U.S. policy gave a high priority to any threat of increased Soviet influence. U.S. officials therefore emphasized the danger of an expansionist Soviet Union in their discussions with the Shah.102 This was simply one area where the United States was not willing to allow the Shah to dictate policy. Iran continued its tepid relations with Moscow throughout the 1970s. This allowed it to

99 Ibid.
maintain the threat of defecting to the Soviet bloc for use whenever it was convenient in its relations with Washington. The threat was never acted on, however. This is not to say that this policy success did not cost the U.S. in other areas of lesser priority, such as its arms trade with Iran and Persian Gulf regional politics.

**Regional Politics and Manipulation**

One key area in which the Shah was able to use U.S. dependence on its intelligence liaison with Iran was his pursuit of greater regional influence, if not hegemony. The main objective of Iranian foreign policy in the 1970s was to, “ensure for Iran a position of power and leadership in the Persian Gulf after the British withdrawal.”\(^{103}\) While the U.S. strategy in the region rested on a capable and friendly ally in Iran, it was concerned that the Shah would go too far, leading to a war for which the U.S. had no desire. This led to a number of conflicts of interest in U.S. – Iranian relations, many of which illuminate the degree to which intelligence liaison played a role in those disagreements.

The most striking example of diverging interests came in the form of both Iranian and U.S. relations with Iraq. Fear of Iraqi aggression was one of the key factors driving the Shah’s arms buildup in the late 1960s and early 1970s.\(^{104}\) Moreover, despite improved relations with the Soviet Union, Tehran remained concerned about Moscow’s support for radical Arab regimes, such as the Baathists in Iraq.\(^{105}\) In the 1960s such objectives were compatible with U.S. regional strategy. By the 1970s, however, Iran had greatly

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\(^{104}\) Richard Helms for Henry A. Kissinger, “The Shah of Iran’s Role as a Regional Leader.”

\(^{105}\) Ibid.
surpassed Iraq in terms of military power, and therefore passed the point at which additional arms purchases were justified by the maintenance of the balance of power. In fact, by the mid 1970s there was great concern in Washington about how Iraq would react once it realized just how superior Iran’s military had become compared to its own.\footnote{U.S. Department of State, “Inspection Report: The Conduct of Relations with Iran,” p. 80.}

This came at a time when the U.S. was attempting to improve its own relations with Baghdad, which was something the Shah had no interest in supporting. At the strategic level, there was therefore a clear disconnect between how the threat of Iraqi aggression was viewed in Washington, and how it was viewed in Tehran. Those differing perceptions had a major impact on U.S. foreign policy towards Baghdad.

A concrete example of this disagreement, and of how intelligence channels can be used for manipulation, is the way the U.S. and Iran provided covert assistance to the Kurds in northern Iraq. The Kurds, an oppressed minority engaged in open conflict with the Baathist regime, first went to the U.S. to ask for assistance in their fight with Baghdad in 1971. At that time they were rebuffed on the advice of the CIA and State Department because such assistance was not in line with American interests in the region, as indicated above.\footnote{Pollack, \textit{The Persian Puzzle}, p. 105.} However, when the Shah personally approached the Nixon administration on behalf of the Kurds, the decision was made to covertly provide them with millions of dollars worth of aid and equipment from 1972 to 1975.\footnote{Ibid.} However, this support ended abruptly in March 1975 after the Shah negotiated personally with Saddam Hussein at the Organization of Petroleum Exporting Countries (OPEC) meeting in Algiers. At the
meeting, the Shah agreed to halt Iranian shelling of Iraq and assistance to the Kurds in exchange for Iraqi concessions on the demarcation of the Iran-Iraq border. Most importantly, this agreement was made without the consultation or approval of the U.S., with Ambassador Helms only being informed that negotiations had even taken place after the deal was done.\textsuperscript{109} Covert assistance to the Kurds consequently ended the same way it had begun, at the whim of the Shah.

It was during this same time period (the early to mid 1970s) that the Shah began to use his accumulated power to serve his own interests in the Persian Gulf. Notably, many of these interests infringed upon American goals in the region. The most direct example of this was Iran’s vocal opposition to the American military presence in the Gulf, symbolized by the U.S. Navy base in Bahrain.\textsuperscript{110} In another instance, Iran used force to seize the islands of Abu Musa and the Tunbs, which were claimed by the new government of the UAE.\textsuperscript{111} This was despite continued urging by the Nixon administration that the Shah resolve the issue diplomatically with the UAE and the departing British.\textsuperscript{112} Finally, the Shah knowingly breached agreements with the U.S. by transferring some of the American weapons he had purchased to Pakistan during its war with India in 1971 and to Turkey during its war with Greece over Cyprus in 1974.\textsuperscript{113}

Thus, when the U.S. and Iran had conflicting goals the Shah acted according to Iranian interests. This is not to say that the Shah never supported U.S. regional interests

\begin{flushright}
\cite{Helms2014}
\cite{Pollack2015}
\cite{Ibid}
\cite{HenryA2014}
\cite{Pollack2015}
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in the 1970s. There are in fact many occasions when this was the case.\textsuperscript{114} The key difference is that in those cases Washington and Tehran had shared objectives. Moreover, this is the same period of time when the Shah really began to crack down on the CIA’s collection efforts in Iran.\textsuperscript{115} Thus, as the U.S. became more dependent on its liaison relationship with Iran, the Shah’s influence over U.S. policy grew.

\textit{U.S. Arms Sales to Iran}

The issue in which Iranian manipulation of U.S. decision-making was most apparent, however, was in the sale of technical and military equipment. This might seem to be a surprising finding; arms sales and assistance are generally perceived to be a tool of influence for the supplier, rather than the buyer. The difference in this case was the intelligence facilities on Iranian soil that were so vital to U.S. collection against the Soviet Union. It will therefore be shown that the interaction between arms sales and liaison is the best evidence for the theory of liaison being tested here.

The impact of U.S. – Iranian arms sales is a significant test of this theory, because it is the only program of assistance to Iran that operated continuously throughout the period in question.\textsuperscript{116} The program in fact began prior to this period, in the late 1940s. At that point, however, arms transfers to Iran were not given a high priority by the Department of Defense (DoD). In fact, Iran was put in the same category as the Philippines under the Mutual Defense Assistance Program of 1949, which was below

\textsuperscript{114} Iranian provision of troops to Oman in 1973 and military assistance to Somalia during the Ogaden War of 1976 – 1978 are just two prominent examples. Ibid.

\textsuperscript{115} Pollack, \textit{The Persian Puzzle}, p. 106.

both Greece and Turkey.\textsuperscript{117} From then until the late 1960s the U.S. provided Iran with about $1.5 billion in grant and loan military assistance.\textsuperscript{118} These weapons were instrumental to the development of Iran’s military capability, as well as to Iran’s increasing prominence as a regional power. Not coincidentally, this is the same period in which the U.S. remained capable of influencing the Shah’s domestic policies.

Such assistance was in fact so successful that by 1966 the Shah determined that he was no longer dependent on the U.S. for either equipment or guidance. It was then that the Shah concluded a deal with Moscow for the purchase of $110 million in arms. This decision was made in retaliation after the U.S. refused to extend credit for the purchase of U.S. aircraft.\textsuperscript{119} In fact, the Shah saw U.S. willingness to sell him the arms that he requested as evidence of U.S. support for his policies and for him personally.\textsuperscript{120} In his eyes, failure to do so was therefore evidence of a lack of support. The White House quickly got the message, and agreed to the sale of 32 F-4Ds in 1967 without the close scrutiny that was previously applied to Iranian requests for arms purchases.\textsuperscript{121} In this way, 1967 was a turning point for the military assistance relationship between the U.S. and Iran.

In 1972 this new relationship was made official with the declaration by President Nixon that Iran alone would be responsible for determining what military equipment it

\textsuperscript{118} Atherton and Gelb to Brzezinski, “US/Iranian Military Relationship.”
\textsuperscript{120} Central Intelligence Agency, “Special National Intelligence Estimate 34-70.
\textsuperscript{121} Atherton and Gelb to Brzezinski, “US/Iranian Military Relationship.”
would purchase from the U.S.\textsuperscript{122} This decision was made with input from the CIA, the DoD and State, as well as the National Security Council. In general, there was a great deal of concern on the part of CIA analysts that the introduction of advanced American equipment, specifically aircraft, would cause an imbalance in the military balance of the region, while DoD was concerned that the Iranian military would simply be unable to effectively absorb the purchases it was making.\textsuperscript{123} The most compelling argument was made by DCI Helms, however, who contended that the maintenance of the listening posts in Iran, and the liaison with the Shah more generally, was of such vital importance that it superseded other concerns.\textsuperscript{124}

This policy remained in place through the Carter administration, which came into office with the explicit goal of decreasing arms transfers wherever possible. In its review of such policies, the Carter administration explicitly cited concerns about the intelligence facilities in Iran, and the implicit threat to those facilities if the Shah was not given what he wanted, as one of the major reasons for its decision.\textsuperscript{125} All of the evidence therefore suggests that fear of losing the collection provided by U.S. – Iranian liaison was the key motivating factor in U.S. policy towards its arms sales to Iran. Furthermore, the Shah was given carte blanche to purchase the most sophisticated equipment the U.S. possessed.

\textsuperscript{122} U.S. Senate, Subcommittee on Foreign Assistance, \textit{U.S. Military Sales to Iran}, Yonah Alexander and Allan Nanes, eds. \textit{The United States and Iran: A Documentary History}, (Frederick, Maryland: University Publications of America, 1980), pp. 405-419.
\textsuperscript{123} Ibid.
\textsuperscript{125} Miklos to U.S. Department of State, “Annual Policy and Resource Assessment for Iran - Part One.”
despite the fact that other factors, such as regional balance of power and various administrations’ own policy preferences, argued against such a decision.

**Findings and Theoretical Implications**

Before delving into my findings, an important potential criticism of the above analysis must be addressed. This is the argument that the various policy decisions and outcomes discussed above were due more to other intervening factors, such as balance of power considerations or domestic political incentives, than the asymmetric liaison relationship described here. Indeed, it is true that by the end of the 1970s the U.S. was more dependent on Iran as a regional hegemon, and therefore as a stabilizing presence, than Iran was on the U.S. for its military support.\(^{126}\) Still, the evidence clearly suggests that preserving U.S. collection against the Soviet missile program was a key motivation for many intelligence and policymaking officials throughout all of the different administrations that played a part in the U.S. – Iranian relationship from 1957 to 1979. In fact, the “intelligence facilities” in Iran were consistently cited in one form or another in every document that discussed the U.S. relationship with Iran. For instance, Carter’s review of U.S. policy towards Iran in 1977 talks about these facilities no less than three times, all in the context of why the status quo had to be maintained despite other concerns.\(^{127}\) Moreover, U.S. policy towards Iran remained consistent from at least 1967 until the fall of the Shah in 1979, particularly in terms of American willingness to allow

\(^{127}\) Miklos to U.S. Department of State, “Annual Policy and Resource Assessment for Iran - Part One.”
the Shah to determine his own military acquisitions. The only other constant factor throughout the same period was the U.S. – Iranian intelligence relationship.

Overall, the evidence paints a picture of U.S. – Iranian liaison that very closely adheres to the theoretical predictions of Sims’s theory on asymmetric intelligence relationships. This is apparent first of all in the way the Shah attempted to restrict U.S. collection within Iran, as well as his emphasis on ensuring Iran’s own collection was diversified, in order to maintain U.S. dependence on Iran for its collection against the Soviet Union and to preserve Tehran’s own freedom of action.128 Moreover, the Shah did attempt to use this dependency as a tool of manipulation towards achieving his goals vis-à-vis the U.S. as predicted by the theory, often successfully. In fact, in their acquiescence to Iranian demands, U.S. officials consistently cited concerns over intelligence relations as a key motivating factor in their decisions.129

Notably, the U.S. recognized this situation for what it was, and attempted to rebalance the relationship in the early to mid 1970s through a number of different mechanisms, all of which failed. Thus, the U.S. did follow the normative imperative of Sims’s theory, but without success. The theoretical implications of this are two-fold. First, it emphasizes the degree to which assets such as the U.S. listening posts on Iranian soil create problems for calculations of symmetry. U.S. intelligence officials considered the feed from these sites to be uniquely valuable, and did not believe there was any

128 Zonis, Majestic Failure, pp. 266-267.
129 For example, Miklos to U.S. Department of State, “Annual Policy and Resource Assessment for Iran - Part One.”
alternative way of collecting the same information. With this in mind, U.S. – Iranian liaison was effectively given an infinite value in the minds of U.S. officials, at least in the time period being studied. The consequences of this were certainly played out in the 1970s. Still, agreement was reached about the construction of these facilities in 1957, meaning this infinite value should have factored into calculations of symmetry going back at least that far. This was empirically not the case, as U.S. – Iranian liaison functioned much like a symmetric relationship from 1957 until the mid 1960s. Moreover, it was known as early as 1969 that overhead systems would eventually make the Iranian facilities redundant. One might therefore have expected U.S. – Iranian liaison in the 1970s to have looked less asymmetric than it did. Ultimately, it seems that calculations of symmetry are most applicable in the near term. Past that point, other factors are likely to intervene.

Second, these rebalancing failures call into question the proposition that liaison relationships can ever be rebalanced through complex channels. Sims notes in her theory that such attempts are rarely successful, but this case study seems to indicate that even this is an understatement. The Shah, after all, acted as both autocrat and intelligence chief. This would therefore seem to be the perfect case for the use of complex liaison as a tool of rebalancing, since the normal issues of bureaucratic politics that restrict linkages between intelligence and policy do not come into play, at least on the Iranian

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130 Helms to Kissinger, September 8, 1970, Iran.
131 Helms, A Look over my Shoulder, p. 417.
132 Helms to Kissinger, September 8, 1970, Iran.
133 Sims, “Foreign Intelligence Liaison,” p. 199.
134 Helms, A Look over my Shoulder, p. 417.
side. Yet even here, such measures were ineffective. Moreover, this type of exchange creates the danger that the dependent partner will misjudge the significance of such deals. For example, during the Carter Administration, military sales and assistance to Iran were viewed as a successful means of rebalancing, when in reality they were the effect of the Shah’s successful manipulation through intelligence channels. Ultimately, the evidence indicates that rebalancing must be done through intelligence channels if it is to be effective.

Another important finding is that in terms of liaison, all strategic issues are not equal. In its policy towards the Soviet Union, the U.S. was unwilling to be coerced by the Shah. This is to say that while Washington was willing to make concession to Tehran in other areas, most notably arms sales, the conflict with Moscow was viewed in zero-sum terms. It is in many ways difficult to disentangle the various motives behind U.S. policy decisions in this area, as there are many. In addition, the Shah’s threats of closer relations with Moscow were just that. His preference was for an American ally that was willing to fully meet his demands. Still, the U.S. seems to have been willing to go against the Shah’s wishes when it came to its competition with Moscow, such as by running Soviet agents in Tehran without informing SAVAK. It thus appears that even had the Shah been more forceful in seeking better relations with the Soviets, he would have had to contend with greater pressure from Washington. It therefore seems that for issues of the highest priority, liaison dependencies occasionally take a back seat to strategic national

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135 Atherton and Gelb to Brzezinski, “US/Iranian Military Relationship.”
interests. This should not be surprising as intelligence serves the function of providing decision advantage, in order to achieve competitive advantage. If competitive advantage is damaged through another channel, then decision advantage does not even come into play.

A final added nuance to the theory of liaison being tested, related to the above finding, is that symmetry must also be measured in terms of what the liaison is targeted against. This is to say that while both the U.S. and Iran were attempting to use liaison to increase their respective competitive advantage, they were engaged in different competitions. The U.S. used the arrangement principally as means of collecting against the Soviet Union, while the Shah was mostly concerned with regional issues.137 This latter topic was not something the U.S. intelligence community had the ability to collect against, as already demonstrated. This meant that ultimately this instance of liaison was inherently more valuable to the U.S., even absent the much discussed SIGINT facilities, as it dealt with issues of the highest importance to U.S. policymakers. This demonstrates the extent to which the target of liaison is important in determining symmetry, not just each partner’s ability to collect against that target. Moreover, since one partner is inherently less interested in the production from the relationship, that partner is more likely to use liaison as a tool of blackmail, as was observed in the Iranian case. Decision advantage is after all measured vis-à-vis a particular target; if one liaison partner is not

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137 As already discussed, this changed over time, but by the 1970s, the Soviets were no longer a main concern for the Shah, and were in fact seen as a way to gain leverage over U.S. decision-making. Central Intelligence Agency, “The Shah of Iran and His Policies.”
interested competing with the target of mutual collection, than it has the incentive to use the relationship to achieve decision advantage against its partner.

**Policy Recommendations**

Now that the evidence has been analyzed, and the theoretical implications have been examined, it is possible to derive actual policy recommendations from this case. The first and most obvious recommendation is that liaison, in whatever form, requires careful management of the intelligence relationship, not just of the political one. In other words, it is insufficient for one liaison partner to cede control of the relationship to the other. Liaison is at its heart a collection activity, after all, and if collection is to have any value for policymakers, it must be managed. This is precisely what the U.S. failed to do when it allowed the Shah to dictate how the CIA could and could not collect intelligence on Iranian soil. This type of management requires constant evaluation of one’s own, as well as one’s partner’s, interests and objectives. While at times there was an attempt by the CIA to evaluate and refocus collection against Iran, the implementation was clearly lacking.¹³⁸ In fact, the CIA’s failure to maintain positive control of the U.S. – Iranian relationship was what allowed this case to transform from symmetric to asymmetric liaison in the first place. Such neglect can have very damaging results, as shown by the evidence presented above.

On a related note, in order to evaluate one’s partner’s true objectives, increased intelligence collection targeted against that state is required. Similarly, increased counterintelligence is required to fully understand the capabilities and objectives of the

¹³⁸ For example, see Blee to Little, November 4, 1976, “Part I, Reporting Assessment – FOCUS Iran.”
partnering intelligence service. This is an area in which Iran clearly understood what it was doing. SAVAK’s collection against the U.S., both at home and abroad, alerted the Shah to American activities that ran counter to his own interests. He was then able to limit the CIA’s freedom of action, and thereby maintain its dependency on SAVAK. The CIA, by contrast, was forbidden to conduct such operations by White House officials, as this might have angered the Shah and hurt the political relationship the two countries shared. The U.S. was in this manner handicapped in the management of its liaison relationship by considerations outside the realm of intelligence.

The third recommendation is that a great deal of effort is required to rebalance asymmetric liaison relationships. This is both a suggestion and a warning. As shown with this case study, such relationships have the potential to severely damage the competitive advantage of the apparently superordinate partner. In this way, an intelligence asset can shift from a provider of decision advantage to a liability for policymakers if the relationship is not managed properly. In such situations, the provision of intelligence on issues that one’s partner considers high priority can alleviate some of these dangers. The increased counterintelligence activity recommended above is also useful in determining what pieces of intelligence that state will value the most. The information that CIA provided to SAVAK about student dissidents in the U.S. could possibly have been used in this manner, had the CIA been more proactive in pursuing such matters.

Fourth, a liaison relationship judged to be uniquely valuable presents special problems for the state that appears to be benefiting the most. This is because efforts at rebalancing, such as those just recommended, will be insufficient when weighed against
an asset such as the SIGINT facilities in Iran. Such situations require increased emphasis on diversification of collection against the same target. In this way, the calculation of symmetry is rebalanced by devaluing the liaison itself, rather than adding something new to the equation. For instance, the U.S. intelligence community in the 1970s could have pressed for expedited acquisition of advanced overhead systems in order to mitigate the damage that would have occurred if the facilities in question were shut down. The U.S. still would have been dependent on Iran in the short-term, but at least it would have been known that in the long-term it would have been able to bear that cost. Perhaps then White House officials might have been willing to press the Shah harder on other areas of policy, such as on the issue of extravagant arms purchases.

Finally, it is important to recognize what the target of a particular instance of liaison is, as well as how important collection against that target is to both partners. If one partner has no desire to achieve decision advantage relative to the target of mutual collection, than it is more likely to use the relationship against its partner. The Shah, for instance, had lost interest in competing with the Soviet Union by the early 1970s. Liaison with the U.S. thus became more valuable for its potential use as a tool of manipulation than for actual intelligence collection. The best remedy for this problem is to conduct liaison with states that have coincident intelligence interests. Barring this, the already recommended increased collection and counterintelligence against one’s liaison partner becomes even more imperative.

Conclusion

Ultimately, the U.S. – Iranian intelligence relationship from 1957 to 1979 presents an excellent case study of asymmetric liaison. The relationship was allowed to devolve from a relatively equal partnership to a situation where the U.S. was largely dependent on the Shah for its collection against the Soviet Union. The Shah then acted as predicted by Sims’s theory, restricting U.S. collection against targets of less mutual interest and using intelligence channels to manipulate U.S. decision-making. Notably, the U.S. attempted to act in accordance with the theory’s normative prescriptions, but was stymied due to the unique value of the feed produced by its facilities in Iran.

This case should therefore serve as a warning to future intelligence officials and policymakers about the dangers of relying on a single source of information no matter how valuable, especially one that is subject to the whims of a foreign power. Such situations require redoubled efforts at diversifying collection. Failure to do so is likely to lead to increasing costs for our reliance on liaison for intelligence. The case of Curveball demonstrates that the U.S. intelligence community has not yet learned this lesson, as it continues to rely on allied intelligence services for some of its most critical information. Such policies need to be carefully thought out, lest the U.S. intelligence community become entirely dependent on its allies for its collection.
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