

## CHAPTER 4

### **The Decisions about Admitting the Shah**

The decisions surrounding the admittance of the Iranian Shah, Mohammad Reza Pahlavi, into the United States are illustrative of both the benefits and limitations of the application of prospect theory to cases in the international environment. The Carter administration showed itself to be fickle in its official approach to the Shah's request for asylum. The administration's vacillation concerning admitting the Shah, in combination with the extended time period involved, provides a series of decisions that are as close to a controlled experiment as the real world offers. The same decision makers faced the same problem, but as the domain shifted from one of gains into one of losses, they reached different conclusions over time. As a result, changes in policy can be compared to shifts in the conception of domain.

The operative domain for President Carter changed significantly between the time of the Shah's departure from Iran on January 16, 1979, to the time of the Shah's death in Egypt in July 1980. Initially, Carter was in a domain of gains. By October, however, conditions had deteriorated significantly, both domestically and internationally, and Carter entered a domain of loss.

As he entered the domain of loss, Carter increasingly took risks, finally allowing the Shah into New York for medical treatment on October 23, 1979, in response to mounting criticism of his administration's policy from the domestic right wing. Admitting the Shah was the ostensible justification offered by the Iranian students for their seizure of the American hostages in Tehran on November 4. In the wake of the student seizure of the American Embassy, Carter and his administration were plummeted even further into the domain of losses. In response, Carter was prompted to take even further risks, forcing the still-sick Shah back out of the country in hopes of facilitating the release of the hostages. Over the following months, Carter continued to refuse re-admittance to the Shah, even for essential surgery to remove his spleen.

This case demonstrates that as Carter's assessment of the environment he faced shifted from one of relative gains to one of losses, it resulted in a change of his position regarding the Shah over time. In January,

Carter made a cautious choice by refusing the Shah's request to seek asylum in the United States. By October, the Shah's condition had deteriorated significantly. Carter received new information concerning the Shah's medical condition that helped him change his mind and decide to admit the Shah, still knowing full well that this decision could lead to retaliation against Americans in Iran.<sup>1</sup> After the American hostages were taken captive in Iran, Carter once again reversed his decision and all but forced the Shah to leave the country. The Shah was thereafter refused re-admittance.

The decisions surrounding the Shah's entrance into the United States provide an opportunity to examine the dynamics of prospect theory over time; as domain shifted, so did risk propensity. The first decision surrounds the refusal to admit the Shah during the early days of his exile; the second decision involves the shift that allowed the Shah to enter the United States for medical care in October of 1979; and the remainder of the decisions refer to the administration's effort to force the Shah back out of the country after his hospitalization in New York and refusing his readmittance after December.

Why did key decision makers make the choices they did concerning the Shah? More importantly, what factors were responsible for the tremendous shifts in U.S. policy toward the same problem over time? Prospect theory can help clarify some of those factors by focusing attention on the situation that confronted Carter and his chief advisors at the time that these decisions were made.

## **Background**

This case begins with the decision not to let the Shah into the country after he left Iran in January of 1979. The events leading up to the departure of the Shah from Iran are beyond the scope of this investigation.<sup>2</sup> Suffice it to say that as the internal political situation in Iran continued to deteriorate rapidly, the Shah proved incapable of reversing the tide of events; in desperation, he decided to leave the country on January 16, 1979.

The official U.S. position concerning the Shah's asylum in the United States was ambivalent from the outset and remained so throughout the crisis. The most succinct characterization of official policy is contained in the Congressional Research Service's report on the situation prepared for then-White House counsel Lloyd Cutler. This report notes the many potential complications that were considered in arriving at a decision on whether or not to admit the Shah into the United States. It is thus worth quoting at length:

The issue of where the Shah would go into exile was one of concern for the United States as soon as he left Iran on Jan. 16, 1979, and was

undoubtedly intensified after the fall of the Bakhtiar government and the decision to effect a reconciliation with the Bazargan government. There was evident conflict between U.S. obligations to the Shah in light of longstanding support for his regime and the efforts at reconciliation . . .

. . . On May 22, 1979, Henry Kissinger said that the U.S. owed a “debt of honor” to the Shah and should grant him political asylum . . . the Administration’s public position . . . was that the Shah was welcome “in principle” but that there were also questions of timing, security, and U.S. national interests . . .

The decision to admit the Shah raised serious policy questions. At least four factors in this decision can be identified: (1) the U.S. tradition of serving as a political haven; (2) the question of loyalty to a former ally and friend; (3) the new factor of the Shah’s apparently deteriorating health; and (4) the possible reactions in Iran and its effect on the reconciliation policy.<sup>3</sup>

At the time that the Shah originally left Iran, he ostensibly had an open invitation to come to the United States. Indeed, plans had already been set for the Shah to occupy the Walter Annenberg estate, Sunnylands, in Rancho Mirage, California.<sup>4</sup> However, the Shah preferred not to come to America at that point; most scholars argue that this was because the Shah hoped to stay close to Iran in the hopes of returning if the revolution there failed and he was reinstated.<sup>5</sup> He spent his first six days in Egypt, followed by three weeks in Morocco, and then he flew on to the Bahamas.

The Shah formally requested admittance to the United States on February 22, through the U.S. ambassador to Morocco, Richard Parker. At this time, leaders in the administration met and decided to encourage him to go elsewhere, although without formally rescinding the U.S. invitation. It was at this point that the administration contacted close personal friends of the Shah, including David Rockefeller and Henry Kissinger, through the Undersecretary of State for Political Affairs, David Newsom, in order to encourage them to convince the Shah not to enter the country. Both men refused to help the administration convince the Shah to go elsewhere. However, Rockefeller continued to help the Shah on a personal basis and eventually succeeded in finding refuge for him in the Bahamas.<sup>6</sup> The Shah left for the Bahamas on March 30.

Without question, there were a number of problems with the timing and communication between the Shah and the administration in the decisions concerning his entrance into the country. Part of the reason for this was that the administration was itself divided. Increasingly, the administration also came under pressure from powerful private citizens, such as Rockefeller and Kissinger, to accept the Shah into the country. Carter

resented the pressure that these individuals placed on his administration, but remained uneasy about their ability to intervene against him in the stalled SALT negotiations in Congress as well as in his bid for reelection.<sup>7</sup>

While the administration may have been torn within itself about what to do about the Shah, with Vance opposing entrance and Brzezinski supporting it, it is clear that the Shah's behavior did not help matters. The position of the administration toward the Shah clearly changed as a result of his decision to go to Egypt before coming to the United States. From every perspective, the Shah's decision not to come to the United States directly made his later admission no longer automatic and thus much more difficult to justify. As Gary Sick, National Security Council Staff Advisor on Iran during the crisis, writes:

Had the Shah come to the United States in January 1979 as expected, his presence would have been regarded as entirely normal. Even Khomeini had expressed no objections . . . the Shah's indecision and procrastination had gradually transformed what would have been a routine event into a political issue . . .

The Shah had given no indication of a desire to move to the United States, and no further arrangements were made.<sup>8</sup>

The U.S. ambassador to Iran, William Sullivan, shared this perspective on the situation as well:

Ayatollah Khomeini and his entourage in Paris began to participate in the Shah's departure. Their tactics, at this time, were to encourage his safe and orderly withdrawal from Iran to a place of refuge abroad. In order to make this more palatable to all concerned, the ayatollah issued a statement from Paris to the effect that the leaders of the revolution would welcome the actions taken by any state to provide the Shah with a safe haven and would not take any measures against the interests of any state that provided it. Consequently, at this particular juncture, there seemed to be no risk to U.S. interests in offering the Shah asylum in the United States. On the contrary, it appeared we might even gain some credit with the ayatollah for making the Shah's orderly departure feasible.<sup>9</sup>

However, as Sullivan goes on to explain, the Shah's delay significantly affected the meaning for Iranians of the Shah's admission to the United States:

So long as the Shah continued to give evidence that he wished to return to the country (Iran), it made our (US) position less tenable. It

would make it particularly difficult for us, in those circumstances, to take the Shah into the United States, because the general presumption in Iran would be that we were hoping to assist him in his ambitions to return to the throne. If he had come to our country at the outset, with the obvious intention of abdicating, that would have been one set of circumstances. But for him to come with the apparent intention of rallying his forces for a return was a quite different situation.<sup>10</sup>

Thus, the Shah's original delay resulted in the explicit decision by the Carter administration not to admit the Shah into the United States when Pahlavi made the formal request from Morocco.

The decision to exclude the Shah was a cautious decision, designed to prevent any hostile action against Americans living abroad, both in Iran as well as in other Islamic countries. In addition, the Carter administration did not want to inflame the whole Islamic region into a fury of anti-American sentiment by admitting the Shah into the United States. This concern proved prescient, indicating that the administration was quite realistic in its assessment of the negative consequences that could follow from admitting the Shah.

The decision to exclude the Shah was also cautious in its attempt not to antagonize the new Iranian government and to do whatever was possible to build a working relationship with them, rather than to participate in its overthrow by attempting to reinstate the Shah, as the U.S. government had done under Eisenhower in 1953.

After refusing entry to the Shah, the United States did try to help him find another place of exile, although this was quite difficult because no other country wanted him. With the help of David Rockefeller, Henry Kissinger, and others, the Shah eventually ended up in Mexico on June 10, 1979. The Shah remained there until the administration changed its position and allowed the Shah's admittance to the United States on October 22, albeit for explicitly medical reasons.

## **Domain**

In the initial decision to refuse admission to the Shah, Carter was operating in a relative domain of gains. This argument may not appear intuitively obvious, because his administration never had the overwhelming popular approval of a president like Reagan; however, within the context of his tenure, late 1978 and early 1979 were the strongest periods of support that Carter experienced as president, aside from the very short initial honeymoon period immediately after his election. Subjective assessment of domain is what is critical in prospect theory. Thus, the argument made here is that Carter felt himself to be in a domain of gains, within his own

experience as president. This is true both internationally and domestically, and it is supported by the archival evidence from his administration.

The late 1970s were a time of relative goodwill for the United States internationally. Although there had been a great deal of domestic opposition to their passage, the Panama Canal treaties were widely respected in the international community, and Carter himself was quite proud of this achievement. Despite heavy political cost to the Carter administration, the Senate ratified the second Canal treaty on April 18, 1978, and the signing ceremonies took place on June 16, 1978. The Camp David process was in full swing and brought forth an Arab–Israeli peace treaty that was signed in March of 1979.<sup>11</sup> The SALT process was ongoing, and although the administration encountered trouble with ratification later, there were high hopes at this point that the treaty would survive. Finally, late 1978 was a time of intense negotiations between the United States and China on normalization of relations. Thus, on the international front, the Carter administration felt that it was making progress in a number of important areas.

Carter himself felt relatively good about the world situation just prior to the Shah's request for entry. The timing of the Shah's initial request came on the heels of the conclusion of the Middle East peace treaty between Israel and Egypt. These two events remained linked, even if only by virtue of chronology, in Carter's memory. Carter comments on this explicitly in his memoirs:

On March 15, the night I returned from the Middle East after concluding the peace treaty negotiations between Egypt and Israel, King Hassan (of Morocco) requested that we accept the Shah. I was not worried about providing him with adequate security, although there were militant anti-Shah groups in the United States. However, primarily because of the intense hatred now built up in Iran among the mobs who controlled the country and the resulting vulnerability of many Americans still there, I decided that it would be better for the Shah to live somewhere else.<sup>12</sup>

Prospect theory would predict cautious behavior in a domain of gains. In practical terms in this case, the prediction would be that Carter would refuse Hassan's request to accept the Shah immediately after the signing of the Camp David accords. Even after sufficient time had passed to allow Carter to analyze events from a distance, he continued to place these two events together in his writing. In other words, it was in the context of an event that Carter considered to be a major foreign policy victory that he decided to exclude the Shah from entry into America. Prospect theory would suggest that Carter would be risk averse in the wake of so great

an accomplishment in the Middle East and thus would be predisposed to take a cautious route with regard to the Shah.

During the time that Carter decided to exclude the Shah from America, he was even relatively confident about the situation in Iran:

In some ways, the situation in Iran had improved during the spring and summer of 1979. On May 5, Iranian Foreign Minister Ibrahim Yazdi had made a major speech, outlining the basis for his country's foreign policy: complete commitment to the Palestinian cause, improvement of relations with the United States, and a noncommittal attitude toward the Soviet Union . . . the government was seeking in many ways to restore normal relations with us.<sup>13</sup>

It is important that Carter thought that his relations with the Iranian government were improving at this time. He did not want to jeopardize this positive movement by taking the risk of admitting the Shah, antagonizing the new Iranian leadership, and possibly endangering Americans living in the Middle East.

The domestic front was relatively stable as well. The election was almost two years off, and Senator Edward Kennedy was not yet a serious Democratic challenger to the nomination. Carter's victories on votes in the Senate ran well over 80 percent in both 1978 and 1979, before plummeting quite significantly in 1980. In 1979, his support among Democratic congressmen was the highest percentage (70 percent) that he enjoyed during any of the four years of his administration.<sup>14</sup>

Thus, relatively speaking, Carter was operating in a perceived domain of gains at the time of his decision to refuse the Shah admittance to the United States in March of 1979. However, by the time Carter allowed the Shah to enter the country in October, the international and domestic situation had changed radically. Carter was under increasing domestic political pressure from conservative leaders to admit the Shah because of his earlier caution. Moreover, he faced mounting opposition within his own party, most notably from Kennedy, for the presidential nomination. By this time, Carter had entered the domain of loss.

### **The Framing of Options**

The original decision in this case was a relatively straightforward one: the Shah could be admitted or he could be excluded. Nonetheless, the decision came to be constantly reevaluated between January of 1979 and July of 1980. As it turned out, a middle ground was found later by offering the Shah entrance for a short duration on the basis of humanitarian concern

for his health needs. However, the Shah's medical condition was not known to the administration in March, and so this last option was not considered at the time of the original decision to exclude him.<sup>15</sup>

Two events occurred between the time the Shah left Iran on January 16 and the time of his request to come to America on February 22 that shifted the U.S. perception of the consequences of admitting him. First of all, Khomeini had returned to Iran from his exile in Paris on February 1 to a groundswell of indigenous support. The second event revolved around some rather delicate negotiations that Ambassador Sullivan was undertaking to protect a group of Americans trapped in a remote area of Iran at the time that the formal request for admittance from the Shah was received by the administration.<sup>16</sup> Thus, the likelihood of negative consequences flowing from admitting the Shah to the United States had been greatly increased by these events.

The situation was becoming more complicated for the Shah as well. The Bahamian government, apparently under pressure from the British, refused to extend the Shah's visa after June 10. At that point, Kissinger interceded and found him a place of exile in Mexico.<sup>17</sup>

The Shah's refuge in Mexico after June 10 did not mean that the issue of his entry into the United States was in abeyance. The Carter administration reexamined its decision concerning the Shah almost continually between January and October. Powerful people lobbied for his admittance to the country throughout this period, including David Rockefeller, John McCloy, and Henry Kissinger.

In spite of these influences, President Carter continued to believe that the Shah should not to be admitted into the United States until after the situation in Iran had become more stable. The administration was concerned that if the Shah were admitted to the United States, his entry might jeopardize the safety of Americans living in Iran and compromise any hopes for normal U.S. relations with the new government in Iran.<sup>18</sup>

As with most issues that proved controversial during their combined tenure, Secretary of State Vance and National Security Advisor Brzezinski disagreed strongly on the most appropriate course of action. In turn, each presented a different case concerning the Shah to the president for his consideration. It should be noted that the U.S. Ambassador to Iran, William Sullivan, and Henry Precht, head of the Iran desk at the State Department, generally supported Secretary Vance's position.

In the State Department, the preference to exclude the Shah from the country rested on the hope of avoiding negative consequences for Americans living abroad. While the probability of negative consequences seemed low at the time, it was nonetheless real and difficult to ascertain. The cost of such negative consequences was judged to be potentially extreme. Time

proved this assessment to be correct. Vance also believed that admitting the Shah into the country would undermine any hopes the United States might have for forming a normal relationship with the new government in Iran. Vance's position may have been reinforced by his previous perspective on the situation in Iran: he had been much concerned over the Shah's oppressive measures and human rights violations. There was also considerable resentment in the State Department over the Shah's lack of willingness to share any power with the Regency Council prior to his departure; many at State felt that the Shah's obstinance was responsible for the collapse of his regime. Senior officials need not have been vindictive to have appreciated the sense of poetic justice in the Shah's potential demise in the wake of his regime's ruthlessness. Many officials who felt that the Shah was responsible for his own demise held that it was not the responsibility of the United States to save him after his self-immolation.

Vance's argument concerning the Shah's admission to the United States was clear:

In March I made one of the most distasteful recommendations I ever had to make to the President. It was that the Shah, who had left Egypt for Morocco, be informed by our ambassador in Morocco that under the prevailing circumstances it would not be appropriate for him to come to the United States. Had he immediately accepted our original invitation after he left Iran on January 16, there might have been no strong adverse reaction in Iran, assuming he kept a low profile and made no statements about returning to Iran. However, our support of Bakhtiar had inflamed Iranian paranoia about American intentions. Further, in an effort to consolidate his power and focus the energies and hatreds of his warring factions on an external enemy, Khomeini began demanding the return of the Shah to face revolutionary justice. Both U.S. interests in establishing a *modus vivendi* with the new Iranian government and the safety of Americans in Iran dictated that the Shah should not be allowed into the United States at this time . . .

[R]eports from our embassy in Tehran supported our judgment that he should not now be permitted to enter this country. . . .

Several thousand Americans still remained in Iran. Both they and the embassy staff would be in danger if the Shah came to the United States.<sup>19</sup>

Vance agreed with Ambassador Sullivan's and advisor Sick's arguments that had the Shah entered the country immediately upon his departure from Iran, it might not have created the disturbance that was feared

later. Whether or not this is post-hoc rationalization for a policy many found morally distasteful is a matter of controversy, but the fact remains that Vance opposed admitting the Shah in March. Vance, like Carter, was acting in a relative domain of gains; he saw the United States as having nothing to lose by excluding the Shah, and much to lose by allowing his entrance. Vance wanted to prevent the serious losses that he presciently believed would inevitably be precipitated by the Shah's admission.

Vance was supported in his view by many lower level officials involved in day-to-day relations with Iran. L. Bruce Laingen, the U.S. chargé d'affaires in Tehran and senior ranking American diplomat in Iran at the time, was one of the officers who opposed the Shah's admission. Vance sent him a telegram on July 25 asking for his assessment of the situation in Iran if the Shah were admitted to the United States. According to Gary Sick:

Vance asked for Laingen's assessment of the Iranian government's reaction if the Shah's entry was accompanied by formal renunciation of his claim to the throne and his public agreement to forswear political activity while in the United States. Laingen replied that the Shah's entry would be prejudicial to U.S. interests.<sup>20</sup>

Henry Precht, head of the Iran desk for State, was also asked to provide an assessment of how best to admit the Shah without harming U.S. relations with the new government in Iran. Precht's memo, dated August 1, 1979, offers additional insights into the problems that were foreseen to accompany the Shah's admission to the United States:

We should inform the new government that we wish to clear our decks of old issues on the agenda. One of these old issues will be the status of the Shah. We could inform the government that we have resisted intense pressure to allow him to come to the U.S. because we did not wish to complicate the People's Government of Iran's problems or our efforts to construct a new relationship. Now with the new government firmly established and accepted, it seems appropriate to admit the Shah to the U.S. The new government may not like it, but it is best to get the issue out of the way. The discussion with the new government of Iran should take place after it is in place some 2-3 weeks and some few days before the Shah would come here . . . the danger of hostages being taken in Iran will persist.

We should make no move towards admitting the Shah until we have obtained and tested a new and substantially more effective guard force for the embassy. Secondly, when the decision is made to

admit the Shah, we should quietly assign additional American security guards to the embassy to provide protection for key personnel until the danger period is over.<sup>21</sup>

According to Gary Sick, not even Henry Precht was convinced that this strategy would work.<sup>22</sup> In fact, the State Department believed that admitting the Shah into the country would present a serious danger to both Americans living in Iran as well as to American relations with the Iranian government.

In short, the issue of the Shah's admittance was framed by State Department officials primarily in terms of the risk his entry posed for the safety of individual Americans living in Iran. It is not insignificant that the majority of the individuals at greatest risk were State Department officials living and working at the embassy in Tehran. Thus, the individuals that officials in Washington were worried about were not abstract citizens but, in many cases, friends and colleagues. Only secondly was the issue framed in terms of American interests in establishing functional relations with the new government in Iran.

In the face of this perspective, even powerful individuals outside the administration who lobbied on behalf of the Shah did so to no avail. For example, John McCloy<sup>23</sup> stated his position to Vance in no uncertain terms concerning the utter necessity of accepting the Shah:

I very much fear that failure on our part to respond to the Shah's request for permission to reside in the United States would take the form of a conspicuous and perhaps historical example of the unwisdom of other leaders affiliating themselves with United States interests. It could seriously impair our ability in the future to obtain the support of those whom we might well stand in need . . . Moreover, I believe any failure to respond affirmatively would constitute an affront to our long standing tradition of asylum and refuge to those who seek them here . . . It relates to the integrity, the standing and in the longer range, perhaps, to the security of the United States itself. It is important for the country to carry a reputation of steadfastness in respect of its friends, particularly to those who seek refuge here in time of emergency.<sup>24</sup>

Secretary Vance's response was polite and formal, and it reiterated his priorities concerning the fate of Americans living in Iran: "We must be deeply concerned regarding the safety of official and unofficial Americans in the currently unsettled conditions in Iran. Now the risks to both these Americans are great."<sup>25</sup> McCloy's subsequent plea to Vance went unanswered, at

which point he forwarded all the relevant correspondence to Brzezinski, who responded warmly and informally, encouraging McCloy to contact him further concerning the issue at any time.<sup>26</sup>

National Security Advisor Brzezinski's sympathetic response betrays his alternate position concerning the Shah. Throughout the decision-making process, the only point upon which Vance and Brzezinski seemed to agree was that it would have been significantly less of a problem to admit the Shah had he arrived immediately upon his departure from Iran. Except for minor disagreements with the Shah's advisors over the most appropriate timing for events to take place, Brzezinski was unflinching in his support for admittance of the Shah from the outset. Brzezinski was not about to bow to what he saw as Iranian attempts at blackmail. He recognized the risks but attached supreme importance to U.S. prestige and credibility in the international community. He was bolstered in his position by Henry Kissinger, David Rockefeller, John McCloy, and other senior statesmen. Brzezinski believed that the United States should honor its commitment to, and show respect for, a leader who had been a staunch ally of the United States for some 37 years and whom the United States had vested interests in continuing to support. He argued that other leaders would be less likely to trust American promises of support in the future if they saw the United States renegeing on a pledge to the Shah as soon as it was no longer in its immediate interests to uphold it.

Brzezinski's perspective demonstrates the differences he had with Vance in framing the domain of the central issues involved:

While earlier it had been axiomatic that the Shah could enter America, before too long his arrival came to be regarded, particularly by the State Department, as a needless complication in our efforts toward improved relations with Iran and a pointless provocation to the radicals. The Shah's own procrastination thus generated an issue where none should have existed . . .

My position never wavered. I felt throughout that we should simply not permit the issue to arise. This was a matter of both principle and tactics. I felt strongly that at stake were our traditional commitment to asylum and our loyalty to a friend. To compromise those principles would be to pay an extraordinarily high price not only in terms of self-esteem but in our standing among our allies, and for very uncertain benefits. I was aware that Sadat, Hassan, the Saudi rulers, and others were watching our actions carefully. Moreover, I felt that, tactically, we could not be blackmailed if we made it clear that what we were doing was central to our system of values, that the matter was

not one of weighing pros and cons or costs and benefits, but was integral to our political traditions.<sup>27</sup>

The major actors in the decision about admitting the Shah saw the situation from quite different perspectives. In terms of prospect theory, they framed the options in different ways. They thus, not surprisingly, reached different conclusions about what should be done. Some of the differences between Vance's and Brzezinski's positions can be discerned from their divergent estimates of the substance of the costs associated with admitting the Shah. There is some reciprocal determinism in this dynamic. Vance and Brzezinski found evidence to support contrary beliefs that they had arrived at previously; they then used this information to reach different conclusions about probable outcomes.<sup>28</sup> The difference lies in framing effects. Vance framed the problems in terms of lives and diplomacy; Brzezinski framed it in terms of reputation and alliances. These different mental accounts led these advisors to seek quite different evidence in support of their preexisting beliefs and to reach quite different conclusions. They also led to quite different presentations of policy positions to President Carter.

Specifically, Vance foresaw serious consequences for American lives and U.S. policy with no tangible benefit if the Shah were admitted. Vance saw a situation with everything to gain and nothing to lose by excluding the Shah and thus adopted the cautious choice of excluding him. This is what prospect theory would predict for someone who saw himself in a relative domain of gains. Vance saw himself as being in the domain of gains as long as no one was killed; he saw any progress in the stabilization of the new regime in Iran as positive movement in a direction that would eventually lead to the release of the American hostages.

Brzezinski, on the other hand, saw a great risk of blackmail and little benefit to American foreign policy from excluding the Shah. He feared an "extraordinarily" high price would have to be paid in terms of national honor and prestige by denying the Shah asylum. Brzezinski saw a situation where the United States had everything to lose and nothing to gain by excluding the Shah, and thus he supported the more risky path of admitting the Shah. Prospect theory would predict this choice for someone acting in the perceived domain of loss. Brzezinski saw himself in the domain of losses because he believed that the United States had already lost credibility in the international community by refusing to admit the Shah immediately.

One way to understand the discrepancies in views between Vance and Brzezinski is in terms of how issues were weighted. Vance put a very high

value on the lives of the hostages and relatively less value on any abstract notions of American prestige. Brzezinski, on the other hand, placed great value on American credibility in the international environment and relatively less value on the individual lives of the hostages. In this way, different framing derived from divergent central value structures.

### Riskiness of Chosen Option

Admitting the Shah was a riskier choice than excluding him because the variance in possible outcomes was wider. If the Shah were excluded, some officials believed that the reputation of the United States in the international environment would be harmed. Admitting the Shah would demonstrate American credibility in fulfilling promises to allies. If there were no negative reaction to the Shah's entrance to the United States in Iran, there would be little cost associated with demonstrating such faithfulness.

However, it was not clear that approval for admitting the Shah would be universal. While some Western leaders might show disapproval if America proved unwilling to shelter its former ally, many Middle Eastern and Third World countries might view that same behavior as a sign of American commitment to the values of human rights that Carter espoused so diligently. Excluding the Shah may have been morally repugnant to some, but the worst possible outcome was predictable: the Shah would die, and many officials did not consider that outcome to be such a bad thing, given the uncertainty of American relations with the new revolutionary regime in Iran.

On the other hand, admitting the Shah did present a wider variation in both positive and negative directions in terms of possible outcomes. If the Shah were admitted without incident, America could demonstrate her credibility to allies and enemies alike, help an old friend and ally, not harm Americans living in Iran, and show humanitarian concern so that the Shah could get the medical treatment he needed. On the negative side, admitting the Shah could precipitate a severe reaction against Americans living in Iran and sever any hopes for good relations between the new regime and the United States.

Admitting the Shah constituted a riskier choice because of its wider variance in outcome values. To reiterate, American officials were well aware that admitting the Shah posed a significant risk of danger to Americans living in Iran. All the assessments on the situation in Iran that the president received from American officials there confirmed these risks, which were considered to be much less likely to occur if the Shah continued to be excluded from entry into the United States.

In addition to the memos provided by Laingen and Precht that were quoted earlier discussing the risk of the Shah's entry to American interests, other officials noted the risks to Americans of admitting the Shah as well. On March 6, David Aaron, Brzezinski's deputy at the National Security Council, reported to the president that a "guerrilla group could retaliate against the remaining Americans, possibly taking one or more Americans hostage and refusing to release them until the Shah was extradited."<sup>29</sup> Moreover, according to Gary Sick, at a meeting on March 14, Vice President Mondale, David Aaron, David Newsom, Deputy Undersecretary of State, and Frank Carlucci, deputy director of the CIA, "agreed unanimously that the danger to Americans in Tehran would be extreme if the Shah were to come to the United States."<sup>30</sup>

These suspicions were confirmed in early May when Tehran issued its first official warning to the United States on the matter. The Iranian government had been informed of U.S. plans to allow the Shah's children to come to America for their education. At that point, the Iranian government said that "serious problems" would result if either the Shah or his wife were allowed into the United States.<sup>31</sup>

At least partly as a result of these warnings, Carter took the more cautious option and refused to admit the Shah into the United States for fear of the negative consequences of this action to American interests in and with Iran. According to prospect theory, this *cautious* decision is explicable as a result of Carter operating in a perceived domain of gains during that time.

The decision to exclude the Shah was also one that, when reversed in October, brought about exactly the consequences that had been most feared by Vance. Carter made the decision to admit the Shah, only for medical treatment, under pressure from his advisors and the conservative right-wing Republicans. However, humanitarian instincts helped to override caution and Carter admitted the Shah for required medical treatment despite there being no change since March in the objective risk to American national interests. Carter chose to gamble at precisely the time when his re-election campaign began to face an uphill battle, and his environment began to shift from one of gains into one of losses. In this context, prospect theory would predict the observed accompanying shift from caution to risk in decision-making strategy.

## **The Decision**

From the time the Shah left Iran in January, Carter faced the task of integrating and evaluating divergent policy prescriptions and making the

choice that he deemed optimal for the values he most wanted to promote. Hamilton Jordan, White House Chief of Staff and one of Carter's closest aides, described the political pressures that faced the president quite succinctly:

Brzezinski, however, argued forcefully for allowing the Shah to come to the states. "It is unlikely we can build a relationship with Iran," he said, "until things there have sorted themselves out. But it would be a sign of weakness not to allow the Shah to come to the States to live. If we turned our backs on the fallen Shah, it would be a signal to the world that the U.S. is a fair-weather friend."<sup>32</sup>

However, Carter's position was more closely in line with Vance's than Brzezinski's:

The President and Secretary Vance saw it differently, "As long as there is a country where the Shah can live safely and comfortably," said the President, "it makes no sense to bring him here and destroy whatever slim chance we have of rebuilding a relationship with Iran. It boils down to a choice between the Shah's preferences as to where he lives and the interests of our country."<sup>33</sup>

Carter resented the pressure put on him to admit the Shah by both David Rockefeller and Henry Kissinger, in concert with Brzezinski. He was particularly resentful of Kissinger's prompting because he felt it was being linked to Kissinger's crucial support for the administration's attempt to get the SALT package passed in the Senate.<sup>34</sup> Carter describes the coalition in support of the Shah as follows:

[Rockefeller, Kissinger, and other supporters of the Shah] had an ally in Zbig, but could not convince me or Cy. Each time, we explained the potential danger to those Americans still in Iran, emphasizing that the Shah had been living comfortably in Morocco, the Bahamas, and now Mexico. Each time, they went away partially mollified, only to return again. Some were merely representing the Shah's interests, while others, like Zbig, thought we must show our strength and loyalty to an old friend even if it meant personal danger to a group of very vulnerable Americans. The arguments raged on, and the question was brought to me at least weekly from some source, but I adamantly resisted all entreaties. Circumstances had changed since I had offered the Shah a haven. Now many Americans would be threatened, and there was no urgent need for the Shah to come here.<sup>35</sup>

Carter's framing of the issue was unique: he neither bought into Brzezinski's construction that America's prestige was the central concern, nor did he fully espouse Vance's position that the safety of Americans in Iran was the main issue. Rather, he devised his own rationale to support the decision to exclude the Shah. Specifically, Carter framed the issue of admitting the Shah in terms of the Shah's preferences as opposed to the interests of the United States. Indeed, as early as January 20, 1979, Carter wrote in his diary that, "I believe the taint of the Shah being in our country is not good for either him or us."<sup>36</sup> This position emerged early and remained consistent in Carter's statements until he agreed to be "over-ruled" and admit the Shah in October.

The most pointed statement of the depth of Carter's aversion to admitting the Shah comes from a diary entry dated July 27, 1979. Carter notes:

We finally decided to let Cy contact the embassy in Iran to get their estimate on the possible consequences of letting the Shah come in. I don't have any feelings that the Shah or we would be better off with him playing tennis several hours a day in California instead of in Aca-pulco.<sup>37</sup>

Thus, Carter was convinced early that it was not in the best interests of the United States to admit the Shah into the country. Carter estimated the probability of harm to Americans that might result from admitting the Shah to be quite high. He also believed that it might take one of several forms: Americans living in Iran might be harmed; or relations with the new, unstable Iranian government might be compromised.

Simultaneously, Carter believed the probability of harm to the United States from excluding the Shah to be "negligible." He did not seem particularly disturbed by potential costs to American prestige or credibility with allies; indeed, these ideas are only ever mentioned by Carter in terms of arguments made to him by Brzezinski. He never appeared to consider them seriously on an independent basis or on their own merit. Furthermore, the only benefit Carter understood to derive from admitting the Shah accrued to the Shah, not to America.

Carter did, however, admit some political responsibility for the Shah. For example, his administration was quite involved in helping the Shah find alternate places for exile and was particularly influential in securing Panama as an asylum after the Shah's stay in New York.<sup>38</sup>

Carter remained firm in this decision for the next eight months despite the persistent lobbying of Brzezinski and others to allow the Shah admittance until new information concerning the Shah's medical condition came

to light in October. Up until that time, Carter continued to reject pleas to accept the Shah. Carter sought instead to maximize chances for positive relations with the new Iranian government and to protect Americans living in Iran as best as possible. In prospect theory terms, Carter was not willing to risk what he already had for the prospect of uncertain gains. However, once pressure began to mount against him in the face of an increasingly challenging re-election campaign, Carter proved more willing to take risks to recoup his position in the polls. Once it looked like the Shah was really in bad medical shape, and that his condition would only get worse without treatment, Carter became more amenable to allowing the Shah into the country. More than anything, Carter did not want to be held responsible for the Shah's death because of his refusal to let him into the United States for medical care. In this way, Carter was attempting to keep a bad situation from getting worse by taking a risk in a domain of loss.

### **Preface to Second Decision**

The decision not to admit the Shah was reversed on October 19, 1979. The events leading up to this shift revolved around changes in the Shah's health; Pahlavi was admitted specifically to New York Hospital for medical treatments that the administration was told were unavailable in Mexico. The specifics of the Shah's medical condition were quite complicated. His illness had been a closely guarded Iranian state secret, and the U.S. government was unaware of the severity of his condition until David Rockefeller informed the administration of the serious nature of the Shah's illness in September of 1979.<sup>39</sup> Senior administration officials only became aware that he had cancer on October 18.<sup>40</sup> By this time, the Shah's advisors had retained Dr. Benjamin Kean from New York, a specialist in tropical diseases,<sup>41</sup> to go to Mexico to examine him. Upon arrival, Dr. Kean concluded that in order to determine the source of the Shah's illness, he needed more sophisticated diagnostic equipment, which Kean believed was only available in the United States.

At this point, David Rockefeller's senior aide, Joseph Reed, whose personal physician happened to be Dr. Kean, called David Newsom to inform him of the Shah's condition and formally request the Shah's admittance to the United States for medical diagnosis and treatment.

### **Second Domain**

By October, Carter was in a new domain, one much closer to losses than gains. Public opinion polls showed him at the lowest point ever recorded

for a sitting president. Senator Edward Kennedy was challenging him for the Democratic Party's nomination for the presidency, and odds were showing Kennedy to be a two to one favorite over Carter.

Carter was forced to reevaluate his international image as well, which was under renewed criticism from the right for "losing" Iran. With Ronald Reagan appearing to be the next Republican candidate for the White House, Carter was compelled to preempt criticism from conservatives that he would allow the Shah, a formerly loyal ally, to die essentially untreated in Mexico because he cold-bloodedly refused him admission to America for diagnosis and treatment. Carter later acknowledged that this factor probably played a role in his decision to admit the Shah for medical treatment in October.<sup>42</sup>

This change in environment may not have made Carter enthusiastic about admitting the Shah, but it did force him to be more amenable to persuasion by his advisors and ultimately led him to endorse admittance. Carter became more willing to take a gamble to recoup his recent losses in domestic political support, given that Iran was considered "lost" by the right in America.

Carter was trying to avoid additional domestic losses as well. While it may not have *improved* his popularity to admit the Shah, Carter felt that refusing him entrance would make things politically worse, especially with the critical right wing. By admitting the Shah, Carter sought to prevent an even greater decline in his popularity at home by putting the conservatives at bay.

### **Framing of the Second Decision**

Simultaneous with the decision to admit the Shah, American political problems in Iran were increasing. Carter recalled that:

On the first day of October 1979, [the day he was told of the Shah's illness] . . . Cy [said], "Our Chargé D'affaires [Bruce Laingen] in Tehran says local hostility toward the Shah continues, and that the augmented influence of the clerics might mean an even worse reaction than would have been the case a few months ago, if we were to admit the Shah—even for humanitarian purposes."<sup>43</sup>

Although still opposed to admitting the Shah on political grounds, Vance changed his overall position on the basis of humanitarian concerns and by late October began to argue that the United States must admit the Shah. As Jordan reports:

For the first time, Vance changed his position, stating that “as a matter of principle” it was now his view that the Shah should be permitted to enter the United States for “humanitarian reasons.”

The President argued alone against allowing the Shah in. He questioned the medical judgment and once again made the argument about the interests of the United States.

I mentioned the political consequences: “Mr. President, if the Shah dies in Mexico, can you imagine the field day Henry Kissinger will have with that? He’ll say that first you caused the Shah’s downfall and now you’ve killed him.”

The President glared at me. “To hell with Henry Kissinger,” he said, “I am President of this country!”

The controversy continued as Zbig and Vance—together this time—stuck to the arguments of “humanitarian principle.” It was obvious that the President was becoming frustrated having to argue alone against all his advisors and against “principle.”<sup>44</sup>

Carter remained reticent about admitting the Shah:

Cy made it obvious that he was prepared to admit the Shah for medical reasons. I was now the lone holdout. I asked my advisors what course they would recommend to me if the Americans in Iran were seized or killed . . .<sup>45</sup>

Vance recommended that Carter inform the government of Iran about U.S. plans to admit the Shah. As Vance wrote to Carter:

On Oct[ober] 20, we were faced squarely with a decision in which common decency and humanity had to be weighed against possible harm to our embassy personnel in Tehran. . . .

Following my guidance, on October 20, Warren [Christopher] sent a memorandum to the President that proposed that we:

Notify Prime Minister Bazargan in Tehran of the Shah’s condition and the humanitarian need for his hospitalization in the United States.

Unless the Iranian Government’s response is strongly negative—in which case I will consult with you again before proceeding—to inform the Shah that we are willing to have him come to New York . . .

Allow the Shah to come here for treatment as arranged by David Rockefeller.

Prepare to respond to press and public inquiries with a statement that the Shah is being admitted for diagnosis and evaluation on humanitarian grounds and that no commitment had been made as to how long he can remain.<sup>46</sup>

Laingen reported the next day that Iranian officials were not pleased by the United States admitting the Shah, but Carter continued to receive reasonable assurances that the embassy in Tehran would be protected by Iranian government officials.

### **Second Decision**

For the decision to admit the Shah into the country, the assessment of negative consequences remained the same, but some of the other factors changed. Specifically, almost everyone in the Carter administration believed that the Shah was on the verge of death and that the treatment he needed was only available in the United States.<sup>47</sup> On the basis of these assessments, Carter agreed to allow the Shah to enter the country for medical treatment.<sup>48</sup> The United States refused an Iranian request that one of its own doctors be allowed to examine the Shah.

In a later interview, Carter commented that:

I was told that the Shah was desperately ill, at the point of death. I was told that New York was the only medical facility that was capable of possibly saving his life and reminded that the Iranian officials had promised to protect our people in Iran. When all the circumstances were described to me, I agreed.<sup>49</sup>

Gary Sick described the choice that confronted the president:

President Carter had months earlier displayed a willingness to look favorably on a request for medical treatment in the United States (with regard to the Shah's wife)—even in the face of a direct warning by the authorities in Tehran. He had said bluntly that he was not prepared to place Americans in jeopardy so that the Shah could play tennis or his wife go shopping in the United States. However, in this case, the President was convinced that the Shah was dying and that he needed urgent medical attention. That was, beyond doubt, the pri-

mary reason for the decision, just as it was the sole reason for Secretary Vance to reverse his earlier position on the issue . . .

On the other hand, it would be naive to argue that President Carter and his advisors were oblivious to the political consequences of this decision . . .

President Carter could scarcely have hoped that this decision would suddenly improve his political fortunes. However, he could be certain that if he refused to allow the Shah access to medical treatment in the United States—possibly contributing to his death—he would be severely criticized not only by David Rockefeller and Henry Kissinger but by virtually all Americans, who would have seen his refusal as an abject rejection of humanitarian traditions. President Carter felt exactly the same way. Once the seriousness of the Shah's condition became known, there was simply no question of refusing him medical attention.<sup>50</sup>

Objectively, Carter had more to lose by refusing the Shah admittance once his medical condition was known. As Hamilton Jordan remembered, "We knew it was a risk, but we thought it was a reasonable risk. Obviously, in hindsight, we were wrong."<sup>51</sup>

It is ironic to note that Carter's emphasis on the importance of human rights in foreign policy worked in opposite directions over time in this case as well. In the beginning, an administration that placed such emphasis on human rights could easily justify excluding the Shah on the basis of his widely recognized abuses of human rights during his reign. Later, the Shah's medical condition forced the administration to admit him for treatment to remain consistent with their stated humanitarian goals.

### **Outcome and Later Decisions**

In the end, driven by humanitarian concerns, Carter granted entrance to the Shah for medical treatment. The Shah was admitted to New York Hospital on October 23.<sup>52</sup>

The initial reaction to the Shah's admission was deceptively mild. However, twelve days later, the American Embassy in Tehran was seized by Islamic fundamentalist students. Their claim was that the attack was in response to the Shah's admission to the United States. This began 444 days of captivity for 53 Americans and a sharp decline in the Carter administration's domestic popularity and international effectiveness. While it may be that the students merely used the Shah's entrance into America as an excuse for their deliberate action, the Shah's admittance

quickly became the official justification for the protest seizure of the Embassy.

The Shah's plans to return to Mexico on December 2, following his hospitalization, were derailed when the Mexican government refused on November 29 to allow him to return. The only invitation for asylum that the Shah received came from Egypt. Carter didn't think that this asylum was good for Sadat or for American interests in the Middle East:

The situation is that I want him to go to Egypt, but don't want him to hurt Sadat. Sadat wants him to stay in the United States but doesn't want to hurt me. It is a decision for me to make. Harold [Brown, Secretary of Defense] called back to say that either Fort Sam Houston or Lackland Air Force Base—both near San Antonio—would be the best place for the Shah to go if we have to keep him here.<sup>53</sup>

American public opinion mirrored official ambivalence toward the Shah. According to a Roper poll, 61 percent of Americans felt the United States should admit the Shah. Of those, 45 percent said America should do so because it was the humane thing to do; 16 percent said America should do so because of the U.S. tradition of asylum. Thirty-three percent of Americans believed that the Shah should not be admitted; of those, 15 percent thought the Shah did not need American medical care; 15 percent feared that such an act risked Iranian retaliation. However, 57 percent of Americans also believed that the United States should not return the Shah to Iran for trial.<sup>54</sup>

Direct communication with the White House showed steadily declining support for the Shah's continued presence in America as well. During the week of November 23 through 29, 85 percent of the calls were positive, 15 percent were negative; just a few days later, on December 1, calls were running 83 percent positive and 17 percent negative. While overall mail was running at 87 percent positive for the president on Iran, only 55 percent of mail supported the Shah's asylum in America; 22 percent opposed it. An additional 23 percent wanted some other outcome, such as sending the Shah to Egypt or debating the Shah before the United Nations.<sup>55</sup>

In addition, Carter was under attack from his Democratic opposition for having admitted the Shah. In a UPI interview in San Francisco, Senator Edward Kennedy was quoted as saying, "The Shah was the head of one of the most violent regimes in the history of mankind. How can the United States be justified in taking in a man who wanted to come here and remain here with countless billions of dollars stolen from Iran?"<sup>56</sup> The former U.S. representative to the United Nations, Andrew Young, was

equally direct in his opposition. He was quoted as saying, “the United States is harboring a murderer and robber. It is therefore logical that the Iranian people are demanding the extradition of the Shah from the United States to put him on trial for the crimes he has committed.”<sup>57</sup>

Thus, the president faced a no-win situation. As a result of the Iranian seizure of the American Embassy, there is no doubt that Carter immediately plummeted into a domain of losses. All of Carter’s advisors suggested that the release of the hostages in Iran was dependent upon the Shah’s leaving the United States. Carter wanted to handle the Shah’s situation appropriately for at least three important reasons: he wanted to facilitate the release of the hostages in Iran; he wanted to eliminate the criticisms from his own party aimed at him for allowing the Shah into America in the first place; and he wanted to demonstrate that American was not willing to succumb to blackmail by the Iranian government. Given the Shah’s ill health, Carter refused to return the Shah to Iran for trial for ethical as well as political reasons.

In the first week of December, the Shah was moved to Lackland Air Force base in Texas. At that time, Carter administration officials prepared a document that stated that Carter had “informed the Shah that we would like him to remain in the United States until after all our hostages have been safely returned. I have also informed him that he is welcome to stay thereafter.”<sup>58</sup>

Meanwhile, Carter initiated a series of intricate and secret negotiations between White House Chief of Staff Hamilton Jordan and General Omar Torrijos of Panama to secure exile for the Shah in that country. At least partly due to Jordan’s efforts, Panama had agreed to accept the Shah in early December.<sup>59</sup> The decision to send the Shah to Panama is related in a document detailing the “original understandings” behind the Shah’s admission to America. This document, prepared by White House Counsel Lloyd Cutler, states:

1. *Original Understanding*
  - a) Admitted for urgent lifesaving medical treatment not available elsewhere
  - b) To depart when treatment, rest and recuperation completed
  - c) Treatment completed Dec. 1. When rest and recuperation desirable, could have left then
  - d) Because of Mexican switch, moved to Wilfred Hall [Lackland Air Force Base, Texas]. Rest and recuperation now complete.
  - e) Therefore obliged to leave if another place available.
2. *U.S. Does not wish to alter this understanding*  
All signals indicate that while not free from risk, departure would help to speed freeing of the hostages.<sup>60</sup>

After the Shah left Lackland for Panama, the official position of the Carter administration refusing the return of the Shah after his departure from the United States was clear and unbending. At the press conference to notify the public that the Shah had left the country, White House Press Secretary Jody Powell was asked, "Do you have any feeling that the United States is taking a chance of an adverse reaction in Iran by the Shah's departure for any other country? Is there any gamble involved here?" Powell replied that, "I know of no reason for any adverse reaction to this development."<sup>61</sup>

The internal State Department memos at the time described the understanding between the U.S. government and the Shah as including the provision that:

5. The Shah's departure from the United States does not preclude his returning here, but there is no guarantee he may return. If he asks to return because of a medical emergency, we will favorably consider this request. If he asks to return for non-medical reasons, we will consider his request but can make no commitment whatsoever at this time.<sup>62</sup>

In Panama, the Shah's physical condition continued to deteriorate. There was a great deal of political infighting between the Shah's Panamanian doctors and his American physicians over who held primary authority. The continual bickering over his condition made the Shah suspicious that he would be assassinated on the operating table if he were to have his now-necessary splenectomy in Panama.<sup>63</sup> When word reached the U.S. government that the Shah was thinking of finding a new home because of his fear of being murdered by Panamanian doctors, Jordan and other administration officials flew down to Panama to try to change his mind. Meanwhile, Iran continued to request the Shah's extradition from Panama.<sup>64</sup>

Simultaneously, there continued to be increasing internal political pressure on the administration concerning the Shah. On the one hand, Vance received a new onslaught of letters from John McCloy arguing that the Shah should be returned to the United States, claiming that "no country I can think of is more beholden to him for the consistency of his cooperation unless it might be Great Britain."<sup>65</sup> On the other hand, Carter received a letter from the Family Liaison Action Group, representing the families of the American hostages in Iran, stating:

If there is any indication that the United States is going to bring the Shah into this country or to put him in a United States military hospital facility, we will, as a group, object strongly and publicly, because

we know such action will ruin what chances may be left for getting our people out of Iran.<sup>66</sup>

In spite of their refusal to readmit the Shah into the United States, the Carter administration remained quite concerned about the political ramifications of the Shah's deteriorating condition. No one wanted to readmit the Shah, and yet no one wanted him to die in a way that made America look bad. The Shah desperately needed medical care that he refused to have undertaken in Panama as a result of his fear of the doctors there. In a secret memo that Hamilton Jordan wrote to Carter and Vance, he outlined the available options. Jordan argued that the Shah going to Egypt "would be highly detrimental to Sadat's domestic and regional position and our own policy in the area."<sup>67</sup> Concerning the Shah's return to the United States, Jordan argued that:

The disadvantages of having the Shah return to the United States for the operation are evident. Our overriding concern would have to be what actions might be taken against the hostages as a result of his entry. At a minimum, we have to accept the possibility of the hostages being held indefinitely, and we would have to contemplate the terrible thought of immediate violence being directed against them as a result of the Shah's return to the states.<sup>68</sup>

Because the other options were so problematic, Jordan tried, without success, to convince the Shah to remain in Panama:

The Shah was undoubtedly going to leave Panama, but he preferred going to Egypt, where he felt he was welcome, over returning to the States without a real invitation. But if President Carter tried to keep him from going to Egypt by encouraging him to come to America, the Shah would accept that invitation in a second.<sup>69</sup>

After speaking with Sadat, Carter agreed to let the Shah go to Egypt despite the president's reservations about inflaming the Middle East by so doing.

Thus, on March 23, the Shah flew to Egypt, a day before the legal deadline for Iran to file extradition papers in Panama. He died there on July 27.

## **Conclusion**

The decisions concerning the Shah were complex and continued to be reevaluated for over a year. In the early stages, the Carter administration

adamantly refused to allow the Shah admittance. That decision remained unchanged until October 1979, despite the intense lobbying of National Security Advisor Brzezinski and other powerful constituents to grant the Shah asylum. Both the decision not to admit the Shah and the timing of the reversal provide illuminating examples of prospect theory in action.

The decision to exclude the Shah was reversed in October, when the administration became aware of the serious nature of his medical illness. The Shah was then admitted for medical treatment on the grounds of humanitarian concern. At that time, President Carter's domestic political position was weakening with the Republicans, he was faltering in his bid for renomination in his own party, and he was beginning to shift from a domain of relative gains to one of losses. Prior to the Shah's admission, the administration knew that some kind of attack against Americans in Iran might result from the Shah's entry into the United States. That is the reason why the administration continued to keep the Shah out of the country. Indeed, admitting the Shah provided the excuse for the seizure of the American embassy in Iran. From the perspective of prospect theory, it is not accidental that Carter's shift from a cautious position on admitting the Shah to a more risky one coincided with a shift in his domain from one of gains to one of losses.

After the Shah received medical treatment, he was encouraged to leave the country because the administration believed that the hostage crisis could not be solved while he remained on American soil. After the Shah became dissatisfied with his situation in Panama, the United States again intervened and tried to convince him to remain there. Failing that, they allowed him to go to Egypt, well aware that this action might endanger Sadat's position and thus the delicate balance that had been so carefully orchestrated in the Middle East during the course of the Camp David accords. Nonetheless, Egypt was preferable to the United States because the Shah's return to America was judged to present a potential risk to the lives of the hostages in Iran.

Prospect theory predicts that a decision maker in the domain of gains is likely to make cautious choices. This was certainly the case in Carter's early decision to exclude the Shah. The first decision to exclude the Shah was taken in a time of relative gains for Carter: the election was far off; the Panama Canal treaties had succeeded; the Camp David accords were going well; SALT was still alive; and negotiations over the normalization of U.S. relations with China were progressing. Carter worried about the safety of Americans in Iran, the credibility of his human rights campaign, and the future of U.S.–Iranian relations if the Shah were to enter the country, and thus he made a cautious choice and refused to admit the Shah. In short, Carter felt he had nothing to gain, and something to lose, by admitting the Shah. Thus, he was risk averse in the domain of gains, as prospect

theory predicts, and made a cautious choice by excluding the Shah. The variance in outcome was slight with exclusion: at best, Americans abroad would be protected, and Americans at home would be tolerant. At worst, some, though not all, foreign leaders might rebuke the United States for abandoning its former ally, and the domestic right might gain some political strength.

Almost a year later, the situation had altered drastically. By October, Kennedy was mounting a full-scale assault on the Democratic nomination for president; Carter was at his lowest point in the polls. He was also under attack from the right for excluding the Shah. Now, Carter was in a domain of losses. At this point, he took a risk concerning the Shah for justifiable humanitarian reasons. With new information about the severity of the Shah's medical condition, Carter rescinded and granted the Shah entry for medical treatment. At this point, Carter was well aware of the international ramifications of his decision. Indeed, until Carter was persuaded by Vance, he stood alone at the time of the October decision in opposing the Shah's admission. The variance presented by admission was much greater: at best, Carter could save the life of the Shah, ensure protection for Americans abroad, and regain the moral high ground from the domestic right; however, at worst, the Shah could die despite American action, incite domestic Democrats who would oppose his admission on human rights grounds, and endanger Americans abroad in the process. Because this variance in outcome is wider for entrance than for exclusion, admission constituted the more risk-seeking choice. In the end, Carter conformed to the now consensual wishes of his advisors and admitted the Shah, although he first sought assurances from Iranian officials that they would protect the American Embassy in Tehran. Thus, again as prospect theory suggests, decisions made in the domain of losses tend to result in a relatively risk-seeking choice. However, any risk carries the possibility of failure; further failure can lead to more risks. The consequences of Carter's choice, and its failure to produce a positive outcome, plummeted him even further into the depths of political crisis.

After the hostages were seized, Carter again did his utmost to recapture the former status quo by expelling the Shah from the country. By this time, the hostages had become pawns in the Ayatollah Khomeini's internal political plans for the Iranian revolution. It would take over a year, the Shah's death, and the consolidation of Khomeini's control of Iran before the hostages would be released.

Hindsight allows analysts to judge that Carter's first choice, to exclude the Shah, was the right one from the perspective of U.S. long-term political interests. The second decision, to admit the Shah, may have been morally correct, but proved to be politically deadly.

Prospect theory explains not only the choices that were taken, but also explains the change in position that took place over time, in response to shifts in domain. Prospect theory predicts and explains these dynamic shifts: Carter made a risk-averse, cautious choice in excluding the Shah during a relative domain of gains; later, in a domain of increasing losses, Carter tried to recoup his political losses and took a risk-seeking choice to admit the Shah. This gamble led to even more serious losses for the nation and the Carter administration.

