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Shah Going Broke?



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UNITED STATES officials at the highest levels are worried that the shah of Iran may be living beyond his means.

His Imperial Majesty envisions himself as the ruler of a modern Persian empire, which once again will become a world power. Toward this end, he is spending his bounteous oil revenues to build a military machine without parallel in the Middle East.

According to the latest confidential estimates, however, the shah's oil reserves, at best, will last for another two decades. This will leave the unpredictable, ambitious, recklessly greedy shah with little more than a down payment on this dream of glory.

Rather than abandon his dream, they fear privately, he may march his U.S.-made army into neighboring Saudi Arabia and Kuwait and annex their oil fields.

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SIGNS of the shah's forthcoming financial embarrassment are everywhere. Since the first of the year, he has been forced to cut back oil production by 15 per cent. He also backed out of a deal to invest heavily in Pan American World Airways.

For all its oil riches, Iran is also deeply in debt. The shah, according to the U.S. officials familiar with his finances, owes about \$3 billion in bilateral and multilateral loans.

Even while he is gouging the U.S. taxpayers for the oil they buy, he is mighty slow in paying the \$1.1 billion he owes them. He has \$780 million in outstanding debts at the Export-Import Bank alone. Another \$230 million in foreign aid loans has never been paid back.

Iran owes additional millions in agricultural loans, Commodity Credit Corporation loans and interest due on his debts. Yet he has repaid the U.S. taxpayers for their generosity by leading the clamor inside the oil cartel for higher prices.

The threatened price boost in September, government economists have warned privately, will halt America's economic recovery in its tracks. Already, the oil squeeze has caused the United States more damage than any blow since World War II. The shah more than any other single individual was responsible.

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DRIVEN by his grandiose dreams and schemes, the shah has boosted his defense spending to a record \$8 billion annually. That's a tremendous 44 per cent increase over last year.

The United States has sold him the bulk of his armaments — \$6 billion worth in the past two years alone. Indeed, the General Accounting Office has warned that the "extensive sale" of military skills to Iran "could adversely affect the readiness status of United States forces."