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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 SP-02 AID-05 EB-07 NSC-05 RSC-01

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DODE-00 INR-07 NSAE-00 PA-01 USIA-06 PRS-01 INT-05

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R 221300Z DEC 74
FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC 9517
INFO AMEMBASSY BEIRUT
AMEMBASSY BONN
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY PARIS

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PARIS FOR OECD
BRUSSELS FOR EC

E.O. 11652: N/A
TAGS: EFIN,IR, ENRG
SUBJECT: SHAH'S REMARKS ON PRICE OF GOLD

1. SUMMARY: PROMPT GOI CLARIFICATION OF SHAH'S STATEMENTS TO
AP REPORTER ON “PRICE OF GOLD” AFFIRMS IRAN IS MORE CONCERNED OVER
ANY INFLATIONARY IMPACT OF A CHANGE RATHER THAN IN PRICE OF
GOLD PER SE. END SUMMARY.

2. GOI PROMPTLY ISSUED CLARIFYING STATEMENT APPEARING IN PRESS
DECEMBER 21, CONCERNING SHAH'S STATEMENTS ON PRICE OF GOLD TO AP
REPORTER HUGH MULLIGAN. AS REPORTED IN INTERNATIONAL HERALD
TRIBUNE (PARIS) ON DECEMBER 20, SHAH REFERRED TO TALKS BETWEEN
PRESIDENTS FORD AND GISCARD D'Estaing AND INDICATED INCREASE IN
GOLD PRICE WOULD BE A "VERY, VERY GRAVE PROBLEM" AND THAT INCREASE
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IN OIL PRICES WOULD "SURELY FOLLOW." HE FURTHER INDICATED INCREASE
IN GOLD PRICE COULD END RECENTLY DECIDED NINE-MONTH FREEZE IN PRICE OF OIL BY OPEC COUNTRIES. MULLIGAN QUOTED SHAH AS SAYING THAT INFLATIONARY SPIRAL AND LOSS OF IRANIAN PURCHASING POWER COULD EVENTUALLY LEAD TO COLLAPSE OF THE WORLD MONETARY SYSTEM.

3. CLARIFICATION ISSUED BY IMPERIAL COURT STATED: (BEGIN TEXT) HIM THE SHANANSHAH, IN THE INTERVIEW GRANTED TO A CORRESPONDENT OF THE ASSOCIATED PRESS, REFERRED TO RECENT DECISIONS CONCERNING THE UP-PRICING OF GOLD HELD IN STOCK BY VARIOUS GOVERNMENTS. TO AVOID ANY POSSIBILITY OF HIS IMPERIAL MAJESTY'S REMARKS BEING ERRONEOUSLY INTERPRETED OR OTHERWISE MISCONSTRUED, IT SHOULD BE CLEAR THAT THE SHAHANSHAH SAID: "IF THE UP-PRICING OF GOLD RESERVES PROVES TO LEAD TO AN EROSION OF THE REAL PURCHASING POWER OF OIL EXPORTING NATIONS FROM EXPORTS OF THEIR OIL, THESE COUNTRIES SHOULD TAKE NECESSARY STEPS AIMED AT PROTECTING THEIR REAL PURCHASING POWER." (END TEXT).

4. COMMENT EMBASSY BELIEVES AP REPORTER EITHER INACCURATELY REPORTED SHAH'S REMARKS OR QUOTED HIS STATEMENTS OUT OF CONTEXT. IRANIANS DO NOT SEEM TO HAVE STRONG VIEWS ON PRICE OF GOLD PER SE. MINISTRY OF ECONOMICS AND FINANCE UNDER SECRETARY FOR ECONOMIC AFFAIRS AHMAD KOOROS TOLD EMBOFF SHAH'S REMARKS, ALSO QUOTED IN INTERVIEW, ELABORATING ON HIS CALL FOR TALKS WITH OIL IMPORTING NATIONS ON LINKING THE PRICE OF OIL TO MARKET BASKET OR OTHER COMMODITIES WERE MOST IMPORTANT PART OF INTERVIEW AS STATEMENT OF GOI POLICY. CENTRAL BANK OR IRAN DIRECTOR-GENERAL FOR INTERNATIONAL AFFAIRS SHAHPUR SHIRAZI SAID LIQUIDITY AND MANAGEMENT OF DOMESTIC POLICIES IN MAJOR WORLD TRADING COUNTRIES REMAIN IRAN'S CHIEF CONCERN.

5. IRANIANS CLEARLY ARE APPREHENSIVE OVER CURRENT UNCERTAIN INTERNATIONAL FINANCIAL SITUATION, AND CHANGES IN STATUS OF GOLD IS ONLY ONE ASPECT OF THEIR CONCERN. THEIR MAIN GOAL REMAINS TO DEFEND AS ENERGETICALLY AS POSSIBLE THE PURCHASING POWER OF THEIR PETRODOLLARS. IF A COUNTRY'S VALUATION OF ITS GOLD RESERVES AT CURRENT MARKET PRICES DOES NOT HAVE AN INFLATIONARY IMPACT IN TERMS OF PRICES IRAN MUST PAY FOR ITS IMPORTS, THE GOI WILL NOT OBJECT. QUICK "CLARIFICATION" OF SHAH'S STATEMENTS INDICATES GOI'S CONCERN THAT THEY NOT ADD ADDITIONAL CONFUSION TO SITUATION.

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Subject: SHAH'S REMARKS ON PRICE OF GOLD
TAGS: EFIN, ENRG, IR, (PAHLAVI, MOHAMMAD REZA)
To: STATE
Type: TE

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Copy: SINGLE
Draft Date: 22 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
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