

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

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~~CLASSIFIED BY HENRY A. KISSINGER~~  
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MEMORANDUM OF CONVERSATION

PARTICIPANTS:

The Shah of Iran  
Ardeshir Zahedi, Ambassador of Iran  
Henry A. Kissinger, Assistant to the  
President  
Richard Helms, U. S. Ambassador to Iran  
Harold H. Saunders, NSC Staff

DATE AND TIME:

Friday, July 27, 1973  
5:00 p. m.

PLACE:

In the Shah's Reception Room  
Blair House

Mr. Kissinger: Whenever I see David Rockefeller, he has just opened a new bank. [Mr. Kissinger had met Mr. Rockefeller on the sidewalk outside the Blair House just as Rockefeller was leaving and Kissinger was entering.]

The Shah: Yes, we hope he will open one in Iran. A few years ago, we were reluctant for foreign banks to establish themselves in Iran. But the situation has changed. We have told our industrialists that they will need a great deal of capital to expand, and now there are three or four foreign banks coming in, each with a capital of some \$70-80 million. The shares that were made available to the public were snapped in three or four days. I told Mr. Rockefeller that he would be most welcome.

One of the elements in the new situation is that the projects that are now materializing in our country are so large that great amounts of foreign capital are needed. Some of them run on the order of \$1 billion or more. We have also told the Bank of America it will be welcome.

General Motors is there. Mr. Ford came to see me. I told him that, as usual, he was getting in late. One of the problems with these companies has been that they have not sent their best people to Iran. They recognize this and they are going to revise the type of people they send to Tehran.

DECLASSIFIED  
E.O. 12958, as amended, Sect 3.5

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CJM

NARA Date 11 Mar 2009

[p. 10, 14]

I have had good meetings the last two days. I held a press conference here, and I have also taped a television interview for Sunday.

Mr. Kissinger: I thought your press conference was very effective.

Ambassador Helms: Yes, the press conference was good. How did the TV taping go?

The Shah: I said that Iran should not be looked at as just another Middle Eastern country. In 5-10 years time, it will be very different and will stand out from its neighbors.

I was asked about your domestic developments. I said that I would not be drawn into U.S. affairs. That is your business. But I did venture to say that if a President cannot be in a position to take split-second decisions, that would weaken the ability of the U.S. to play a significant role in the world. If an executive in any country is weakened, that can lead to either military dictatorship or to Communist dictatorship. Neither of these seems likely in the U.S. The third possibility is anarchy. The U.S. could move from a first-rate power to a fifth or even a tenth-rate power.

All of these things I said in my press conference.

Mr. Kissinger: What about your Sunday interview?

The Shah: I covered much the same ground as in the press conference.

Mr. Kissinger: I saw the press conference; it was well handled.

The Shah: On the interview for Sunday, I was asked why Iran is buying so many arms. The reporters spoke in terms of the dollar value. I said that the money is not significant. What is important is that Americans not take Iran as just another country in the region. We know what we are doing.

The reporters asked whether Iran would participate in an embargo on oil shipments. I said, "In our case, no." I noted that we have just signed an agreement with the Ashland Oil Company. It is possible that some other countries in the Middle East might try an embargo. I thought that would be counterproductive.

What I must tell you in the utmost privacy is that the Egyptians asked whether I thought the oil could be used as a political weapon. I replied that obviously it could, but I did not feel that it would be wise to threaten

the U. S. with the oil. I told the Egyptians that the U. S. could get very angry with Egypt and do it harm.

Nevertheless, the Arabs are brandishing this weapon. Even the historian Toynbee has written about it.

I told the Egyptians that eventually they might use that as a weapon but that they should be very careful about it. On the one hand, using the issue carefully could help the U. S. As far as the U. S. might want to exploit this issue to say in some public quarters that there is a danger, it might be useful. But at the same time, it could be counterproductive.

I just wanted to mention this to you before you see Hafez Ismail again.

Mr. Kissinger: If Egypt ever concerted its policy with us, they might play this card. But if they play it in a belligerent way, it will do no good.

The Shah: I warned the Egyptian minister here in Washington about this when I saw him at our Embassy reception last evening. How fully is he informed of your communications with the Egyptian government?

Mr. Kissinger: Not at all.

Ambassador Zahedi: I will contact Hafez Ismail and try to go and see him in mid-August.

Mr. Kissinger: We will give you our suggestion (on how to describe the U. S. position) before you go.

Ambassador Zahedi: Yes, I shall see you before I go.

The Shah: Word for word, Zahedi must know what to say in describing your position.

In negotiating, I say on the first day and the last the same thing. Some people like to bargain by saying more on the first day than they want. I do not like that approach. I am careful about what I say on the first day and then stick to that position.

Mr. Kissinger: It is a mistake to negotiate that way. If your opponent feels you are bargaining and you make one concession, he will wait for you to make another. I believe in taking a position and sticking to it.

The Shah: This is a tricky business with Egypt.

Mr. Kissinger: It would be useful if Your Majesty or the Ambassador were to add your own personal judgment of the sincerity of the U.S. in trying to solve the Egypt-Israel problem when you talk with Ismail.

The Shah: I would say that the Americans are sincere, that they owe nothing to the Jewish vote which is true, and that the problems must be discussed. Ambassador Zahedi will tell this to Ismail.

Ambassador Zahedi: When I see Ismail, I will see whether there is anything in his response that would warrant an audience with His Majesty. Or if there is an answer to the U.S., I will convey it to Dr. Kissinger. After seeing Ismail, I could fly to Iran from Geneva. It is only six hours round trip.

The Shah: It is more up to the Americans to judge whether the Egyptians are saying something that is practical. Only those who are intimately involved in a situation like this can judge whether one of the parties is saying something that can be used to move the situation forward.

Mr. Kissinger: Practicality is their problem

Ambassador Zahedi: President Nixon respects your judgment, Your Majesty. The Egyptians will respect your judgment too.

The Shah: These poor Egyptians.

Ambassador Zahedi: Your Majesty might be able to help. They do respect you.

The Shah: Only so long as it suits them. I do not have much confidence in Arab gratitude.

Mr. Kissinger: Perhaps we could say a few words about Pakistan, about the Pakistani need for arms. The problem is that the need of the Pakistanis is so great and the composition of the armed forces is so varied, that it is difficult for us to make a real difference with anything that we might do. It is a bottomless well. If we were to do more, it would create a

major domestic problem for us. The Indians would raise a big uproar. Our intellectuals have a love affair with India.

Our policy is to encourage the Chinese to the maximum to put arms into Pakistan. I believe they have done well to date.

The Shah: Yes, they have provided planes and tanks

Mr. Kissinger: We can provide spare parts. Maybe it would be possible to provide some few other strategic items. But we cannot do enough to to make a difference.

On the other hand, we are committed to the independence of Pakistan. We would do anything within our power indirectly militarily and directly economically to help preserve the independence of Pakistan.

For instance, I told Ambassador Dobrynin the other day that an outward thrust by the new government in Afghanistan would not be a subject of indifference to us. I told him it would be inconsistent with the principles that we have established as the basis for the US - Soviet relationship. Your Majesty might want to keep us informed about the situation in Afghanistan as it develops. In any case, it is this sort of diplomatic pressure which we can mount in order to help Pakistan.

Pakistan is best protected if the Indians know that an attack on Pakistan would involve Iran. We will strengthen Iran to help Pakistan. We will also encourage other countries to provide military equipment to Pakistan where they can. But we will not be able to mount a massive independent program of military assistance on our own. President Bhutto should understand this before he comes on his visit to the United States.

The Shah: I agree. I have told the Indians I would go to the aid of Pakistan if Pakistan is attacked. They know I could not tolerate the disintegration of Pakistan. I have also said this to the Russians. We could not close our eyes to active Afghan-Soviet pressures in Pushtunistan. On border problems, we will cooperate with Pakistan. I hope our military umbrella over Pakistan will not cause problems in Pakistan.

Mr. Kissinger: We will welcome it if you give equipment to Pakistan.

The Shah: In a few years we will produce our own military equipment -- guns and small arms. We will not produce tanks or planes. I thought about producing aircraft but decided that would be ridiculous. I do not have the people or the facilities to get into that. Anyway, I have a friend in the U.S. that is ready to provide anything I need -- short of atomic weapons and they are not an issue.

It is in the interest of Pakistan to have U.S. moral support and Iranian physical support. I have urged them to concentrate on their development and not on a revanchist war.

Mr. Kissinger: Are Your Majesty's forces deployed to assist Pakistan?

The Shah: Not now. But we are developing this new base at Chah Bahar. It will be a base for land, air, and naval forces. [To Ambassador Helms] Have you been there?

Ambassador Helms: Not yet. I am waiting until it is cooler.

The Shah: Do you know what the name Chah Bahar means? It means "four springs". It is hot there but it is on the sea and the weather is pleasant enough so that people feel it is like spring there all year round.

We are going to build a road from there to the Pakistani border. We will also extend the railroad. We will eventually have three armored brigades in that region. Eventually there will be an armored division in Kerman.

We have to watch both the Afghan and the Pakistani borders. I got one report that the Afghans were sending troops toward their border. I am not sure how President Daud will develop. With regard to the Helmand Valley Agreement with Iran, Daud said the other day that he did not make the agreement, he had not studied it and he would have no comment. For the moment, I am willing to give them the benefit of the doubt. We will wait and see how the new government there develops.

Mr. Kissinger: Your Majesty might like to know that Ambassador Dobrynin noted one of your comments in your toast Tuesday night at the White House dinner. Dobrynin claimed that Your Majesty's words were inspired by me when Your Majesty said, "Only the strong can be wise." I told Dobrynin it was the other way around, that I was the student of Your Majesty.

The Shah: I said the same thing to Senator Wayne Hayes. I elaborated on it with him.

I have told the Russians that what is good for them is good for me. I asked them whether when they negotiate with the United States, they are negotiating from a position of weakness or from a position of strength. They are negotiating from a position of strength. Only from a position of strength can one be wise. A weak person is so mixed up that he cannot be wise.

Mr. Kissinger: One needs choices to be wise.

The Shah: If you are strong, you can afford to be patient.

Mr. Kissinger: Yes, one can use time to his advantage.

The Shah: Yes, one can afford to wait. Did the Russian ambassador like that comment?

Mr. Kissinger: He respected it and that was more important than his liking it.

Ambassador Helms: He took note of it.

Mr. Kissinger: Your Majesty got his attention.

Ambassador Zahedi: Ambassador Dobrynin was our guest at the Embassy last night.

The Shah: He was? I did not see him.

Ambassador Zahedi: The Chinese too -- Han Hsu.

The Shah: He was Chief of Protocol when the Empress visited China.

Mr. Kissinger: Yes, he has ambassadorial rank, although he is the number two in the Chinese mission here.

The Shah: I have told the Russian ambassador in Tehran that the same strategy that is good for the Soviet Union is good for Iran too. Iran must

be treated the same as the other big countries in the world. What else does the Russian ambassador here say about Iran?

Mr. Kissinger: I have the impression that he would prefer it if you were less heavily armed.

The Shah: What is important is for the Russians to understand that we are not afraid of fighting them. We would not surrender. The Russians should understand that.

Mr. Kissinger: That is a strong point.

On your military deployment, is your Air Force in a position to reinforce Pakistan?

The Shah: We are planning that. In addition to our base being built at Chah Bahar, we will have an air base 200 kilometers to the north as a backup base and then we will enlarge another one in the same area. So eventually there will be three bases toward the Pakistani border.

Mr. Kissinger: The Indians need to see not only Iranian declarations of willingness to help Pakistan, but a capability to do so as well.

The Shah: We need a strong navy to get into the Indian Ocean. We discussed this in the Pentagon yesterday. We have decided on the Spruance Class DLG (Destroyer).

Mr. Kissinger: If there are any difficulties with the Pentagon, please let me know. I do not anticipate any. But the President has told me to make sure that Your Majesty gets what you want.

The Shah: I think this destroyer is a good choice. It is within the limits of our capability to handle it.

I will speak frankly here. We are going to develop our relations with the South Africans. They are sending their former Chief of Staff, General Fraser, to Tehran as their representative.

Eventually, even Mr. Whitlam will have to change his view.

Mr. Kissinger: Especially Whitlam. What we want to do is to get our allies into a frame of mind where they feel that they have more to lose than we do when they criticize us and take us to task.

The Shah: On the question you raised with me the other day about replacing Canada in South Vietnam on the ICCS, I have told our Foreign Minister to inform Hanoi that we are prepared to establish diplomatic relations soon. I told this to Secretary Rogers and said that if the parties accept us, we are prepared to participate in the ICCS.

Mr. Kissinger: We have notified Saigon of Your Majesty's willingness to participate. We will approach Hanoi on Monday. Then the four signatories will notify the nine other members of the Paris Conference.

The Shah: I will have to brief President Bhutto on my talks here. I will tell him that Pakistan has the full moral support of the United States for the integrity of Pakistan.

Mr. Kissinger: And political support.

The Shah: I will tell him that he will continue to have your substantial economic aid and that you will welcome others providing arms.

Mr. Kissinger: And encourage.

The Shah: I will tell him that it is futile for the Americans to build up arms in Pakistan. It would hurt Pakistan more than help it. I will remind him of the commitment I have made to help. Neither the Soviets nor the Indians can disregard that.

Mr. Kissinger: You can say that President Bhutto has the full support of the U.S. and we will make it clear to the Chinese that if they go the support of Pakistan and are subjected to Soviet pressures we will back them. In saying this you should make clear to Bhutto the enormous sensitivity of that statement. You should tell him only in the most secure circumstances.

The Shah: Yes, of course. I will send Zahedi to brief him. Perhaps when Zahedi comes to Iran to report on his talks with Ismail. But maybe that would be too visible. Maybe I will send someone else.

About Jordan, the main principle is that if Jordan goes, there is no future for Kuwait or Saudi Arabia.

Mr. Kissinger: If Jordan is attacked, we would again encourage Israel to mobilize and cover them. We would also take some steps. Our maneuverability, however, is somewhat less than in September 1970. At that time Iraq threatened Jordan. If we could have some sense that there would be some mobilization of Iranian forces or even some Iranian military activity that would be important for us to know.

The Shah: Yes. We also have the Kurds. On the Kurds, we both could show a little more direct support. Now the Baath Party feels weak. They are saying some good things toward the west right now to gain time. But I have told the Kurds absolutely not to participate in a coalition government. I told them to stop receiving Soviet representatives or the Baath representatives from Baghdad. But if we are going to ask that of them, we will have to give them some more money.

Ambassador Helms: Yes, perhaps we should give them some more.

Mr. Kissinger: You can count on it in principle.

The Shah: Okay. On Jordan, we can retrofit their tanks if you will furnish the engines.

Mr. Kissinger: We will do it if Iran can do the retrofitting. What will be the cost?

The Shah: Maybe about \$40,000 per tank and maybe there are 200 tanks.

Mr. Kissinger: We will consider it sympathetically. We will do it; the only question is how.

The Shah: Jordan needs additional money. You should put what pressure you can on the Saudis and the Kuwaitis.

Mr. Kissinger: I was going to urge Your Majesty to do the same. When we get a new ambassador in Saudi Arabia, we will be in a better position.

We will press the Saudis for more aid for Jordan. We will provide \$10 million more before the end of the year. We had been holding it up in order to increase the pressure on others to help Jordan more.

The Shah: Last night at the Embassy, the Saudi ambassador was introduced to me. He has a very sweet wife. He asked me what he could do for me. I told him that Saudi Arabia should make its reforms. Did you ever expect the coup in Afghanistan? Saudi Arabia could be in the same position. The reforms are crucial.

Mr. Kissinger: Your Majesty, on Jordan, I am a great believer in studying the plans before a crisis begins. Once the crisis has begun, there is so much confusion that it is difficult to study what should be done with them. Would it be possible for Your Majesty to order some contingency planning for a situation in which Jordan was attacked by Syria and Iraq?

Perhaps we could exchange views on this in the same way as on the Saudi contingency planning. You would do this only with Helms and he would communicate with us by messenger. This is important just so we will know what is going to happen.

The Shah: Perhaps I should contact King Hussein. We could play the Kurdish card and encourage them to begin skirmishing. That would drag Iraqi troops to the north of Iraq away from Jordan. We could also reinforce our borders.

Mr. Kissinger: That sort of thing would be good for us to know.

The Shah: We also have the transports for providing logistical support.

Mr. Kissinger: The trick in a crisis like this is not to piddle away your commitment of forces.

The Shah: No, it cannot be done piecemeal.

Mr. Kissinger: Exactly. Each of us should know what the other is doing. Perhaps you should talk to King Hussein.

Ambassador Helms: General Khammash often comes to Tehran. He is their retired Chief of Staff. We can talk with him.

The Shah: For the moment, you should get Jordan one more C-130.

I was rather favorably impressed in the Pentagon. Secretary Schlesinger told me that he would find a way to further strengthen Iranian airlift.

Mr. Kissinger: Schlesinger is the best Secretary of Defense we have had in terms of seeing the President's strategy.

The Shah: I have one brigade of paratroopers and one brigade of special troops that I could drop in 24 hours. But to reinforce them with tanks and artillery I do not have that kind of airlift yet. I have been looking into the jet transports. Do you know anything about the C-142? The C-5 is too large. But I need something to transport my tanks. If I had the C-142, it would take just half the number of planes to perform the same operation.

Ambassador Helms: I will look into this when I get back to Tehran.

The Shah: I saw a C-5 on the taxi strip at the airport. It is a big plane.

My main effort will be to develop my Air Force. That way, I can break the spine of an eventual enemy within hours.

The Pentagon agreed that Iran should buy the F-14 and F-15. The mix of aircraft is still to be decided. I might buy three squadrons of nine each of the F-14 with three spare aircraft, that would total 30. That is about one year's production. I might also buy three squadrons of 16 F-15's each, that would be 48 aircraft plus two spares for a total of 50.

I need to decide whether I should go to 2 squadrons of F-14's and four squadrons of F-15's instead.

Mr. Kissinger: I will have my own systems analysts look at this.

The Shah: It is a fantastic plane.

Ambassador Helms: That is the only word for it.

Mr. Kissinger: What can it do that the F-4 cannot do?

The Shah: It is more long-legged. It is faster. It goes higher. It carries its own radar launching capability for 6 Phoenix missiles. It has a TV guidance system to take the missiles to their targets. It is expensive, but you pay for what you get. Of the 6 missiles, at least 4 can be counted on to hit the target. Even if there were kills with only 3, knocking down 3 planes with one and with no danger to your own plane is well worth the expense.

Imagine the affect on your enemy's morale! His planes would be knocked down while yours are untouched. I call this "air supremacy" not "air superiority".

Maybe it would be best to order the F-14 soon. I noticed a story in "The Washington Post" this morning that the Senate is cutting a lot of the budget for the F-14. If we could have some agreement soon on the purchase, then we can take our time. As a principle, everybody must know that we are buying these aircraft.

Ambassador Helms: The Senate took the bowels out of the program yesterday.

The Shah: Our air space is large. We have to keep these planes in two or three places. That is why I need maybe three squadrons. If my purchase went through now, it would help you get your production line moving.

Mr. Kissinger: There are two other quick items I would like to raise. One is that the Indians have proposed guarantees for Pakistan if they could slow arms flowing into the area.

The Shah: To whom? To us?

Mr. Kissinger: What would you like us to say to the Indians if they raise this again?

The Shah: In general that this should be discussed among Pakistan, Iran and India. If the Indians cut the size of their armies to the size of their neighbors' armies, then they would have a point.

Mr. Kissinger: This did not seem a serious proposal to me. Their ambassador has delusions of Machiavellianism. He doesn't like your ambassador either.

The Shah: I told Swaran Singh [Indian Foreign Minister] that if there are to be any security arrangements involving South Asians, they must include Pakistan. It should not be the Asian Security Pact of the Soviets but a local one for just this region. But it must not be arranged from a position of weakness.

Mr. Kissinger: When I visit China, may I tell them in a general way the principles on which we are operating. I may give them more specificity with regard to Pakistan. That is where their main interest lies.

The Shah: I am telling the Russians that they should mind their own business about the arms. What is good for the Soviet Union is good for us when it comes to arming ourselves. [What the Shah seemed to be saying is that if the Soviet Union can arm itself so as to deal from strength with the U.S., the Soviets cannot tell the Shah that he should not do the same.]

Mr. Kissinger: We will tell nothing to the Soviets. You can be certain of that, despite what they may tell you. If I say anything to the USSR, I will let Your Majesty know through Ambassador Helms. Otherwise, Your Majesty can assume that I have said nothing and that anything the Soviets say to Your Majesty is being fabricated.

The Shah: Yes, I am confident that you will continue, as the President said, to tell the Soviets that Iran is a sovereign country.

Mr. Kissinger: In addition to our friendship with Your Majesty, it would be totally against U.S. interests for us to do anything to restrict Your Majesty's freedom on maneuver.

The Shah: On what else could you base your policy?

Mr. Kissinger: Our policy is gradually to bring the Chinese in and eventually link up with Turkey.

As Dr. Kissinger rose to go, the Shah invited him to visit Tehran. Dr. Kissinger replied that he would be very pleased to do so at some point. The Shah replied that any time would be fine except that in February he usually goes skiing. The meeting ended with Dr. Kissinger's wishes for a safe return to Tehran.

Harold H. Saunders