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DEPARTMENT OF STATE

Memorandum of Conversation

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DATE: April 1, 1969
Time: 10:00 a.m.
Place: Iranian Embassy

SUBJECT: Iran, the Middle East, the USSR and Asia
(Part I of III)

PARTICIPANTS: Foreign
His Imperial Majesty the Shahanshah of Iran
H. E. Hushang Ansary, Ambassador of Iran

United States
The Secretary
Hon. Joseph J. Sisco, Assistant Secretary for NEA
Theodore L. Eliot, Jr., Country Director for Iran, NEA/IRN

COPIES TO: See last page

The Shah reviewed Iran's growing internal strength. He mentioned Iran's 10-percent annual economic growth rate for the last four years and outlined such reforms as land distribution, nationalization of forests and water resources, women's rights and the establishment of various development corps, including girls' corps.

At the two ends of Asia, the Shah said, there are two strong countries: Japan and Iran. In between there is unfortunately much instability and poverty. Progress has been made to some degree in India, but wretched poverty prevails there. Iran's friend and ally, Pakistan, is plagued with corruption among high public officials and is paying the price for this corruption. He had warned his friend Ayub about this. He is somewhat optimistic about the new leadership, saying that Yahya Khan is a "clean" man. The Shah also noted that Iran had assisted Pakistan during the Indo-Pak war but that Iran's friendship had not been reciprocated in such matters as relations with the Arab world and Communist China.

The Secretary commented that able leadership is an essential ingredient for any country. He asked the Shah's views on Soviet-Chinese relations.

The Shah responded that he has long been aware of the threat of Communist China and had mentioned this to the Russians some years ago. The Russians were, however, slow to realize the nature of the threat. On his last visit to the Soviet Union in 1968 the Russians mentioned the necessity for "white men" to guard against this peril. The Secretary noted that the Soviets had recently given us a note on this subject, and he and the Shah agreed that it is remarkable that the Soviets have taken this matter up with the Germans.

NEA/IRN: Theodore L. Eliot, Jr.
(Drafting Office and Officer)

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The Shah then described Iran's foreign policy of "independent nationalism." He stressed Iran's desire to be self-reliant. Naturally Iran, like every country, had to have friends and does have friends, but no country can expect its friends to come directly to its aid more than once or twice. He emphasized that Iranians and Americans think alike and react alike. "Iran and the United States," he said, "are natural allies, no doubt."

The Secretary said there can be no doubt about that. He mentioned that he had attended NSC meetings during the Eisenhower Administration and knew of the dangers confronting Iran then and the progress Iran had made since that time.

Describing Iran's relations with the Soviet Union, the Shah said that the Soviets had twice, once in Stalin's time and once in Khrushchev's, tried to absorb Iran. Nevertheless, Iran had tried to establish normal, neighborly relations with the Soviet Union. But the Soviets should have no question in their mind that Iran is a strong and independent country. And Iran would continue to keep its guard up, both through counter-intelligence operations against Russians working in Iran and by continuing cooperation in such matters with the United States.

Going on to a discussion of the Middle East as a whole, the Shah mentioned Soviet attempts immediately after the Second World War to gain a base at the Dardanelles or to obtain a mandate over Libya or Eritrea. He referred to historical Russian efforts to obtain warm-water ports. He said that together with Iran, Israel could be considered a strong force in the area, but the Israelis are preoccupied with the Arabs and he sees no early solution of that problem. (He commented parenthetically that no solution was possible without a solution of the refugee problem. He also said he agrees with present US policy, implying concurrence with the four-power approach. The Secretary said we must try every possible avenue, and the Shah agreed while saying that he is not optimistic about an early solution.)

Even if there should be a solution of the Arab-Israeli problem, the Shah continued, there would arise the question of where all the arms supplied by the Soviets to Nasser would be used. The danger was that they would be used in the Red Sea area, in Yemen and Aden and eventually around to the Persian Gulf. This possibility, he said, had been of concern to him for a long time. He feels that there is a continuing Russian-Nasserist threat to the Suez-Aden-Djibouti triangle and in due course to the Persian Gulf.

The Shah reviewed the situation in the Gulf itself. He said that Iran desires to cooperate with the Arabs on the other side of the Gulf and had indicated a willingness to enter into an informal or a formal agreement or alliance: "whatever they want." Of great importance is Iran's relationship with Saudi Arabia. The Shah said that King Faisal is a good and wise man and that progress is being made internally in Saudi Arabia. He said that Iran is, however, having some problems with the British over certain islands in the Gulf which they had taken from Iran and now, as they are about to leave the Gulf, want to hand over to the Arabs. The Shah indicated that he had no intention of permitting the British to do this. With respect to Bahrain he said he had said publicly that

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he would let the people decide whether they wanted to be part of Iran or not. This was a generous offer, and Iran had no intention of using force on Bahrain. He had made the offer despite the prospect of adverse repercussions in Iran; he had been pleased to note the absence of such repercussions.

Summarizing his view of the situation in the Gulf, the Shah said that whatever the outcome of Iran's current efforts to establish close relations with the Arabs on the other side and to resolve outstanding disputes, it was essential for Iran to have the strength to keep open the Strait of Hormoz and to protect Iran's commerce in the Gulf.

The Secretary said that he would appreciate the Shah's comments on our bilateral relations. Before getting into specific matters (see separate memcons concerning oil and military sales), the Shah commented on US policy in Southeast Asia. He said that he had originally been a "hawk," but that was before the turn for the better in Indonesia. Before then, he felt that we had to fight the Communists in Vietnam if we were to keep the Chinese Communists from taking over all of Southeast Asia, including eventually the Philippines. Now the situation is somewhat different, with the US bogged down in Vietnam. Referring to Iran's quick and forceful action in retaking Azerbaijan in 1946, the Shah said that it might have been better if the US had moved more rapidly and with greater force to counter the North Vietnamese. The US, in the Shah's view, had shown too many scruples in Vietnam. It was also a mistake, in the Shah's view, for the US to oust Diem who was a strong leader and was making some progress in combatting corruption.

The Secretary commented that he too had not approved of the gradual escalation of the Vietnamese war. Regarding Diem, the Secretary questioned whether the US had ousted him, but agreed that the US should not interfere in the internal politics of other countries.

The Shah commented, and the Secretary agreed, that it was unlikely that the US would want to get involved in many more Vietnams.

The conversation throughout was friendly and warm, with a number of injections of humor on both sides. The Secretary mentioned his looking forward to visiting Tehran in May, and the Shah said he was looking forward to receiving him at that time.

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