MEMORANDUM
THE WHITE HOUSE
WASHINGTON

SECRET/NODIS/XGDS

MEMORANDUM OF CONVERSATION

PARTICIPANTS: Mohammad Reza Pahlavi, Shahanshah of Iran
President Ford
Dr. Henry A. Kissinger, Secretary of State
and Assistant to the President for National
Security Affairs
Lt. General Brent Scowcroft, Deputy Assistant
to the President for National Security Affairs

DATE AND TIME: Friday, May 16, 1975
5:30 p.m.

PLACE: The Oval Office
The White House

Shah: We are introducing a modern drip system of irrigation. It has fantastic results. You save 25 percent of the water and it penetrates. It’s only of use for fruits and vegetables but not wheat and corn. Regular irrigation must be used for them, and that is expensive. We probably never can grow enough wheat.

President: Do you have mechanized wheat growing?

Shah: No, it is like yours. But we are introducing maize and soya. We are learning to package delicate vegetables. Also freezing and gamma rays we are looking into. We are also fighting pests and insects -- which requires a chemical industry which we are starting.

President: Most Americans don’t realize the tremendous gains we have achieved in our agriculture. It is the greatest gain in productivity we have achieved in any sector. Only five percent of the people are now in agriculture. Only a few years ago it was 12-13 percent. It still is a hard life, but it appeals to some. My son is a ranch hand for a year.
As you know, Your Majesty, we have been trying to promote an energy program here since January. We have been slipping in not using coal deposits, and oil production is falling. We were the beneficiary of low oil prices and Americans were not preparing themselves for the problems of 1973. I know you have a great knowledge here and look at the whole world picture. We have been trying to work with producers and consumers to save the consumers and protect the producers. The Prepcor, unfortunately broke up when some insisted on inclusion of other commodities. We have to recognize the rights of producers and they must see our problems. Any suggestions you have would be appreciated.

Shah: This is a very important subject, Mr. President. The U.S., as champion of the Free World, almost doesn't have the right to let itself be dependent on the outside. As a matter of fact I will take up with Dr. Kissinger a swap.

President: He has told me. It sounds like a fantastic arrangement.

Shah: Yes. But the United States has to be independent. So the oil price has to be equal to other forms of energy. In the meantime, maybe a swap would work. It would not create petrodollars.

[Secretary Kissinger arrives at the meeting.]

Kissinger: AHEPA wants our installations thrown out of Turkey.

President: They are naive.

Shah: They are very shortsighted.

President: They will end up with someone like Papandreu.

Kissinger: What I think will happen in Greece is that the military will move left and make a deal with Papandreu.

Shah: That would be bad. He is a dangerous man.

President: [Reviews earlier conversation for Secretary Kissinger.]

Shah: We can deliver an agreed amount of oil for an agreed amount of equipment. You could pay in bonds which would adjust for inflation. I could use the bonds for equipment.
President: That sounds okay. We give the notes for oil and get them back when the military equipment is shipped.

Shah: But I think you must develop alternative sources, because in 25 years this will be out.

Kissinger: Five years ago His Majesty offered 2 million barrels for $1.

Shah: I can’t thank you enough for turning it down.

From oil come 70,000 products. It is very versatile. You have coal, shale, sands, nuclear power, solar power, etc. In some cases we are ready to invest jointly for new sources, because we will need it ourselves.

The influence of oil on Western inflation is 2 percent -- this is your figure. Industrial inflation was 14 percent but the prices to us have gone up 35 percent. But we must have some kind of agreement, based on some tangible predictable relationship. We must index, or any other proposal which keeps our purchasing power intact. Perhaps indexing to 20-30 commodities, although that might be difficult.

We would like to help. Venezuela might be with us. Mexico wants to join OPEC. OPEC is not weakening. My argument in Algiers was that we have to depend on the commodity trade. But what happens to the Third World, with oil and industrial prices going up? What can we do? The Saudis will follow us -- they will always be a moderating element. Between us we can do something interesting. That will give us time for reconvening the Prepcon. I can defend an agreement on two grounds: defending our purchasing power....

President: How much do you produce?

Shah: The companies have cut back 700,000 barrels.

Kissinger: That is why we could be taking 500,000 barrels a day.

Shah: We can use the money. We need it for social services -- housing, school lunches.

President: We are having a slowdown in building.
Shah: They could begin building in June. We have agreed with you for a 2000-bed hospital.

In one generation we will catch up with Europe.

President: Have you done much in the field of higher education?

Shah: Very much. We will have 150-200,000 people in college, and 15,000 of them in the United States. We have exchange programs with American schools. We are using television teaching -- using satellites. We are especially interested in technical schools, and in the meantime we are getting workers from countries with a labor surplus -- India, etc. We will be taking some of the Vietnamese.

The Saudi man is in Tehran to discuss how to reconvene the Prepcon. If we and the Saudis get together, Venezuela will follow us and I think OPEC will follow.

Kissinger: We don't object to a meeting again in Paris. If we could have a prior understanding with you, we could manage IEA and you could manage OPEC. That would avoid the problem.

President: We should be self-sufficient by 1985. If we could have an embargo for a couple of weeks, we could get some action!

Shah: Javits asked me if we could sustain the high prices. I told him there would not be over-production. The companies themselves lowered the price. We have made a deal with El Paso and Distigrar of Belgium. El Paso will take the equivalent of 1 million barrels. They have some problem with taxes.

President: The American people are very interested in gas. It is clean and cheap, but so cheap there has been no exploration. We will face a severe shortage.

Shah: We could provide it. We are providing much gas to Europe. Our resources are the world's greatest.

President: It would take special tankers.

Shah: But we should look at the swap. It is oil against goods, not petrodollars. It will also avoid you having to look for oil from unreliable sources.
President: I would be interested in your further comments on the Pakistan-Afghanistan problem.

Shah: I touched on this in the Pentagon and the Senate Foreign Relations Committee. Even McGovern didn't say anything.

If they put together the Pushtunistan and Baluchistan problems they could destroy Pakistan.

The Soviets have agreed to deliver to India a high number of MIG-23's and MIG-25's.

President: Is the Indian military capability effective?

Shah: Against Pakistan.

Kissinger: What would you do if there were an attack?

Shah: We couldn't stand by if they were victims and see the Indians and Afghans divide it up. Why does India have a friendship agreement with the Soviets? The Soviets now have usually 30 ships in the Indian ocean.

If anything happened, we would have to ground the Pushtanis and Baluchis. If we were to occupy Baluchistan, the Pakistan Army could move forward.

President: How about the Afghans?

Shah: They aren't well-trained but they are good soldiers. We fear in Afghanistan there may be a coup by pro-Soviet military troops. They are training in the Soviet Union now.

President: How about Iraq?

Shah: I hope Syria will keep them busy?

President: Can China stay out, if there is a war?

Shah: For them it is like for us.

In Vietnam, the most dangerous situation would be a Soviet-dominated government. They would then be in the corner of the Indian Ocean.
I had no problem in the Pentagon. I am grateful. I raised the matter of the exorbitant price of spares, and leasing the C-5s.

Kissinger: We have to overcharge some way so you can send spares and we replace them.

Shah: On the grounds my technicians are using too many. But your people must keep their mouths shut.

President: We are working on the Senate passing the Turkish aid bill.

Shah: If we can work out something on the spares while you work it out, it will help keep the lid on the Turks. They are sensitive.

President: We met with the Ambassador. The embargo is especially bad on spare parts that they have already bought. Our Congress is shortsighted.

Shah: That's right. What would happen to Greece if Turkey went to the other side?

Kissinger: They could turn to Libya.

Shah: It's better if they turn to us. The Turkish President is coming to see me in June.

Kissinger: I will give you a report of our meeting with the Turks.

Shah: The Turks are almost in the position they can't hold maneuvers. We need your people to keep quiet on the spare parts deal.

Kissinger: I will talk to Schlesinger.

[There was a short discussion of Greek folly of putting in Sampson and the poorly executed Turkish invasion.]

Kissinger: Maybe after our talks with Demirel, there is some way you could help.
Shah: But I will have to open the valves of my Treasury. Their balance of payments is bad. The Turkish workers abroad are coming home. That's a problem.

Maybe your Cambodian success will help with the Congress with the Turks. In the meanwhile, if we can help with the Turks, we would like to. It would be a calamity if we lost the Turks. Sometimes I say the Soviets just have to sit and wait.

President: Hopefully they will make some mistakes in just waiting, but we can't count on that.

Shah: But they are very cautious. They did push Geneva, but they're not pushing it much now because they would be responsible if it failed.

President: How do you feel about the PLO?

Shah: People look at Arafat differently. But it only takes one bullet for him -- and the leftists are always the best organized. Sadat is not too enthusiastic about the Palestinians. What will happen is if they get established, they have to go to the left. They are among the most extreme. They will have to expand and they will first move to Jordan and then will be on the border of Saudi Arabia. Think of that! But we can't leave out the possibility of a Palestinian state as a solution. Our only hope is some responsible Arabs will get frightened and set up some sort of wall against the expansion of the Palestinians.

President: How many of them are there?

Kissinger: Probably 2 million, but there is nowhere to put them. Therefore, it must lead to expansion to take care of them.

Shah: But this prompts me to say again that Israel was silly to create problems for you in March. Maybe they banked on a split here between you and Congress.

President: I think they can't count on Congressional support like they did in the past. The situation has changed. I think they are miscalculating.
Shah: It's also the weakness of the Government. If we only had Golda!

Kissinger: I never thought I would look back on her with nostalgia!

President: When are you leaving?

Shah: Sunday. I'm going to visit the Vice President.

Kissinger: It is a lovely place. Nelson is in his grandfather's house and each brother has a separate place.

President: He is doing a great job.

Shah: I saw him yesterday. He is very dedicated.

Thank you very much for inviting me here. I am grateful for establishing these personal contacts. We need you like the rest of the world needs you. Maybe we can be of some help.

President: May I express for me and Mrs. Ford that we are grateful for everything and for the gifts. Henry has told me if I wanted to talk to someone who had an objective view of the world, it was you. I have confirmed that.

Shah: I hope you win the election.
I am sending you a copy of the article by J. P. Shelton in the June 16, 1925, issue of the "Journal of Physical Chemistry." The article discusses the "water use..."
see our pact. Any sugar protein would appeal.
S. This program subject. The US, decompensation would absent. I have a right of diplomacy on each of A something part. I will take you.

K. unprintable.

P. He told me some day. It was a contract on the XZ.
S. Yes, but US has to understand to old point.
K. um I = the entire frame energy. Assuming imagine a story would work. It would not with Peterson.

(Relevant)

K. Always costs our installment then—and so.

P. They see never.

S. They whatever.

P. They will. End says, anything the Republican.

K. What I think will happen in France is contrat will more kept. Everyone did 3/14 Grand.

S. I have to. I'm in perception now.

P. (previous conversation)

S. We can also electric speed and for equal one of equip. Same would play in bands which would adjust for inflation. I could use a band for you.

P. Sounds. We require notes from expert like the same with equip is stopped.

S. BUT IT THINK IT WOULD ALSO COME, I REMEMBER IN 23 YOU THIS WILL BE ON.

K. Twenty ago HM offered 3 books and little for 50.

S. Can't thank your way for having 20 is.

From cold and 2,000 products. It's very worthwhile.
We henceforth shall, tend, tend, unuse, vote, etc. In some cases we can readily & must join wth for our
selves, there can not be many

Depression in Western countries is 3% - 5%
Financial, inflation was 4% but prices
If we have good 85%, But we must have
some kind of agreement, lead & some tangible
predictable solution for. We must reply, long

other progress which keeps our production grow
None of this, implying 4-10 embossed which
might be big. We would like to help
Vand make moor, & maybe want to join

Ope: Open not weakening, key argument in
App idea that we have to simplify. Reality,
But what happens to this rush, if oil production
prices go up. What can we do? Sand well
Follows us - they will always be unrealistic.
But no we can be something amazing. That will

give us time for warming pressure. I can defend
agreement in your arms by defending

powers.

1. How much do you produce
2. Inquire how we will take
3. That we can build
4. Can we even salary. We need it for social

5. Win into winnowing in building
6. They could build in town. We have enough

up open for 20% of town.

7. Extra.
S: In one generation we will catch up w/ Em
P: Higher education?
S: Very much. We will have 150-200 m in college
15,000 in vs. We have a training w/ vs.
and our TV learning unit satellite.
We can watch TV on the same channel;
giving news from satellite.
We will be taking formal classes.

K: Is it difficult on TV, too? We can improve
to television programs. If we listen and write
there will be a follow-up. I think over
with follow-up.

P: We should think big. By 9/15, there could have
an entrance for a couple of us, we could get some
in.

S: Parents should find who could use this.
They have had

F: The Comoros Thirteen to include prices.
We have made plans/ of some
of them. El Paso will take training from us. They
have some problem of training.

P: Are people very motivated in vs. It seems they are
so change things have been w/ v. Students will need financel
training.

S: They could present it. We are pressing much now.

E: We can assemble on weekends.
It would kill special tanks.

But we should both attack together. That is why we need... and... and... will also avoid your... for the... with tunnels.

Put in your private... in a... of... the Afghan pants.

I think we should... in protest... East... in some... organization.

If they put together... Pakistan... to Pakistan... could... of this... ever have agreed to... in this... in the... of... 26/27.

Do American... of... Pakistan.

What will you do if... other... will think if they... in... and... of... Afghan...? Why don't we have...? Some more are... have to... in... in... in... in... of... in... in... in... if... in... if... Pakistan... of... could transform.

How about Afghanistan?

They don't talk about... much and... They are trying to... we plan in Afghanistan... very much in USA... with... and... They are busy in... their...
I hope Syria will keep their thing.

I'mchin-stay on.

For am + it's like now.

In U.N. must champion would be a Sun-dominated
good. They would then be sin - cause if c-bomb com-
and in past in China. I guard

I think c-irradiated pine if more, last year C-S.

He want it would be.

We have to arrange some way to open our civil
-spoon + we explain that.

Our banned my techniques and worry too many.
But your people must buy their mistakes shit.

We speaking on Senate passing - end bill.

It is strange to work out something on space while
open with it out, it will help those big in c.

Team, Tony was terrible.

We went to China. I say lead on type ports that
they have already bought. Our plan is the right.

What would happen to Greece if I went to with ride.

They could turn to hitpe.

Better if they turn to me. Right, Track press is

coming to see you in June.

I don't give you a report of our very of/track.

The Track are almost in position they can't hold

unanimous. We need your people to keep quiet

on space next thing.

I don't talk to China.

(Short discussion of Track selling selling Somma-
in + c-join + second morning)
K: Perhaps after all (with A) Diminish there is some way you could help
S: But it would have to come out of my Treasury. Then if I help, I wouldn't have enough, etc.

I suppose Cauterization process will help if it's a Cauterization process. In meanwhile, if we can help all times, we would do it.
I am not a candidate for a candidate. Sometimes I have been just here to sit and wait.

P: I hope they will make some mistakes in just wanting but we can't wait on that.
S: But they can't win. They won't push sooner, but won't much some cause they would be way in it then, Paul.

P: How about 

S: I think, Paul, this is a great difficulty. But it only takes a little bit of love - with one, why do we always be last and last? Don't we always want to last? What will happen if they just get out, they have to get a left? They can always win a test of time. Today we have to go and they will just want to finish. But we will be an honor of sorts. Think of that! But we can't lose our popularity if he's that a solution.

C: Only hope is time. Those will get pushed. I see some day I will go against this again in "Paul's"

P: How many are there...
I've been a bit sick, but we were just there...it must have been very nice to take care of the garden.:

They could have helped. They were just sitting in the garden.

But they probably didn't know that I was actually trying to make them feel good for you too. Maybe they should have been there to help you cope.

I think they could have done a lot better. I think they were just there to make you feel good.

I also think you're great. I can only wish it were true.

I know that I would have been in another place.

When you're doing
Sundays, going to work.
It's a busy place. Not sure if you're working house and each brother has separate place.

He's doing a great job.

They're doing quite well. I'm still waiting:

Thank you very much to the many who don. I'm grateful for such close personal contact. We need you like most people. Founded in our home body.

I may be helping for you too. I am adjusted for everything for you (gifts). If he told me he wanted to talk to someone who had objective views, I would ask you. I have

confirmed that.

Hope your wine election.