MEMORANDUM

THE WHITE HOUSE WASHINGTON

SECRET – XGDS (3) CLASSIFIED BY: HENRY A. KISSINGER

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MEMORANDUM OF CONVERSATION

PARTICIPANTS:

President Ford
Mohammed Reza Pahlavi, Shahanshah of Iran
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: Thursday, May 15, 1975 11:00 a.m.

PLACE:

The Oval Office The White House

[There was a photo session. The President and the Shah discussed the Mayaguez incident.]

President: We sent a sharp note but I didn't get an answer.

[Secretary Kissinger arrived.]

Kissinger: We sent it through the PRC who kept it 24 hours and returned it, but they returned it without saying that if we did anything it would be upsetting.

<u>President:</u> Yesterday I decided we should take the ship and the Island. We had the CORAL SEA coming and one destroyer escort.

About 11:30 we got word that a boat was approaching. It turned out to be the crew.

At 8:15 they said they were releasing the ship. We were on the way in and continued the operations. We put a message through their frequencies and over the AP that we would stop when the crew was released.

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<u>Shah:</u> I was pleased with the reaction, because otherwise people would have made false calculations.

<u>President:</u> We perhaps overreacted, to show the Koreans and others our resolve.

Shah: Why did they do it? Was it the government or a local commander?

<u>President:</u> They had seized some other ships but hadn't kept them. Perhaps it was to show their sovereignty over the island.

Shah: Did you get any reactions from Hanoi or South Vietnam?

<u>Kissinger:</u> Not a word. The PRC [Vice Premier Teng in Paris] had said "If they use force there was nothing we could do about it."

<u>Shah:</u> Of course. I think the PRC is playing a cautious role here. I think they want to get closer and closer to the U.S. for their own interests.

<u>President:</u> The statement that Henry mentioned certainly appeared as a green light.

The response in the U.S. has been very affirmative. The calls to the White House have been 10 to 1 in favor.

<u>Kissinger</u>: Last night Jackson said we were overreacting. This morning he said he had been misguided and had warned against overreaction and he was glad to see the President hadn't overreacted. The Vice President said that 16 Senators spoke in support.

Shah: I am sure you would have done the same regardless of the PRC statement.

President: If necessary.

<u>Shah:</u> That should be a lesson to the PRC and everyone that there is a limit to everything.

<u>President:</u> There were legislative restrictions imposed in the 1973 act and the War Powers Act, which some said meant the President couldn't act. This showed we could and did and showed the world we weren't hamstrung.

<u>Shah:</u> It shows the world that when the U.S. decides to do something it can be decisive.

<u>President:</u> I am delighted to meet you to talk over the problems. I would be pleased in having your views on the Middle East in light of the reassessment we are having here. We are determined to prevent stagnation. We are getting the views of many parties and your views would be enormously valuable.

Shah: Thank you. We have been in touch with Secretary Kissinger.

<u>Kissinger:</u> His Majesty warned me in November to get out of the negotiation.

<u>Shah:</u> We hope he will continue his effort, even before Geneva reconvenes.

If our Israeli friends realize how stupid they were.... They have a Masada complex; they like to suffer. What is important to them is recognition and the security of Israel. If they had made that movement they would have been recognized by the Arabs. The passes aren't protection in a modern war. They can go around them or over them. The Bar-Lev line was a good line but it was smashed. Israel doesn't have the potential, the economy, or the people to compete. They were mistaken not to come to terms. Sadat was wise there; he couldn't accept their proposal and stay alive. What was he asking? Not so much. The Mitla pass they wanted for a defensive and not an offensive policy. The reopening of the Suez Canal demonstrates his defensive strategy. We recognize that Israel has the right to exist. This could have been clinched by greater good will by Israel. I have to blame Israel for this failure. I think it is the internal weakness of Israel. If Secretary Kissinger could initiate a movement, even before Geneva, it would be good. Otherwise you would have to go to Geneva and drag it out so the Soviet Union didn't claim the credit. That would be dangerous.

The Syrians are becoming difficult. I wonder if the Syrian-Iraqi feud is not partly Soviet-inspired. They don't like our rapprochement with Iraq. I had to make a quick agreement with Iraq. I have to say this in the face of all the press reports that I had abandoned them. They weren't fighting -- we were. The Kurds weren't fighting. Sadat, Hussein, Boudemiene said "Give them [Iraq] a chance to cut

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loose from the Soviet Union and adopt a more independent policy." So at Algiers I had talks which settled the borders and opened the way for Iraq to be more independent of the Soviet Union. Now Iraq is offering a treaty for a joint defense of the Gulf against local or outside powers. This protects Kuwait against them. I was trying to promote this 4 - 5 years ago to the Saudis.

At the same time Iraq and Syria are mobilizing against each other. I don't know where it will lead. It could be the Soviets, but one could argue to the contrary that it is to their interest to unify the Arabs against Israel. Maybe it's a warning to Baghdad that if there is too much independence they will take action.

The division of the Euphrates waters between Syria and Iraq is the problem.

Kissinger: They are a bloody-minded bunch.

<u>Shah:</u> The two of them were never really friends. The British tried to create the fertile Crescent-Union of Syria, Jordan and Iraq. The Soviet Union wants a red crescent--of Syria and Iraq. Once you have a legal Communist government they penetrate everywhere. I warned Iraq about this. They recognize it.

Our relations with the Egyptians and Saudis are very close. The new King is respected. He is taking his job seriously. He is not a total figurehead, but he doesn't mix too much in policy. Fahd is okay, we believe. Maybe in this respectable post he will be more responsible than before. I hope the six or seven brothers won't be split.

President: Are there any signs?

<u>Shah:</u> Not yet; it is a huge family. I spoke to the Saudis. I said, you don't need money, what you need is a clean government.

Kissinger: They add 10% to every contract.

Shah: That's the minimum. The French do 20%. I told Fahd this and he knows it. If they can't liquidate bribery and bring in non-family people, they will not remain stable.

Kissinger: Won't the non-family people overthrow them?



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<u>Shah:</u> No, they will bring them into the establisment. The Bedouins are not easy to rule. Religion is important. We have to be prepared for anything.

<u>President:</u> Henry told me what he told you we would do if there were a Qaddafi-like development in Saudi Arabia. I reaffirm it.

<u>Shah:</u> That is good. We should consider Egypt, too, as they are an Arab country. They can't tolerate that kind of Saudi Arabia. Their role must be carefully defined, however, because we don't want an imperial Egypt like we had under Nasser. We have no designs -- we don't need it. But Egypt needs it. But they need the money, not the land and people. What Egypt does in Libya isn't important -- the Libyans are not much -- but what they do in Saudi Arabia is. It would get Egypt into the Gulf. An imperial Egypt couldn't be sustained by you or us and would have to turn to the Soviet Union.

So we must discuss in detail to what extent we get Egypt in. If it is totally non-Arab, there might be some resistance, but the extent of Arab participation is worrisome.

<u>Kissinger:</u> I would worry about an Egyptian army in Saudi Arabia. Political support is good; maybe a few troops.

President: How good is the Saudi military?

Shah: Not very. It is small.

<u>Kissinger:</u> It took them two weeks to cross the Jordan. It was all screwed up. The Israeli strategy, too.

<u>Shah:</u> Israel can't fight a defensive war. If the U.S. could make an initiative before Geneva, it would be helpful. Your meeting in Salzburg will be crucial. You will find Sadat a cooperative man. He is not in an easy situation and has courage.

Egypt should be free on the Western front. They need some money to solve their economic crisis.

Kissinger: Are they planning something in the West against Libya.?

President: How cooperative is Israel?

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Shah: They [Libya] are stockpiling much equipment.

Kissinger: But they can't use it. They don't have the skilled people.

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<u>Shah:</u> But they are ammassing immense amounts of equipment. Qaddafi is a nut.

Kissinger: He once offered to buy Mintoff.

Shah: So getting them involved in the West would keep them busy.

Kissinger: Could we talk to Sadat about it?

Shah: This Qaddafi is a real nut. He is making trouble.

If you can't work something out with Sadat before Geneva, the dangers of a stalemate grow. A successful Geneva will redound to Soviet credit, because they are pushing it. The momentum should be continued. It would have been except for the foolish Israelis.

President: We were bitterly disappointed.

<u>Kissinger:</u> It was against their own interests. Wouldn't an agreement have taken Sadat out of it for years?

Shah: He said he was prepared to go it alone.

I am also concerned about South Asia. India says it doesn't want the dismemberment of Pakistan. Afghanistan says the same because they don't want the Indians on the border. They are not acting that way, though. The problem is Afghanistan is adding Baluchistan to Pushtunistan. Both of these areas take most of Pakistan. They would go to the Gulf. Baluchi refugees have been a corps of a Greater Baluchistan. It won't happen, because I won't let it, but it is a problem.

The Soviets are a real problem in this area. The Soviets are talking detente, but never have their military been stronger. West of the Urals they have 40,000 tanks. They have a rapid Navy building program. Funny thing, the PRC is telling us all this.

Kissinger: They are our best NATO ally.

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<u>Shah:</u> Yes. They are very good. We had a visit of their Vice Premier and tried to follow what was going on. The PRC really hates the Soviets.

<u>President:</u> Has there been any progress in the border dispute?

<u>Shah:</u> No. The Chinese demands aren't much. They may be waiting for more missiles or something. They are creating practically whole cities underground. I said why? They said, because the military equipment is vulnerable. I told him we couldn't tolerate the dismemberment of Pakistan.

Kissinger: Would you resist?

Shah: Have we a choice? Or taking Baluchistan ourselves.

President: Could India take out Pakistan?

<u>Shah:</u> Yes. There is a great disparity. But there is obviously a concerted Indian, Afghan and Soviet policy. It will take a long time before we have a settlement of the problems.

Things seem to be going the Soviet way. Take Europe, Portugal, Italy, the terrorist action. England is doing badly.

<u>President:</u> They vote on European Community soon. It would have a serious impact if they don't affirm it.

Shah: Their problem is they don't work.

<u>Kissinger:</u> The coal miners got a 35% raise last year and now they want another 30%.

<u>Shah:</u> They have a narrow margin and can't implement a policy. The government doesn't stop the unions and the people seem to have lost their guts.

With the French, even the Army and police have been penetrated by the Communists. Europe is in poor shape. The Soviets don't have to do anything. They can win it all without firing a shot. That is why American strength is so vital. If you leave Europe you won't go back.

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<u>President:</u> I think there is some change, even before last night. If what happened in Vietnam and Cambodia had any plus, it was to teach us we must maintain our own strength. The reductions in the defense budget are a little less this year. Last night should help.

Shah: I hope they won't forget it in a few weeks.

President: Henry says he found a new mood in the Midwest.

<u>Kissinger:</u> You may not like the energy portion of my speech but I am trying to move towards you. But the purpose of it was to plead for an end to self-doubt. I got tremendous applause. The intellectuals have lost their nerve, but the people are strong and don't like losers. Nixon couldn't rally the people at the end, but now we can. I agree Europe is morally bankrupt.

<u>Shah:</u> I got a message from Schmidt to speak to you of the Soviet danger.

Kissinger: That's good. That shows they are worried.

The Soviets protested my Berlin trip after my meeting with him.

<u>Shah:</u> Because of this we need the U.S. to be stronger than ever. Or the Soviets will spiral slowly everywhere.

<u>President:</u> The vision of a strong America now is in the West and center of the country, not the Eastern seaboard. I spoke to some people yesterday saying that we would meet our challenges. I got great applause. I think the people are ready for a new spirit.

<u>Shah:</u> I am glad. I think it is essential. Portugal could be an eyeopener. Are the intellectuals for democracy?

<u>Kissinger:</u> Not really. They just can't have an enemy on the left. The previous Portuguese regime was inefficient but benign. The present one is efficient and not benign.

<u>Shah:</u> The intellectuals will destroy the world without knowing how to replace it. They don't have a plan. They would be street cleaners in a Communist regime.



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<u>Kissinger:</u> The West could buy off the intellectuals. Their pay is poor but they are expected to be upper middle class. But as it is, they resent the system rather than support it.

<u>Shah:</u> That is true. It would be easy to have a professor on a board of directors.

<u>President:</u> There is a trend here. The President of the University of Michigan is on several.

<u>Kissinger:</u> It has to reach the professors. Because it is the ones who write who put out the poison. The forced evacuation of Phnom Penh they call a peasant revolt; if we did it we'd never hear the end of it.

<u>President:</u> The conversation we had yesterday with the Dutch Prime Minister was sad. There was only condemnation of the previous Portuguese Government and sympathy with the new government. He said we should give aid to the new government.

<u>Kissinger:</u> The President asked him how does giving aid to the communists aid the democratic forces. He didn't know. His comment about means and ends last night was dreadful.

Shah: These intellectuals will win over the world without creating a better one, because when they destroy it the Communists will take it over. The Indians try to tell me they are peaceful, but if they are, why do they need the atom bomb? What did they do it for, with millions of starving? They have admitted there are areas they can't even help within their country. Do they need the bomb against China? It is hard to believe. They don't need it against Pakistan. Maybe it is the Hindu philosophy that they must prevail in that area.

<u>Kissinger:</u> Mme. Gandhi said she couldn't forgive her father for leaving Baluchistan out of India, because it was in India's "historic sphere."

<u>Shah:</u> I am glad you lifted the arms embargo [against Pakistan]. They can't go in for an aggressive war because India is too big. But we should give them the ability to defend themselves.

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Kissinger: They haven't bought anything yet.

Shah: They have no money. They asked me for \$1 billion. I don't have it. The Saudis do, but they don't have the close relations we do.

The Turks want to get spare parts. I said I would talk to you because I can't afford it if they are not replaced.

President: I am seeing some Senators right now.

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