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ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

7 APR 1969

INTERNATIONAL SECURITY AFFAIRS

Refer to I-21,690/69

MEMORANDUM OF CONVERSATION

SUBJECT: Conversation with Iranian Delegation
April 1, 1969

PARTICIPANTS: Iran

The Shah of Iran
Ambassador Ansary

United States

Secretary Melvin R. Laird
Ambassador Meyer
Dr. G. Warren Nutter, Assistant Secretary of Defense for
International Security Affairs
Colonel Robert E. Pursley

PILOT TRAINING: The Shah initiated the conversation by indicating he would like to train all Iranian pilots in the United States. Some pilot training was now being conducted in Pakistan. For a number of reasons, such as the exposure of the pilot trainees to pro-Chinese propaganda, the Shah felt it was highly desirable that the training being conducted in Pakistan be terminated. Secretary Laird responded he was in sympathy with the Shah's sentiments but gave no assurance or promises concerning accommodation of the Shah's desires.

THREATS FACING IRAN: The Shah cited various threats with which Iran was concerned. The first was the USSR. In point of fact, the Shah indicated, he did not fear outright aggression by the Soviet Union since it was his belief such aggression would elicit a concerted Free World response. That provided, in his judgment, a satisfactory deterrent. The more probable and more logical threat was that of local and limited war. The Shah said he sought adequate strength to ward off any "foolish aggressor."

Continuing that theme, the Shah indicated he did not know how the Arab-Israeli conflict would be resolved. He expressed agreement with the US approach to the situation, particularly the dimension of balance -- or more even-handedness -- being sought among the Israeli and Arab factions. The Arabs had provoked in an unwarranted fashion, the Shah felt, an extremely serious situation. In the Shah's words they had "botched the things." On the other hand, Israel should not be allowed to hold territory gained by force. It was not clear how and when a resolution of this exceedingly

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complex situation could be attained. The Shah added, almost as an aside, that Iran had been afraid for awhile the US was pro-Nasser. (While expressing this apprehension, the Shah added "God forbid.")

IRAN'S DESIRE FOR USAF TECHNICIANS: Turning to Iran's force structure, the Shah indicated he would like to speed up the F-4E program. To do that, he felt, he would need more USAF mechanics. In a pragmatic vein, he confessed one of the principal reasons was that of cost. It was obvious that Air Force mechanics would represent less of a burden to Iran than McDonnell Douglas personnel. Ambassador Meyer added that while the Air Force presently had 54 mechanics in Iran, more would be needed in 1971 when the F-4E were introduced.

Secretary Laird was non-committal concerning this request, noting only that the United States faced serious problems in retaining highly qualified Service personnel. The result was a personnel bind and an ancillary cost problem for us.

AIRCRAFT CONSORTIUM AND OTHER WEAPONS PROGRAMS: Continuing to discuss the hardware segment of the Iranian forces, the Shah said he was anxious to be a member of a consortium on the Northrop P-530. He felt this aircraft would be a logical complement to the four squadrons of F-4Es Iran was planning. The P-530 would be a cheaper aircraft than the F-4 and an easier aircraft to maintain. At the same time, it would have an effectiveness, the Shah felt, greater than the F-5. The latter aircraft, he maintained, would not be good enough for the needs of the early to mid-1970s.

Pressing the point in encouraging US support for a P-530 consortium, the Shah felt the Netherlands would be willing to be a member, that perhaps the Italians would be interested, and perhaps even the Federal Republic of Germany. He was not so sure about others, such as the Belgians or the Japanese. While discussing the point of possible Japanese involvement in an aircraft consortium, the Shah deplored the low interest the Japanese had shown in carrying a fair part of the Free World defense burden. He noted, for example, the Japanese defense budget was only about 1% of its gross national product. Secretary Laird shared the Shah's misgivings about other Free World nations carrying so little of the security load and expressed the conviction that such nations would have to increase their burden-sharing in the future. If that did not occur, Secretary Laird continued, there would be increasing discontent in the United States. Already the military establishment is under increasing Congressional and public fire, the Secretary noted.

Returning again to the discussion of specific military hardware, the Shah indicated he wanted the P-530 for an interceptor role. He explained that Iran had forgone purchase of the Hawk missile because of its limited area defense capability. Aircraft, he reasoned, have a greater flexibility with a capability to cover wider areas. Almost parenthetically,

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the Shah added that he was considering discussing with Saudi Arabia the prospects of purchasing common weapons types. Such an eventuality, he felt, would be a reasonable approach to regional arms arrangements.

As a final note, The Shah concluded that Iran would not have a large standing army. Costs would simply be prohibitive. Nonetheless, he felt, it was essential for Iran to manufacture its own unsophisticated weapons. He listed in that category such generic items as ordnance, spare parts, and even possibly engines. As something of an afterthought, he expressed some interest in the Sheridan tank for Iran. He was particularly interested in its speed, range, and the possibilities for the Shillelagh missile.

REGIONAL OUTLOOK: Turning from hardware to a more philosophical vein, the Shah expressed grave concern about the turn of events in Pakistan. He felt the new regime might have some prospect for establishing order if it could successfully fight the deeply ingrained corruption. He did not seem optimistic, however. He was also apprehensive about events in Turkey. It was clear, in the Shah's view, that Turkey must be able "to prevent minorities from betraying their own country."

Secretary Laird asked the Shah what effect the United Kingdom's move from those regions east of the Suez would have. The Shah felt the outcome would have both plus and minus aspects. On the positive side, it would create incentives for others in the region to work together. On the negative side, there would be considerable resultant chaos. Some countries in the region, the Shah felt, were simply not ready for the added responsibility that would befall them. If some of the countries in the Persian Gulf region, like Iran and Saudi Arabia, were to get together, he suggested, they could handle the regional problems. The Shah did not speculate on the prospects for such an eventuality. Again, parenthetically, the Shah deplored the trouble the United Kingdom historically leaves in its wake everywhere it goes.

Returning to the Arab-Israeli theme, the Shah expressed hope that the United States' efforts at peace might be successful. If that were to happen, however, the Shah wondered about the resultant uses of the sizable Arab forces. Where would they go, and to what purposes would they be put? It was clear the Shah was concerned that a peace between Israeli and Arab nations could, ironically, result in a threat by the Arab nations to Iran.

Beyond that prospect, the Shah felt, the Soviet Union's large shipbuilding program and presence in the Indian Ocean area were curious. The prospect of Soviet control over what he (the Shah) described as the triangle of Suez-Aden-Djibouti was alarming. Even worse would

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