

SHAH CAUTIONS U.S. AGAINST ARMS CUT

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Reacting to Humphrey Staff
Report, He Insists West
Needs a Strong Iran

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By BERNARD GWERTZMAN
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TEHERAN, Iran, Aug. 6—Shah Mohammed Riza Pahlavi denied today that Iran was having difficulties in handling a vast number of modern weapons from the United States, and told American reporters that Washington must continue to sell arms to his country or risk instability and war in his area.

His message to the United States was clear: A strong, well-armed Iran was in the interests of the West and he was not in the mood to accept criticism about the sale of arms or how they were used—major points in a Senate staff study that was made public over last weekend.

"Can the United States or the non-Communist world afford to lose Iran?" the Shah asked at a news conference for a dozen journalists traveling with Secretary of State Henry A. Kissinger. "What will you do if one day Iran will be in danger of collapsing?" he went on. "Do you have any choice?"

Peril to Americans Seen

The staff study said that \$10 billion in arms sold in recent years was excessive, had not been used well and required the hiring of too many Americans to operate arms systems. Those Americans would be indirect hostages in case of war, the study said.

The Shah said the number of Americans cited in the report as working in Iran was too high but that the United States really had no alternative to its current policy. If Iran became weakened militarily, he said, the United States and the West would be faced with "an all-out nuclear holocaust or other Vietnams on your hands every now and then."

The news conference, held

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at the request of the reporters, was conducted in the Shah's summer home at Nowshahr, near the Caspian Sea, after he completed an afternoon of talks with Mr. Kissinger. The Secretary sat next to the Shah, under a Picasso, during the conference.

Iran Crucial, Kissinger Says

Mr. Kissinger said little during the conference and at times seemed annoyed at some of the questions asked. At the end of the conference, the Secretary said the United States attached "great importance to relations with Iran as well as to the crucial role Iran plays in the security and balance of the whole area."

The staff report, issued by Senator Hubert H. Humphrey's Foreign Relations subcommittee, has aroused considerable interest here because of the implication that a Democratic administration might be less close to Iran than the Nixon and Ford Administrations have been.

But the Shah, while disputing some findings, was matter-of-fact, and declined the opportunity to criticize American Democrats or express concern about future relations in the event that Jimmy Carter is elected. In fact, the Shah said the report was "not as bad" as some consider it.

What did seem to annoy him was what he took as an effort to tell Iran what was good for its defense. The Shah has always resented any slights on his sovereignty, and he was consistent today.

"The question is that we are a sovereign country," he said. "We are looking after our defense as you do, as the Soviets do, the French or the Germans or others. Let me tell you this—in the next 10 to 12 years, we shall be what France, Germany, England are today. So we have the same basic rights as you have to defend our country."

"We are the only judge of what we need or not," he added. "If you supply us with what we need, O.K., we are happy." However, he went on, if American supplies were restricted, "there are many more sources available in the world just waiting for the moment for us to go and shop there in their shops."

Asked to justify the need for so many and highly sophisticated weapons as American F-14 fighters and Spruance-class destroyers, the Shah said that "some of the countries that border us with less than one-third the population have as many tanks and aircraft as we have."

An Allusion to Iraq

"So I should tell you," he continued, "that we have three times less than we should have. Do you realize that around us are MIG-23 and MIG-25's flying? He was alluding to the aircraft of Iraq. Iran's relations with its neighbor have been tense, though somewhat improved in the last year.

The Shah was asked about Iran's interest in bartering some of its oil for weapons systems it has ordered. There has been speculation in the West that Iran is discussing barter as a way of cutting the price of oil to help increase its exports and pay its debts.

He said, however, that Iran would not make any price concessions as part of a barter arrangement. "We are not that broke yet," he said. "We are borrowing to help other countries—India, Egypt and many African countries."

"We are not yet broke

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enough to be forced to pay—I wouldn't say blackmail—but forced prices," he said. Oil companies, aware of Iran's current \$2.5 billion annual budget deficit, are hoping for further cuts in the price of Iranian heavy crude, used for fuel oils.

Some Easing on Reactors

On another key matter, the sale of eight American nuclear-power reactors to Iran, the Shah indicated some flexibility.

The deal, under discussion more than a year, has been held up so far in part by Iran's refusal of multinational reprocessing of spent fuel. The Iranians see a suggestion that they cannot be trusted not to make nuclear weapons, even though their country is a party to the nuclear treaty against the spread of nuclear weapons.

The Shah insisted today that he would not accept limits on Iranian sovereignty, but said that a multinational processing plant would be acceptable. Iran, he said would do everything it could to prevent the spread, since it would be "really silly if every country has two or three silly little bombs."

The question of political prisoners and torture was raised. The Shah denied that Iran had any such prisoners, or that torture was used. He said that there were 3,500 Marxists and terrorists who were prisoners, but that they were not political.

Earlier in the day Mr. Kissinger, his wife and his son David visited the Government's main caviar-processing plant at Bandar Pahlavi on the Caspian Sea, and watched gray sturgeon



Associated Press

Russell Means

eggs being packed in cans that sell for about \$30 a pound here.

After flying back to Teheran early this evening, Mr. Kissinger attended a dinner given in his honor by the Finance Minister who will be his co-chairman tomorrow at a meeting of the Iranian-American commission that sets guidelines for economic cooperation.