MEMORANDUM FOR THE PRESIDENT

June 7, 1951

Subject: Reply by Prime Minister Attlee to Your Message on Iran

There is enclosed a copy of the reply by Prime Minister Attlee to your message of May 31 on the Iranian situation. This communication was delivered to Ambassador Gifford in London for transmittal to you on June 5, 1951.

Mr. Attlee maintains that the Iranians appear to be determined to proceed with unilateral action, and states that the British Government "cannot accept" a solution involving a breach of contract, which could jeopardize other contracts throughout the world and allow Iran, with her oil revenues cut off, to drift into economic chaos. He points out that this could benefit only the Communists. The message does, however, set forth the willingness of the British to send an Anglo-Iranian Oil Company mission to Tehran and to "be prepared to consider any further steps which might seem necessary to promote a just and reasonable solution".

I believe that, by and large, Mr. Attlee's message is satisfactory and that the purpose of your message to him has been accomplished in that the British negotiators are now leaving for Tehran and the British Government appears willing to approach the Iranians in a spirit of moderation. I do not believe that any reply is necessary at this time. The Department is conveying to the British Government through Ambassador Gifford its appreciation for the steps the British Government is now taking.

In addition to transmitting the attached message, Mr. Attlee has requested Ambassador Gifford to convey to you his thanks for sending him the text of your similar message to Prime Minister Mossadeq of Iran.

Enclosure:

Copy of Prime Minister Attlee's reply to your message
Text of Message from Prime Minister Attlee
to President Truman, June 2, 1941

Thank you for your message of 11 May, conveyed to me through the United States Ambassador in London, on the Persian oil situation. I was glad to receive this further confirmation that the United States Government shares the concern of His Majesty's Government at the present situation in Persia, and recognizes the great importance to this country of reaching a satisfactory solution between the Persian Government and the Anglo-Iranian Oil Company. The information which has so far come to us does not entirely bear out your belief that "the present Persian Government are willing and even anxious to work out an arrangement with His Majesty's Government which would safeguard basic British interests and which could satisfy the desires of the Iranian people for nationalization of their petroleum resources". On the contrary, the Persian Prime Minister and leading Persian officials, both in public statements and in unofficial conversations with His Majesty's Ambassador, have so far maintained the view that they are only prepared to discuss the implementation of the Persian nationalization law, and then solely with the company. These laws, though they are in fact little more than a series of loosely-drafted resolutions, appear to involve unilateral cancellation of the company's 1933 concession-agreement, and the taking over by the Persian Government of the whole oil industry of southern Persia. As you, Mr. President, will recognize, this could result only in grave harm to the Persian oil industry with the most serious repercussions on the whole Free world. The effect on the economy of the United Kingdom would be most serious and might well affect our rearmament plans. Furthermore, a breach of contract of this nature might well jeopardize other overseas contracts, not merely those held by British and United States companies for the development of Middle East oil resources, but contracts for other products elsewhere. Finally, if Persia were to drift into economic chaos as a result of an interruption of her revenues from oil, only the Communists would benefit. His Majesty's Government cannot, therefore, admit such a solution.

On the other hand, the aide memoire given to the company's manager in Tehran on May 30 by the Persian Finance Minister does seem to suggest a possibility that the Persian authorities might be prepared at least to listen to what the company has to say. Accordingly the company, with our full agreement, whilst of course reserving its full legal position, has proposed in replying to this aide memoire to send out a mission to Tehran as soon as possible to discuss the matter fully and frankly with the Persians. We shall of course keep in closest touch with these discussions. It is our earnest hope that it may be possible for the mission to convince the Persians of the practical impossibility of the measures which they apparently envisage and of the consequent necessity, if the future of the industry is to be assured and the economy of Persia saved from serious deterioration, of finding a solution which will
enable the company to cooperate fully in the development of Persia. His Majesty's Government will keep in close touch with these discussions, and would at all times be prepared to consider any further steps which might seem necessary to promote a just and reasonable solution. I am sure that we can count on the United States Government to exercise their influence in this end whenever it may be necessary.
SECRET

DEPARTMENT OF STATE
WASHINGTON

May 30, 1951

MEMORANDUM FOR THE PRESIDENT

Subject: Iranian Situation

While the Iranian situation continues to be explosive, there have been recent indications that the Iranian Government is beginning to realize the difficulties of nationalizing its oil resources and is anxious to conclude arrangements with the United Kingdom for continuation, in some suitable manner, of British participation in running the industry. The reluctance on the part of both parties to the dispute to enter into negotiations without satisfactory terms of reference, each from its respective point-of-view, has resulted in an impasse which must be overcome if the present opportunity is not to be lost.

While the views of the United States Government with respect to this issue have been expressed in forceful terms to the Iranian and British Governments, it is believed that a personal telegram from you to Prime Minister Attlee at this juncture would be of great value in persuading the British to pursue a course of action which we feel has a good chance for success.

With this in mind, the attached telegram has been drafted for your approval. Briefly, the message (a) recognizes the importance to Great Britain and the free world of a satisfactory solution to the problem; (b) urges the British Government to name to Iran representatives empowered to negotiate some form of settlement; (c) suggests that they be prepared to put forth a specific plan which recognizes the principle of nationalization; and (d) emphasizes the importance of taking no action in this critical situation which might impair world peace.

Enclosure:

Telegram to London.

DECLASSIFIED

1952-419

SECRET

Sent to the President at 10:15 A.M., May 31, 1951.
OUT OF TELEGRAM TO:

Ambassador LONDON PRIVACY
Repeated to TEHRAN PRIVACY

Please deliver urgently following personal message from President to Prime Minister:

"I would like to express to you my serious concern, which I am certain you share, over the present situation in Iran. I realize the great importance to Great Britain of a satisfactory solution to the controversy with the Iranian Government concerning operations of the Anglo Iranian Oil Company. I am also acutely aware of the essentiality of the maintenance of the independence of Iran and of the flow of Iranian oil into the economy of the free world.

Recent information which has reached me has led me to believe that the Iranian Government, despite its public pronouncements, is willing and even anxious to work out an arrangement with His Majesty's Government which would safeguard basic British interests and which could satisfy the deeply felt desires of the Iranian people for nationalization of their petroleum resources.

The United States Government has expressed to His Majesty's Government in recent days its firm conviction that an opportunity is now presented by the Iranian Government for negotiations which should be seized at once. I earnestly hope that His Majesty's Government can despatch to Tehran without delay qualified negotiators possessed of full powers to reach a settlement with the Government of Iran, and who are prepared to put forward in an appropriate way a specific proposal consistent with the principle of nationalization, acceptance of which was indicated by Mr. Morrison in his remarks on May 29 before the House of Commons. In this connection, I understand that, while the Iranian Government's invitation for representatives to negotiate was addressed to the Anglo Iranian Oil Company, the Iranian Government has indicated that it would have no objections if such company negotiators were also officials of His Majesty's Government.

"I know that you are fully aware of the serious implications of this explosive situation. I am sure you can understand my deep concern that no action be taken in connection with this dispute which would result in the loss of Iran to the free world. I am confident that a solution acceptable both to Britain and Iran can still be found, and I sincerely hope that every effort will be made to accomplish this objective."

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D. O. (Eng. Sec. No. 301)

[Stamp: PROJECT NT/7215]