SECRET

FROM: Secretary of State

TO: 404, July 27, 4 p.m.

DIRECTED TO THE PRESIDENT AND SECRETARY.

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British Ambassador and I have discussed his instructions received this morning along lines of Gifford's telegram (29 to Tehran, 543 to Dept). We both agree that these instructions both in substance and more particularly in form, if presented to Iran Government, would cause breakdown in negotiations. Among other points, for example, Iran Govt would read wording of ending of "interference with company's operations" as requiring prior acceptance of court decision or return to status quo as set up by Ambassador under point (1) of four point message despatched prior to receipt proposal. British Ambassador and I agreed that it was difficult in reasonable time to get his instructions changed through telex communication and that best course was for two of us to leave tonight for London. Middleton, British Counsellor, was also present and made some suggestions as to ways commission might possibly meet situation from standpoint of both Govts. I am hopeful that in personal talks with British Ministers with Shepherd present a practical solution might be worked out acceptable to British Govt and at same time possible of acceptance here.

I am sure it is necessary to bring with me either British Ambassador or Counsellor Middleton in order that we can present combined views. I would have preferred Middleton but since Ambassador wants to come himself I have no choice. Incidentally, he is being more realistic than described in my telegram earlier today after frank talk between us this morning.

British Ambassador is asking London urgently for permission to return with me. We agreed press statement from here would be to effect that British Govt is considering Iran proposal and has asked for clarification on some matters which can be made more clear by personal discussions then by telegram. I am making

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making a commitment to Iran Govt that I will return in order to avoid concern here. I will tell press I plan to be back Monday for large dinner including Waliis members being given for me by Iran Govt that evening. I think it important psychologically for me to keep this engagement.

We should arrive London Heathrow Airport about 10 a.m. Saturday. I request Clifford arrange meetings as he sees fit and am counting on his advice and help. I particularly want to see Morrison, Attles and Gaitskill and anyone else British desire. I will be accompanied by Mrs. Morrison, Rountree, General Landry, Colonel Walters and Levy.

GRADY

MIP:RC

NOTE: NEA Message Center notified 7/27/51, 2:10 p.m., GMU/EMB