FROM: Tehran
TO: Secretary of State
NO: 640, August 14, 9 p.m.
SENT DEPT 640, LONDON (EYES ONLY FOR AMBASSADOR) 139.
FROM HARRIMAN FOR PRESIDENT AND SECRETARY.

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Stokes Monday evening presented to Iran negotiating group proposal for discussion reported NTTE Aug 11 with amendment outlined immediately following telegram. Covering memo not handed to delegation but substance with amplification presented by him verbally.

Iran delegation did not immed react to suggestion, but arrangements made for meeting this afternoon (Tuesday) to discuss matter. I understand this has been cancelled in order permit Cabinet more time for them to study it. Cabinet is evidently dissatisfied with proposal and Mossadeg has asked Stokes to call on him this afternoon to explain Cabinet position.

I had long talk with Shah this morning and impressed on him importance of not permitting Mossadeg to reject proposals out of hand but of letting the mixed committee talk out frankly with British their mutual problems. Shah agreed and stated that if there old be wider understanding of issues among more reasonable groups, pressures could be developed on Mossadeg from this direction. Shah commented that source of difficulty with British is that they had treated Iranians as inferior race for so long.

Subsequently I saw Ali who told me that in Cabinet meeting Mossadeg had taken a rigid position whereas certain members had urged full discussion and negotiation with British before taking fixed positions.

GRADY

Note: Mr. Ferguson’s office (GTI) informed 8/14/51, 5:50 p.m. (CWO) DAF