INCOMING TELEGRAM

Department of State

TELEGRAPH BRANCH

FROM: London
TO: Secretary of State
NO: 669, Aug 1, 7 p.m.

SBNR DEPT 669, RPTD INFORM TEFRA2 43.

In EMBTEL 579, July 28 we stated our belief UK wd not (rpt not) resort to force while efforts to negot with Iranians showing progress and in any event wd consult with US in advance. We still believe this to be the case and therefore for present find no (rpt no) cause for alarm about Brit intentions. We do wish, however, report to Dept our growing conviction that, shld negs fail and shld there be no (rpt no) other prospect restraining Iranians, UK Govt wd send troops into Abadan. This would be done to protect Brit lives, but, in our opinion, such a step may lead to decision to hold on to refinery if this proved feasible.

Churchill's and Salisbury's remarks (EMBTEL 610, July 30; EMBTEL 651, Aug 1) leave no (rpt no) doubt that Conservatives would want this done. More significant, however, was Attlee's affirmation govt intended remain in Abadan, even though some further partial withdrawal might be necessary (EMBTEL 612 July 30). Jowitt's statement yesterday that govt accepted full implications this decision and his failure challenge Salisbury's interpretation of what this means (EMBTEL 651), lends further emphasis to this point. Finally, we believe that at least some members of Cab have already decided in their own minds that it would be better to use troops than to abandon Abadan.

Cab's attt is now (rpt now) absorbed in the hope of successful negts on the basis which Mr. Harriman is trying to arrange. Probability that Cab does not (rpt not) consider any decision use of force imminent is emphasized by fact that it has adjourned for summer Parl recess and that both Attlee and Morrison are planning continental vacations during coming month.

GIFFORD

TT: VIM