INCOMING TELEGRAM

Department of State

TELEGRAPH BRANCH

FROM: Tehran

TO: Secretary of State

SUBJECT: Secretary of State

531, August 8, 2 p.m.

PRIORITY

SENT DEPT 531; RPTD INFO LONDON 121 (EYES ONLY AMBASSADOR).

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Following his arrival on Saturday, August 4, Stokes called
on Mosadegh Sunday morning and had lunch with Shah. Mosadegh
returned his call in the evening and dined with him. Stokes
had his first meeting Monday afternoon with the group of
Mixed Oil Commission and Minister's of Finance, Education
and Communications.

I talked with Mosadegh after his second meeting with Stokes
and he was in exceptionally good spirits. He said that he
was pleased with the choice of Stokes to head British mission
and liked him personally. I believe all Iranians with whom
he has talked are favorably impressed with him.

In their first talk, Mosadegh agreed with Stokes' suggestion
that latter go to Abadan to get first hand information on
situation there. Stokes was particularly anxious to make
trip because of effect upon morale of British employees there.
He asked me to accompany him and a representative of Iran Govt
on trip Tuesday. For obvious political reasons we went in our
own respective planes, Iran Govt representative travelling
with me. I returned Tuesday afternoon, and Stokes party
stayed over-night.

Iranians turned out substantial numbers of military personnel
lining road from airport, with several truck loads accompanying
party. Upon Hakkii's insistence Stokes and I were taken
to tour of all classes of housing facilities at Abadan, with
emphasis on slum area. Although slums are typical of middle
East they are shocking for housing of employees of large West-
ern oil company. Refineries are completely shut down but all
employees are still kept on payroll with little to do except
for new construction work.

British have
2- 531, August 8, 2 p.m., from Tehran

British have made every large investment in new power plant and modern refineries, some of which just completed, doubling capacity since my visit nine years ago. We had lunch with Asadi, civilian Governor General and Commanding General Khuzistan. Military Governor of Abadan and provisional administrator oil council. Altogether I spent several hours with Mekki. He is fanatically obsessed with evils of British and oil company and has demagogic appeal to people. There were no demonstrations during visit. Mekki told me the people had wanted to arrange a demonstration welcoming me, but he had thought it best to deny permission for any kind of demonstration. People in areas visited appeared entirely friendly.

British Consul General had evidently made provocative statement in presence of press the day before we arrived and this may cause unfortunate repercussions. Four British destroyers which had just arrived were much in evidence lying across the river from Abadan.

Before leaving I talked with senior oil company officials at the refinery manager’s house. Although morale of these men themselves appeared good, that of the junior staff is said to be at a low point.

Stokes' talks up to now have been of general nature and he has not yet put forward specific proposals. His second meeting with Mixed Oil Commission group and selected Ministers is scheduled for this afternoon.