November 18, 1949

Interview between the President and the Shah of Iran
Present also was Ambassador Ali and the Secretary of State.

The interview opened by the President's inquiring whether the Shah had enjoyed his visit to Annapolis, and saying that the young men, both at Annapolis and West Point, came from every Congressional District throughout the country and thus would give the Shah a good idea of what the young people of the United States were like. The Shah complimented the President on the Naval Academy and was looking forward to his visit to West Point. He spoke of the strong spirit of patriotism which existed in the United States and said that his own country also had a strong spirit of patriotism. He spoke of the long history of Iran, stating that it had had its 'ups and downs'. He spoke of the extent of the Persian Empire under Darius the Great, and appeared to be much struck by the fact that the President was familiar with this history in detail. He then spoke of periods of foreign influence and of the present dangers which came from the Soviet Union. This led the Shah into the main theme of his talk.

He described the situation in the Near East vis-à-vis the Soviet Union as being that Greece constituted the left flank, Turkey the center, and Iran the right flank. He spoke of the interest which we had shown in developing the capacities of the countries which wished to resist foreign domination and of the sums which we had spent in strengthening the left flank and the center in the Middle East. He then pointed out that from a military point of view this effort would be largely wasted if the right flank remained so weak as to invite attack there.

He stated that he might be told that Iran was not ready at the present time to absorb military equipment. That might be true, but
It was necessary to start now in order that Iran might be ready within a year or two years. He said he was looking forward to explaining in detail this afternoon at the Pentagon to General Bradley and the Chiefs of Staff the military situation as he saw it and the military needs of Iran.

The President said that this was the proper course to follow; that His Majesty's ideas would receive the most respectful attention, and would be discussed by the President with his military advisers and with the Secretary of State. The President pointed out that he was necessarily operating under limitations. The Congress, which held the purse strings, had, after considerable debate and in the face of some opposition, passed a Military Assistance Bill. The funds provided were not as large as the President would have wished; however, in face of the difficulties with which the Administration was confronted, he was satisfied with the result. Under this bill, 27 million dollars was available for Iran, the Philippines, and Korea, and there remained the possibility of some transfers in case of necessity from one category to another. The Shah expressed complete familiarity with the terms of the Military Assistance Bill. The President then repeated that he would assure the Shah of the most careful consideration of his views and that both he and the Secretary of State were strong advocates of Iran. He hoped that all our friends appreciated that, with our responsibilities in this hemisphere, in Europe, the Far East, and the Middle East, it was often necessary to leave undone many things which we would wish to see accomplished when the purpose had to be to use the funds available in the wisest way.

The Shah then turned to the economic situation. He spoke of Iran's desire to develop the very great natural resources of the country, of the 7-year plan, and of the bad harvest last year. He said that the income from the oil royalties was to be used for the 7-year plan and for certain other current necessities. This left the military requirements of which he had already spoken and certain other economic ones unprovided for. Among these other needs, he mentioned specifically the need for such items as wheat and of his hope that some way could be found, either through the barter of strategic materials which the United States needed or through some form of Lend-Lease, to provide current consumable items such as wheat.

He then mentioned the need of the railways for new equipment.
He said that if the needs of the oil companies were subtracted, the capacity of the railroads for all other needs was only at the present time about 700 tons per day. This he wished to increase to 80,000 tons per day. He had placed orders in England and in Germany for locomotives and freight cars. He was informed that it would take 17 months to get the equipment ordered in Great Britain because of large prior orders placed by South Africa. The German orders, he understood, could be delivered in approximately 10 months. However, he was anxious to obtain some locomotives and, if possible, cars from the United States at once. He asked whether this matter could be investigated.

The Secretary of State said that he was not quite clear as to just what the matter was which the Shah wished to have investigated. Was it the possibility of immediate availability of equipment in the United States, or was it the question of financing such purchases? The Shah indicated that it was both, and spoke of the possibility of providing this equipment under some sort of Lend-Lease. The Secretary of State observed that there was no present legislation under which this sort of financing could take place. The President remarked that he had only recently filed the last report under the Lend-Lease Act, but that authority under that Act had expired some time ago. The Shah then asked whether the Marshall Plan could be extended to Iran, and was told that under its terms it applied only to countries in Europe.

This led the Shah to observe that he did not think Turkey was a country in Europe. The President pointed out that Turkey had been considered to be in this capacity, partly for geographical reasons, but primarily because of the prior legislation providing aid for Greece and Turkey which arose out of special circumstances and which was incorporated into the Marshall Plan legislation.

The President concluded that if the Iranian representatives would present us specifically with the requests for these suggestions which they had in mind, we would give these careful and sympathetic consideration within the limits of the authority provided by law.

This concluded the interview which lasted a little over half hour.