May 29, 1951

Memorandum for: The Secretary of State

From: The President

I am enclosing you a memorandum from Mrs. Cornelia Bryce Finchot.

She has spent some time in Iran, is personally acquainted with the Shah and is very much interested in the Iranian people. She has some suggestions which may be useful in solving this crisis which has developed between Britain and Iran.

H.S.I.
May 28, 1951

Dear Mrs. Pinchot:

I appreciate very much your memorandum of the twenty-eighth, with the attached personal memorandum.

I am discussing your suggestions with the Secretary of State. I certainly do appreciate very much your interest in the situation which has developed.

Sincerely yours,

HARRY S. TRUMAN

Mrs. Cornelia Bryce Pinchot
1615 Rhode Island Avenue, N. W.
Washington 6, D. C.
May 28, 1951

IRAN

(A) As one who has seen something of life in Iran, from the village to the Palace, might I be permitted to suggest that in this desperate crisis action on the highest level is imperatively and immediately desirable as offering the last, faint hope of solution.

(B) That as President of the United States you communicate with the British Prime Minister and tell him of your deep concern over the present Iranian crisis. It might be well to say that you recognize the situation in Tehran represents adroit planning and skillful execution by the Russians under cover — a game for perhaps the biggest stakes that have ever been played for in the history of the world. Suggest you express your deep concern over unilateral action by Iran and support the British demand that the Iranian Government follow the approved practices of international justice.

However, at the same time state you feel it necessary to warn him that in your opinion the British must accept the principle of nationalization; that there should be no legalistic obstruction and unnecessary delay, and that negotiations must be carried out in the spirit of high statesmanship so brilliantly
exhibited by the British Government in settlement of India.

Express the hope that the British Government are
vigilantly on the watch lest possible intrigues by the Anglo-
Iranian Oil Company lead to a separatist movement among the
southern tribes; this could lead to a British airdrop in Iran
which would be most dangerous. (British policy regarding Iran
has been the tail on the kite of the Anglo-Iranian Oil Company,
which in its great concession has been impartially but blindly
relishing the great days of Clive. The British Government has
been timid and dangerously weak towards the Company.)

(C) Above all, in view of the Shah's confidence in
you - a matter of great importance in an Asiatic country - a
direct communication from you to him might be of essential value.

The Shah, as you know, is young, has the best of inten-
sions, stands pathetically alone and in a tragic dilemma dominated
by organized terrorism and political murder, desperately needs
guidance and support.

May I therefore suggest that you personally wire the
Shah emphasizing your personal regard and the high esteem in which
he is held by you and by America as the champion of the champion of
the welfare of his people.

Inform him that America is taking no official position
in regard to the Iranian Government's determination to nationalize
the Anglo-Iranian Oil Company. (Perhaps the Ambassador might inform
the Shah orally that you have urged the British not to resist
the principle of nationalization.)

It would seem most important, however, to emphasize
that America deplores now as always any unilateral action taken
by any government in violation of international contracts, that
she therefore urges the Shah to exhaust every possibility of
-reaching an agreement by direct negotiation - and failing such
to have recourse to international arbitration.

It is important not only for the Shah but for its effect
upon the majority of the population that the President reiterate
his concern with Iranian economic difficulties, putting special
emphasis upon the drastic poverty of the great majority of the
people.

A grant of $500,000,000 to be divided into two parts
(a) $50,000,000 to be expended without "strings" by the Iranian
Government in order to meet the immediate exigencies of the country
which would be followed by (b) $450,000,000 to be devoted (over a
long period of years) to plans for the economic rehabilitation of
Iran (as was done in Greece and Turkey.)

The President should urge the Shah to insist that law
and order be effectively reestablished throughout the country,
that political prisoners be tried by due process of law in order
that Iran may be saved from anarchy. It would also be desirable
to urge the Shah to take every possible measure for (a) land and
social reforms which he has so ably initiated; (b) an effective campaign against corruption; and (c) an executive reorganisation of public services.
May 28, 1951

PERSONAL

There are at least three arguments against the proposed initiative:

(1) It would pull British chestnuts out of the fire at the expense of the American taxpayer.

(2) It would be the greatest bribe in history.

(3) The project probably would not work anyhow.

All these arguments are cogent and have great validity. However, with regard to (1) the fact remains that our interest in the "chestnuts", though indirect, is enormous; with regard to (2) we are accustomed to being obliged to pay through the nose for world peace but as against the prospect of really serious trouble in Iran, perhaps a war itself, $500,000,000 can certainly be considered a prudent investment; and concerning (3) we are forced to leave nothing undone in attempting to meet the crisis in Iran.

Criticism at home for failure to make a great last minute effort to redeem the Iranian situation could be much stronger and more effective than criticism arising from (1), (2), and (3). By now we should be hardened to criticism from the Soviet Union.
The idea behind the $500,000,000 for Iran is briefly as follows: $50,000,000 to be made immediately available — subject, of course, to Congressional approval — to the Iranian Government without any "strings" attached or any controls. Then $450,000,000 would be set up for short term, intermediate and long range projects. Since the latter sum could only be made available, little by little, on the basis of individual projects, the $450,000,000 would be expended in all or in part only over a long, very long, period of years. The purpose of suggesting such a great grant to Iran comes from the need, at this last and dangerous moment, of making a strong and dramatic impact on the Iranian Government and people.

The most effective point in the disastrous policy of the Prime Minister, Dr. Mossadeq, is the crushing poverty of the Iranian people. Immediate American aid followed by long term assistance would answer this point. Many Iranians realize that Mossadeq is leading the country to ruin. Such a move on our part would give them something tangible with which to work.

It must not be overlooked that the Iranians have long been grievously disappointed not to be included among the countries receiving American aid. They have been jealouslly preoccupied over our dollars pouring into Turkey while literally nothing of any importance whatsoever reached Iran.

True, the hour is terribly late. The chances are overwhelming that a last minute intervention will be fruitless. But if only for the record, it should be attempted,
Here are two citations which point up the importance of Iran in Soviet eyes: Molotov to von Schulenburg, German Ambassador, Moscow, November 25, 1940, "It is recognized that the area South of Bakum and Baku in the general direction of the Persian Gulf is the center of the aspirations of the Soviet Union." (Nazi-Soviet Relations, 1939-1941, pp 299.); and "...one cannot wage war without oil, and the power which will be predominant as to oil is likely to win in the future war." (Speech by Stalin at the 13th Party Congress, Dec. 3, 1927.).

I do not think that it is farfetched to suggest that the crisis in Iran has implications that could reach as far as the assassination of the Archduke Franz Ferdinand in Sarajevo in 1914. As things stand now the very best that we can foresee for Iran is rapidly progressing disintegration with little by little the Iron Curtain closing down on one of the most strategic nerve centers of the world. The danger of this leading to war is evident. That it could influence the outcome of such a war is also evident.