DEPARTMENT OF STATE
WASHINGTON

July 7, 1951

MEMORANDUM FOR THE PRESIDENT

Subjects: Reply to Note of Prime Minister of Iran

Secretary Acheson advises that he discussed with you earlier today the attached draft reply to Dr. Mosadeq's Note to you of June 28, 1951, a copy of which is transmitted herewith for your convenience.

Also attached is a note from Mr. Morrison received by the Secretary this date through the British Ambassador, expressing the views of the British Government on the reply to Dr. Mosadeq.

George C. McGhee
Assistant Secretary

Enclosures:

1. Draft reply to Dr. Mosadeq
2. Note of June 28 from Dr. Mosaneq
3. Note from Mr. Morrison to Mr. Acheson

DECLASSIFIED
authority E.O. 10501
By dear Mr. Prime Minister:

I am most grateful to Your Excellency for giving me in your recent letter a full and frank account of the developments in the unhappy dispute which has arisen between your government and the British oil interests in Iran. This matter is so full of dangers to the welfare of your own country, of Great Britain and of all the free world, that I have been giving the most earnest thought to the problems involved. I had hoped that the common interests of the two countries directly involved and the common ground which has been developed in your discussions would open the way to a solution of the troublesome and complicated problems which have arisen. You know of our sympathetic interest in this country in Iran's desire to control its natural resources. From this point of view we were happy to see that the British government has on its part accepted the principle of nationalization.

Since British skill and operating knowledge can contribute so much to the Iranian oil industry I had hoped—and still hope—that they, consistent with the principle of nationalization, can be found to utilize. For these reasons I have watched with concern the breakdown of your discussions and the drift toward a shut down of oil operations with all the attendant leases to Iran and the world. Surely this is a disaster which statesmanship can find a way to avoid.

Recently I have come to believe that the complexity of the problems involved in a broad settlement and the shortness of the time available before the refinery must shut down—if the present situation continues—require a simple and practicable modus vivendi under which operations can continue and under which the interests of neither side will be prejudiced. Various suggestions to this end have failed. The time available is running out.

In this situation, a new and important development has occurred. The International Court of Justice, which your Government, the British government and our own all joined with other nations to establish as the guardian of impartial justice and equity has made a suggestion for a modus vivendi.

I say, leave aside technical considerations, by laying great stress on the action of the Court. I know that deeply and sincerely your Government and the British Government believe in the positions which
which you have both taken in your discussions, you believe even more profoundly in the idea of a world controlled by law and justice which has been the hope of the world since the San Francisco Conference. As to the question of jurisdiction no one will doubt the impartiality of the World Court, its eminence and the respect due to it by all nations. Since the United Nations Treaty.

Therefore, I earnestly commend to you a most careful consideration of its suggestion. I suggest that its recommendations be thought of not as a decision which is or is not binding depending on technical legal considerations, but as a suggestion of an impartial body, dedicated to justice and equity and to a peaceful world based upon these great conceptions. Should a study of its suggestions by your Government and the British Government develop adaptations of it which will make it more workable, I have no doubt that the Court would find acceptable an application of its suggestion agreeable to the Governments involved. Surely no government loses any element of its sovereignty or the support of its people by treating with all possible consideration and respect the utterance of this great court. Our own government and people believe this profoundly. Should you take such a position I am sure that the stature of Iran would be greatly enhanced in the eyes of the world.

I have a very sincere desire, Mr. Prime Minister, to be as helpful to you as possible in this circumstance. I have discussed this matter at length with Mr. W. Avery Harriman who as you know is among my closest advisers and our most eminent citizens. Should you be willing to receive him I should be happy to have him go to Tehran as my personal representative to talk over with you this immediate and pressing situation.

May I take this opportunity to assure Your Excellency of my highest consideration and to convey to you my confidence in the future well-being and prosperity of Iran.

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Authority E.O. 111501
The following communication was sent yesterday by the President to the Prime Minister of Iran (the communication was telegraphed by the Secretary of State to Ambassador Boyd at Tehran for delivery to the Prime Minister):

I am most grateful to Your Excellency for giving me in your recent letter a full and frank account of the developments in the unhappy dispute which has arisen between your government and the British oil interests in Iran. This matter is so full of dangers to the welfare of your own country, of Great Britain and of all the free world, that I have been giving the most earnest thought to the problems involved. I had hoped that the common interests of the two countries directly involved and the common ground which has been developed in your discussions would open the way to a solution of the troublesome and complicated problems which have arisen. You know of our sympathetic interest in this country in Iran's desire to control its natural resources. From this point of view we were happy to see that the British Government has on its part accepted the principle of nationalization.

Since British skill and operating knowledge can contribute so much to the Iranian oil industry I had hoped—and still hope—that ways could be found to recognize the principle of nationalization and British interests to the benefit of both. For these reasons I have watched with concern the breakdown of your discussions and the drift toward a collapse of all operations with all the attendant losses to Iran and the world. Surely this is a disaster which statesmanship can find a way to avoid.

Recently I have come to believe that the complexity of the problems involved in a broad settlement and the shortness of the time available before the refinery must shut down—if the present situation continues—require a simple and practicable noster vivendi under which operations can continue and under which the interests of neither side will be prejudiced. Various suggestions to this end have failed. The time available is running out.

In this situation a new and important development has occurred. The International Court of Justice, which your Government, the British Government and our own all joined with other nations to establish as the guardian of impartial justice and equity has made a suggestion for a noster vivendi.

Technical considerations aside, I lay great stress on the action of the Court. I know how sincerely your Government and the British Government believe in the positions which you both have taken in your discussions. Moreover, I am sure you believe even more profoundly in the idea of a world controlled by law and justice which has been the hope of the world since the San Francisco Conference. Apart from questions of jurisdiction no one will doubt the impartiality of the World Court, its enunciation and the respect due to it by all nations who signed the United Nations treaty.

Therefore, I earnestly commend to you a most careful consideration of its suggestion. I suggest that its utterance be thought of not as a decision which is or is not binding depending on technical legal considerations, but as a suggestion over
of an impartial body, dedicated to justice and equity and to a
peaceful world based upon these great doctrines. A study
of the suggestion by your Government and by the British Govern-
ment will, I am sure, develop methods of implementing it which
will carry out its wise and impartial purpose—maintaining the
operation of the oil industry and preserving the positions of
both Governments. Surely no government loses any element of
its sovereignty or the support of the people by treating with
all possible consideration and respect the utterance of this
great court. Our own government and people believe this pro-
foundly. Should you take such a position I am sure that the
standing of Iran would be greatly enhanced in the eyes of the
world.

I have a very sincere desire, Mr. Prime Minister, to be
as helpful as you as possible in this circumstance. I have
discussed this matter at length with Mr. Vossough Marzani
who as you know is one of my closest advisers and one of our
most capable officers. Should you be willing to receive him
I should be happy to have him go to Teheran as my personal
representative to talk over with you this immediate and pressing
situation.

May I take this opportunity to assure Your Excellency of
my highest consideration and to convey to you my confidence
in the future well-being and prosperity of Iran.