FROM: Secretary of State

TO: 404, July 27; 4 p.m.

SNIAC

SENT Dept 404, LONDON EYES ONLY AMBASSADOR NIAC 82.

FROM HARRIMAN FOR THE PRESIDENT AND SECRETARY.

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British Ambassador and I have discussed his instructions received this morning along lines of Gifford's telegram (29 to Tehran, 343 to Dept). We both agree that these instructions both in substance and more particularly in form, if presented to Iran Government, would cause breakdown in negotiations. Among other points, for example, Iran Govt would read wording of ending of "interference with company's operations" as requiring prior acceptance of court decision or return to status quo as set up by Ambassador under point (1) of four point message dispatched prior to recent proposal. British Ambassador and I agreed that it was difficult in reasonable time to get his instructions changed through tel communication and that best course was for two of us to leave tonight for London. Middleton, British Counsellor, was also present and he made some suggestions as to ways commission might possibly meet situation from standpoint of both govt. I am hopeful that in personal talks with British Ministers with Shepherd present a practical solution might be worked out acceptable to British Govt and at same time possible of acceptance here.

I am sure it is necessary to bring with me either British Ambassador or Counsellor Middleton in order that we can present combined views. I would have preferred Middleton but since Ambassador wants to come himself I have no choice. Incidentally, he is being more realistic than described in my telegram earlier today after frank talk between us this morning.

British Ambassador is asking London urgently for permission to return with me. We agreed press statement from here would be to effect that British Govt is considering Iran proposal and has asked for clarification on some matters which can be made more clear by personal discussions than by telegram. I am making

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2-404, July 27, 4 p.m., from Tehran.

making a commitment to Iran Govt that I will return in order to avoid concern here. I will tell press I plan to be back Monday for large dinner including Wallis members being given for me by Iran Govt that evening. I think it important psychologically for me to keep this engagement.

We should arrive London Heathrow Airport about 10 a.m. Saturday. I request Clifford arrange meetings as he sees fit and am counting on his advice and help. I particularly want to see Morrison, Attlee and Gaitskill and anyone else British desire. I will be accompanied by Mrs. Harriman, Rectree, General Landry, Colonel Walters and Levy.

GRADY

MUP:RC

NOTE: NCC Message Center notified 7/27/51, 2:40 p.m., CVC/EMB