FROM: Tehran
TO: Secretary of State
NO: 407, July 27, 11 p.m.

PRIORITY
SENT DEPT 407, LONDON 86 (EYES ONLY AMBASSADOR).
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In my atgs this afternoon with Shah and Mosadeq they both cordially received idea of my going to London upon my explanation that British Govt had questions concerning Iranian proposal which cld best be answered in personal conversations.

Shah asked me to tell Prime Minister Attlee that he earnestly hope British wld not (rpt not) find it necessary to impose conditions in acceptance, as he is confident solution can be worked out after arrival of mission. He said conditions might make it impossible for Iranian Govt to accede and wld result in changed atmosphere here. He stated again Mosadeq was only man who cld make reasonable deal with British and said he (shah) wld use his influence to that end. He urged me to stay during negotiations.

My talk with Mosadeq was most friendly and personal one we have had. He agreed it was wise for him to make as few public statements as possible regarding Iranian Govt proposal, although he said he wld have to give confidential report in general terms to Majlis tomorrow (Saturday) as report already had been put off days. I re-emphasized importance of Iranian Govt doing its part in relieving tension in South.

GRADY

SMD: VIM