FROM: Tehran

TO: Secretary of State

I deeply regret that mistake was made in our Emb here in reaching conclusion that the message from the President, 2537, May 31, was for Prime Minister Mosadeq. A letter was prepared for me which I presented to the PMIN at 11:30 this morning. The message seems to me as I re-read it equally appropriate for the Iranian PMIN. I can see no (rpt no) harm if the Dept will indicate that the President sent the same letter to both the Iranian and Brit PMINs. I had given copy of the message to the Brit PMIN for his information before we discovered the mistake we had made.

Mosadeq said he will present the matter to both sessions of Parliament tomorrow for discussion. I do not (rpt do not) see how we can withdraw the letter at this time. Mosadeq will release it to the press tomorrow morning and it should be released in Washington also tomorrow morning.

I deeply regret this mistake but hope the matter can be handled so that it will actually serve useful purpose.

Advise London Dept's decision.

GRADY

INS: CER

* As received.

NOTE: Mr. Ball's office (NEA) informed 9:25 a.m. 6/1/51 (CGO) FMH
Please deliver urgently following personal and secret message from President to Prime Minister:

QTN I express to you the serious concern of the Government of the United States, which I am sure you share at the present situation in Iran. I realize the great importance to Great Britain of a satisfactory solution to the controversy with the Iranian Government concerning operations of the Anglo-Iranian Oil Company.

QTN I am also acutely aware that it is essential to maintain the independence of Iran and the flow of Iranian oil into the economy of the free world.

QTN Recent information which has reached me has led me to believe that the Iranian Government is willing and even anxious to work out an arrangement with His Majesty's Government which would safeguard basic British interests and which would satisfy the desires of the Iranian people for nationalization of their petroleum resources.

QTN The United States Government has expressed to His Majesty's Government in recent days its firm conviction that an opportunity is now presented by the Iranian Government for negotiations which should be entered into.
We earnestly hope that His Majesty's Government can despatch to
Tehran without delay qualified negotiators possessed of full power to reach a
settlement with the Government of Iran, and who are prepared to put forward
in an appropriate way a specific proposal consistent with the principle of
nationalization, acceptance of which was indicated by Mr. Morrison in his remarks
on May 29 before the House of Commons. I understand that while the Iranian
Government's invitation for representatives to negotiate was addressed to the
Angle-Iranian Oil Company, the Iranian Government has indicated that it would
have no objections if such company negotiators were also officials of His
Majesty's Government.

QTE: I know that you are fully aware of the serious implications of this
explosive situation. I am sure you can understand my deep concern that no action/
be taken in connection with this dispute which would result in disagreement
between Iran and the free world. I am confident that a solution acceptable
to both Britain and Iran can be found. I sincerely hope that every effort will
be made to accomplish this objective.

Acheson
From - The President
To - Mr. Murphy for Secretary Acheson

For information we have here including fact that press
knows that a message has already been received by Mosadegh, it
does not appear feasible for Grady to attempt to "withdraw" the
message that was delivered in error, and therefore I believe that
Grady should be instructed to inform Mosadegh that President's
message to Attlee was intended for Mosadegh's private information
and was sent to him so that he would know of U.S. action.
Proposed message to Mosadegh should likewise be sent to Attlee
for information. Subject to above, proposed message to Mosadegh
and instructions to Grady as contained in WH 621 are approved.