PERSONAL FOR PRESIDENT FROM HARRIMAN.

I am most grateful for your message of August 20. I wrote Mosadeq yesterday evening and released letter to press after notifying him I’d do so. You have perhaps already seen it. My purpose was to be firm but friendly, bearing in mind Iran’s public opinion and our future position here, also our relations with British and effect on other countries, particularly oil producing countries. Iranians have read into Stokes’ eight point proposals so many concepts which were either not (rpt not) or only partially intended that it will be mistake for me publicly to endorse them except indirectly as I have attempted to do in letter-by-letter by stating my own views. I am afraid Brit-Iran negotiations will break down due principally to Mosadeq’s intransigeance and utterly unrealistic concepts. On the other hand Stokes has not (rpt not) been as skillful as he might have been. I hope, however, break can be arranged in such way as to leave door open for reopening negotiations on basis of so-called Harriman formula on which Brit came here and which all agree is sound basis for negotiations, providing of course Iran will negotiate in reasonable manner.

Mosadeq is calling on Stokes and myself this evening and there is still long chance discussions will be continued.

GRADY