FROM HARRIMAN FOR PRESIDENT AND SECRETARY.

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Re: DEPTLEs 1123 and 1141, Aug 24 to London, and my immediately preceding tel.

Suggest reply to Attlee be along fol lines, and in cordial (rpt cordial) tone:

1. We share Brit concern over seriousness situation in Iran and danger to free world; US policies regarding Iran are designed to prevent present situation leading to loss of Iran to communism and are directed towards similar objectives UK seeks to achieve.

2. President on Aug 23 made public statement expressing his disappointment at suspension negotiations and publicly subscribed to views set forth in Harriman letter to Mossadeq. Those views clearly state US position and place blame for failure conference on Iran Govt. We will seek occasions as may be useful to repeat these views and to comment specifically upon Iranian position which has been unrealistic.

3. It is, of course, important that nothing be done to create impression on part of Iranians that there is important policy divergence between the US and UK. It is our firm belief, however, that joint goals in Iran can best be attained if US influence in that country, which has been established on the basis if impartial approach to the oil dispute, is not (rpt not) vitiated by our publicly endorsing every step which has been taken by the Brit in this matter. Such blank endorsement also wd undoubtedly identify US with present target of widespread nationalism, namely AIOC, to detriment of both our interests. This does not (rpt not) mean that we will equivocate upon fundamental rights and wrongs, but that we shd maintain freedom of action to speak independently in a manner calculated to exert the most beneficial influence. This will make it possible for us to render the most effective type of support.

4. Our appraisal...
4. Our appraisal of the internal political situation in Iran indicates nationalism is a real and potent factor in the present situation. Unless we do not (rpt not) believe our objectives in Iran can be achieved if we take a course of action which would appear to place us in opposition to legitimate aspirations. While it is possible that in course of time a more reasonable Govt may come to power, we believe that even if this should occur any new Govt would be subject to same pressures, including terrorism, which have greatly contributed to intransigence of present Govt.

5. The US sympathizes with the UK reaction to suspension of negotiations. It is encouraging, however, that there is a basis upon which negotiations can be resumed if and when Iranian Gov't assumes a more realistic attitude. In the meantime it is important that public positions taken by US and UK not (rpt not) strengthen extremists or make it politically difficult or impossible for Iranian Gov't either under present or new leadership to assume conciliatory attitude.

6. We believe that coordination of our respective approaches to Iranian problem is essential, and attach great importance to the policy of prior consultation between our two Gov'ts. Desirous that the two embassies in Tehran work in closest collaboration on all phases of matter. Need not (rpt not) emphasize that we fully appreciate Britain's particular concerns in oil problem. Retention of Iran in the free world is our common objective. Know British will realize that it is precisely in these interests that we believe it best to pursue the course outlined.

Embassy concurs.

HOLMES

JRM:EW

NOTE: Mr. Ferguson (NEA) notified 8/26/51 5:07 p.m. MG