The British Ambassador called, at his request, and presented the attached memorandum from Mr. Morrison dated July 7, 1951, which was in response to conversations between myself and the British Ambassador on the 4th of July relative to the President's proposal to send out a personal representative to Iran to discuss the oil question.

After reading the memorandum I advised that I felt the U.S. Government could and should support the recommendation of the International Court of Justice as requested by Mr. Morrison. I did, however, feel that it might still be desirable for the President to send out a personal representative whose going might be linked to the findings of the Court and who might facilitate a working out of a modus vivendi either in the way prescribed by the Court or in some variation of the Court recommendation which might be acceptable to both governments. I then sketched out some of my thoughts in this matter (which were subsequently incorporated in the President's reply to Mr. Mosadeg) for the benefit of the Ambassador.

The British Ambassador stated that he was sure that London would appreciate United States support of the ICJ recommendation and might not oppose the President's sending out a representative if linked to the Court's decision in the way that I had suggested. He stated, however, that he would like to go back to London on this point and hoped to advise me by noon the day following as to London's reaction.

(The British Ambassador did, on the day following, advise the Secretary that London acquiesced in the proposed reply by the President to Prime Minister Mosadeg's message, even though it was indicated that Mr. Morrison still had the same reservations with respect to the President sending out a personal representative.)
Text of message from Mr. Morrison to Mr. Acheson
Dated Thu. July.

H.I.M. Ambassador has reported to me your conversation with him on the 4th of July about Persia, and your suggestion that President Truman might appoint a personal representative to discuss a settlement of the dispute with the Persians and us, to see whether any road to a solution could be found.

Let me say at once that I fully share your concern at the course of events which may develop from the present deadlock and that I greatly appreciate your wish to make some positive contribution towards a satisfactory solution. The concern which you feel, and the suggestion you have put forward, encourages me to give you a very frank reply.

Since I became Foreign Secretary you and I have been able to settle a number of difficult issues between us. In several of these a settlement has been reached by our going a considerable way to accept the American view. In dealing with this question of Persian oil, where we find ourselves in grave difficulties, we need your wholehearted support. I have greatly valued the help you have already given and I am most grateful to you for your present suggestion, which I appreciate is made with the sincere desire of reaching a settlement. But the suggestion which you made to Sir Oliver Franks of the lines on which a settlement might follow seems in substance to differ little from the offer already made to the Persian Government by the Company during the visit of their delegation to Tehran. This offer, which accepted the Persian thesis of nationalisation, was rejected out of hand, and since then the Persian Government have refused to consider anything but the full implementation of their nationalisation law.

There is, however, a more important thought in my mind in considering your main proposal. I must tell you that one of our main difficulties in dealing with this intractable problem has arisen from a belief persistently held by many Persians that there is a difference of opinion between the Americans and the British over the oil question and that America in order to prevent Persia being lost to Russia, will be ready to help Persia out of any difficulties which she may encounter as a result of the oil dispute. Influential and friendly Persians themselves have told us this, and stressed that it is an important factor in encouraging Mr. Mossadegh's present intransigence. An approach by a representative of the President as you suggest would, I fear, merely encourage Mr. Mossadegh in this belief. The danger of this would be all the greater since the decision given by the Hague Court, which has introduced a new and most important factor in the situation. The Court has recommended that nothing should be done to hinder the continuation of the Company's operations as carried on before the 1st May, and that these operations should be carried on under the Company's management as constituted before that date. It has recommended the setting up of a Board of Supervision to ensure that the Company's operations are carried on in accordance with the Court's recommendations. We have declared our full acceptance of these recommendations. It is now up to the Persian Government to do the same and to put an end to the unwarranted interference by the temporary Board in the Company's operations, which are now threatening to bring the operations to an end. I feel most strongly that what is wanted from you now is not an offer to mediate, but a firm and categorical statement that it is up to Persia to accept and follow the recommendations of the Hague Court. Such a statement, making it clear once and for all that the United States of America can give no sympathy or help for a country which flouts a decision of the world's highest legal authority, would be of the utmost value at the present critical juncture.

British Tabenoe, Wed. 8th.