Memorandum for the Record:

July 12, 1951

Secretary Chapman telephoned at 6 p.m. and said he wanted to take up with the Secretary a matter which might seem to be out of Secretary Chapman's immediate jurisdiction, but which actually would affect the operations of his administration.

He said that the Petroleum Administration has many important dealings with foreign oil interests in the terms of gathering information. The outcome of the Iranian situation would affect seriously the petroleum development in this country in terms of its production program. He thought it would be a serious effort for Mr. Harriman to go to Iran without taking with him someone familiar with the domestic industry in terms of production. He understood Mr. Levy was to accompany Mr. Harriman and, while Secretary Chapman considered Mr. Levy a brilliant economist in terms of price, he did not think he knew the production end. He thought it would be very wise for Mr. Harriman to take with him one of Mr. Chapman's consultants on the production program; and he suggested Mr. Howard Marshall who, he said, was a brilliant lawyer, a Harvard graduate and runs a petroleum business of his own. He did not suggest that he be involved in any direct negotiation, but just be in the background, where his knowledge would be useful to Mr. Harriman.

Secretary Acheson said it was his understanding that Mr. Harriman was not planning to get into anything like negotiations on production, but he would be trying only to see what could be done during an interim period as a stop-gap in the present situation. He said he would look into the question and talk with Mr. Chapman before Mr. Harriman leaves.

The Secretary spoke to Mr. McGhee about this and he in turn spoke to Mr. Harriman. They both felt that it would be undesirable for Mr. Marshall to accompany Mr. Harriman. The Secretary has been so informed and will speak to Secretary Chapman giving the reasons we consider such a move undesirable.

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L. D. B.

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