DEPARTMENT OF STATE

Memorandum of Conversation

DATE: July 31, 1952

SUBJECT: Iran

PARTICIPANTS: Mr. Johnson
President Truman

I called the President at 10:30 this morning on the subject of Iran. I

told him that I consider the situation to be very critical here and in an effort

to save the situation I wished to take up with the British the possibility of

proceeding immediately upon a plan that involved three basic points. I stated

to the President that these points were as follows:

1. The US would make immediately available to Iran
$10,000,000 in grant assistance.

2. The British would agree to purchase the oil
presently stored in Iran at a suitable discount.

3. Mossadeq should agree that an international arbitration
commission should be established to consider
the question of compensation to the British.

I explained to the President that we had recently, in an effort to save the
Qasem Government, considered with the various departments the question of providing
$25,000,000 in dollar assistance to Iran and recalled that I had mentioned this
to him at the time. We had not proceeded upon this because qasems fall before
action could be taken. I indicated to the President that I had not had the time
to clear with other interested agencies the question of the US now making available
$10,000,000 and wished to know his views before I discussed the matter with the
British.

The President approved proceeding with such discussions on the basis that the
US Government would furnish this amount of assistance.