DEPARTMENT OF STATE

Memorandum of Conversation

DATE: December 20, 1952

SUBJECT: Proposed Export-Import Bank Loan to Iran

PARTICIPANTS:
The Secretary
Mr. Loy H. Henderson, American Ambassador to Iran
Mr. Linton, S
Mr. Byrnes, NEA
Mr. Bedelright, DDR
Mr. Kohler, G/O
Mr. Richards, DIT

Mr. Byrnes opened the conversation by reviewing briefly the history of the proposed Export-Import Bank loan to Iran, pointing out that although the Iranian Government had agreed to the acceptance of the loan, the Export-Import Bank, acting on advice of the Department, had held up implementation of the loan for political reasons. Mr. Byrnes considered that our position should be revised in the light of changing conditions in Iran and urged that the Export-Import Bank be informed that the Department no longer objects on grounds of policy to the loan.

Mr. Linton indicated that he considered that the loan, if approved, would not improve the situation in Iran. In fact it might do harm. He pointed out that implementation of the loan would require sales which Iran does not have, that Iran is in no position to repay the loans, and the implementation of the loan would be unpleasant to the British. Mr. Bedelright supported Mr. Linton's views.

Ambassador Graber stated that he did not want to return to Iran empty-handed and that he considered that the Department was in a most vulnerable spot in continuing to oppose the implementation of the loan on policy grounds. He hoped that the Export-Import Bank might be informed that it could proceed with a study of the loan.

After further discussion with the Secretary, it was agreed that Mr. Linton and Ambassador Graber should call upon Mr. Carter this afternoon to discuss the matter further.