IRAN

THE SOVIET-IRANIAN IMPSASSE OVER THE AGREEMENT OF APRIL 1946 REGARDING THE EXPLOITATION OF OIL RESOURCES IN NORTHERN IRAN; THE QUESTION OF FURNISHING CREDITS TO IRAN FOR THE PURCHASE OF AMERICAN MILITARY SUPPLIES

891.51/1-347

The Secretary of War (Patterson) to the Secretary of State

WASHINGTON, 3 January 1947.

Dear Mr. Secretary: Reference is made to the recent decision to provide military assistance to the Government of Iran by making available noncombat matériel in reasonable quantities, and nonaggression combat matériel within the limits of a credit of ten million dollars allocated to Iran for this purpose.

Pursuant to the foregoing decision, General Mazhari of the Iranian Army has presented a list of equipment and supplies desired by the Iranian Government (Inclosure 1). The War Department has reviewed the Iranian request for nonaggression combat type items (this excludes such items as medium tanks and bombers) and has given General Mazhari a list of equipment (Inclosure 2) which, it is believed, may be made available substantially as shown therein. In addition, although not shown in Inclosure 2, the Iranian request for aircraft can also substantially be met.

Preliminary examinations indicate that except for such items as those currently under procurement, the War Department can make available a substantial portion of the items requested by the Iranians. Every attempt will be made to meet this program with surpluses overseas. It is hoped that most of these will be already in the hands of the disposal agency, Foreign Liquidation Commission. Items to be furnished from the Zone of the Interior will be processed through War Assets Administration. It is understood that, in accordance with existing procedure, the matériel will be turned over to the Iranians on site and that they are to be responsible for its transportation by commercial carrier or otherwise.

1 For previous documentation on these subjects, see Foreign Relations, 1946, vol. vii, pp. 289 ff.
3 Not printed.

890
It is requested that the War Department be informed of your concurrence in the continuation of present arrangements whereby the disposal agency reimburses the War Department for the costs incident to care, handling, packaging, and preparation for shipment, in so far as the Foreign Liquidation Commission is concerned. A copy of a letter to War Assets Administration on this same subject is inclosed.

Sincerely yours,

ROBERT P. PATTERSON

4 The Secretary of State expressed his concurrence in these arrangements in a letter of January 21 to the Secretary of War (891.24/1-1547).

5 Not printed.

891.6363/1-1147: Telegram

The Ambassador in Iran (Allen) to the Secretary of State

SECRET

TEHRAN, January 11, 1947—8 p.m.

22. Le Rougetel 1 has been to see me twice recently on subject of "grave danger" of Majlis 2 refusal to grant Soviet oil concession 3 (Department's 15, January 2 4). I agree fully that Iranians would make serious error if they refused flatly to grant petroleum rights to USSR under any conditions, as some anti-Soviet Iranians would now like to do. However, I think we would make an equally grave mistake if we went over to the other side and made representations which could be construed by Iranians as pressure on them to grant such rights.

I have informed both Shah 5 and Qavam 6 that US does not object in principle to Soviet petroleum interests in northern Iran and that from economic and geographic point of view we recognize that normal outlet for oil of northern Iran is to USSR. Moreover I have expressed personal opinion that Saed 7 Government handled petroleum negotiations with Soviets badly in 1944 and that they should not repeat this mistake. Instead of informing Kavtaradze 8 in 1944 that Iran would not consider any Soviet request for oil rights at that time, it would have been better if Iranians had either asked for detailed Soviet proj-

1 Sir John H. Le Rougetel, British Ambassador in Iran.
2 The Iranian Parliament.
3 For text of the agreement entered into by Iran and the Soviet Union in April 1946, see telegram 485, April 9, 1946, from Tehran, Foreign Relations, vol. vii, p. 413; see also telegram 460, April 4, 1946, from Tehran, and footnote 72, ibid., p. 405.
4 Not printed.
5 Mohammed Reza Shah Pahlavi.
6 Ahmad Qavam, Iranian Prime Minister.
7 Mohammed Saed, who resigned as Iranian Prime Minister on November 9, 1944. It was widely believed that his resignation was forced by Soviet pressure; see Foreign Relations, 1944, vol. v, pp. 456–472, passim.
8 Sergei Ivanovich Kavtaradze, Soviet Vice Commissar for Foreign Affairs, who headed the Soviet delegation which came to Iran in September 1944 seeking oil concessions for the Soviet Union.
ect or else have drafted provisions themselves which they would be willing to accept. If USSR had refused to agree to reasonable and proper conditions Iran would at least have shown its willingness to negotiate. I do not believe there is much likelihood of Qavam’s repeating Saed’s mistake.

The fact that the British are so greatly disturbed lest the Iranians refuse the Soviet proposals is significant. The British hope the USSR will obtain petroleum rights in Iran because the British think their own concession will be safer and that no future Iran Government will be likely to nationalize the oil of the country if the British [Russians] have a concession here too. I believe one can even say that British are not deeply concerned whether Iranian political and economic interests are fully safeguarded in the matter or not. This attitude means, in essence, a return to the 1907 policy of disregarding the interests of the country as long as the great powers are satisfied.

I am very much afraid Qavam will construe Le Rougetel’s representations as British pressure on behalf of the Soviet proposals, even though Le Rougetel will add that Iran should “of course” ask for adequate safeguards. The British would like for US to make similar representations. But if we do, the Iranians will feel they have no support and must give the Soviets very nearly whatever the Soviets ask for. It seems to me we should allow our position to stand on the representations I have already made.

I hope the Department will bear in mind that Soviet action in Iran during the past few months as regards petroleum has not been such as to inspire confidence among the Iranians. The promise to submit the oil proposals to the Majlis was forced out of Qavam last April at the point of the bayonet. The Soviets appear to have the 50-50 caviar agreement in mind as a precedent for their oil proposals. If so all the oil from Iran which goes to Russia will be paid for in blocked rubles, at an artificial price set in Moscow, without any reference to the world market price. Efforts by Iran to use those rubles will be in vain. The concession itself, instead of showing a profit, will never repay development costs and Iran may very probably have to put up cash in one way or another to keep it going, in addition to losing its oil. Since the agreement will be with the Soviet Government rather than a private company, all conversations regarding day to day operations will be on a government to government basis, and any Iranian official who presumes to ask that the interests of Iran be considered equally with those of the Soviet Union will be considered unfriendly by the Kremlin.

---

9 The reference is to the Convention between Great Britain and Russia relating to Persia, Afghanistan and Tibet, signed at St. Petersburg on August 31, 1907; for text, see Foreign Relations, 1907, Pt. 1, p. 550.
There is little adequate basis to judge whether the new Majlis will turn down the Soviet proposals or not. A few of the candidates who seem likely to be elected will favor a flat refusal, but Qavam will recommend passage and his party will probably have a substantial majority.

I am inclined to think that the primary danger is not that the Iranians will turn the Soviets down too brusquely but rather that the Majlis will agree to provisions detrimental to Iranian interests and sovereignty.

Soviet insistence upon petroleum rights in Iran brings to a focus the broad question whether a government like that of the USSR is capable of owning economic concessions in foreign countries without inevitably violating the sovereignty of that country. Under the system of private enterprise, a foreign petroleum, aviation, or other corporation can operate in Iran subject to the laws of the country, can sue and be sued, etc. I am not certain that a small and weak country like Iran can adequately safeguard the interests of the local people in this important natural resource, no matter how carefully the terms of the agreement with the USSR are drawn. Some kind of supervision over these matters by the United Nations may be inevitable.

Sent Department 22, repeated London 4 and Moscow 2.

Allen

891.6368/1-2847: Telegram

The Ambassador in Iran (Allen) to the Secretary of State

SECRET

TEHRAN, January 28, 1947—3 p. m.

77. Moscow radio, as monitored in Tehran broadcast talk on January 26 entitled “oil and politics”, in which American oil companies were described as “closing their grip” on oil of Iran and Saudi Arabia:

Speaker said allegation of American officials that recent petroleum contracts\(^1\) were private was “contradictory to the facts” and that it was now clear that American support of “Iranian case”\(^2\) had been to prepare soil for expansion of American influence in Iran. “It is also evident that the new agreements between oil companies will not prove favorable to the independence of Middle and Near East, and particularly the Arabian countries”.

It is interesting to note that while the Soviet radio is thus attacking American oil interests in Middle East, this Embassy has scrupulously

---

\(^1\) For the nature of the contracts of the Anglo-Iranian Oil Company with the Standard Oil of New Jersey and the Socony-Vacuum interests and between the Gulf and Shell interests, see telegram 13, January 8, 1947, to Tehran, Foreign Relations, 1946, vol. vii, p. 49.

\(^2\) Before the Security Council in 1946.
refrained from exerting any influence opposed to Soviet desire to obtain a concession in Iran, despite frequent pleas from numerous Iran officials for American help in finding a means of refusing the Soviet request. We could easily kill the Soviet Union's chances of getting such a concession in Iran with a statement not half as critical of the USSR as the Soviet accusation against the US quoted above.

Last night the Shah said he had received another urgent suggestion from Ambassador Ala in Washington that the Iranian Govt propose the international development of oil, under UN supervision, for all of Iran, including the British concession area. Ala recommended against any bilateral agreement with Soviet Union under any circumstances.

Shah says he pressed Qavam yesterday regarding details of Soviet agreement. Shah favors limiting territory covered by agreement to very small area after two years of exploration. Most likely place for the north is small triangle near Gorgan. Shah says it is unthinkable to allow Soviet technicians to wander freely over five northern provinces during 50-year life of agreement. Shah would much prefer to enter into no oil agreement with USSR whatever and accused Qavam of wanting to create another agreement like the caviar concession.

The Iranians would probably pursue the international angle if we gave them any encouragement. I explained again that we could not concur in any attack against established concessions.

Sent Dept 77, repeated London 11, and Moscow 7.

Allen

891.79/22/2-1747: Telegram

The Ambassador in Iran (Allen) to the Secretary of State

SECRET

TEHRAN, February 17, 1947—10 a.m.

117. During conversation with Minister of Finance 1 concerning sale of Abadan Airfield, 2 I took occasion to stress once again our expectation that American airlines would receive no less favorable treatment in Iran than lines of any other foreign country. Minister asked if we had any reason to think this would not be the case. I said we had very good reason to think that planes of the Soviet Union would be treated better than ours if present Iran practice continued.

I pointed out that Pan American Airways would soon extend its line from Ankara to India. We had hopes that at least a branch or

1 Abdol Hosein Hajir.
2 The Abadan Airfield was sold by the United States to the Iranian Government on March 11, 1947, for $196,632. A copy of the contract is filed under 891.24 FLC/3-1147.
alternate route might eventually come from Ankara to Tehran and then on to Kabul and India. Stops might occasionally have to be made at Tabriz and Meshed. I asked the Minister whether we could assure Pan American that it would be permitted to carry passengers between Tabriz, Tehran, Meshed; that it could bring in free of duty or taxes its airplanes, parts and gasoline for this internal traffic even though it competed with an Iranian line which paid high duty and taxes on everything; whether he would permit Pan American to establish radio and weather stations wherever it liked in Iran without even notifying Iranian authorities; bring in its passengers, cargo and personnel without any visa or customs formalities; and pay no attention to the Iranian passport or customs or aeronautic authorities at Iranian airports; and above all do all these things without any kind of air transport agreement with Iran and without any reciprocal permission being granted to Iranian planes to fly to the US under any circumstances. I added that no American line would expect such privileges but that under most favored nation treatment, we could demand them since all of these privileges were being accorded planes of another country.

The Minister, who is one of the strongest members of the Cabinet and a patriotic Iranian, expressed appreciation for these remarks and said they would materially strengthen his efforts to regularize Soviet air operations in Iran. He said that after much difficulty he had succeeded only last week in obtaining a written commitment from the Soviet Ambassador in connection with trade negotiations, that the USSR would henceforth respect Iranian customs in the importation of Soviet goods into Iran. Minister hoped now to have further success in obtaining respect by the Soviet Union for Iranian laws and regions [regulations].

Whenever I have discussed aviation matters with Iran officials, I have emphasized that the US as an air-minded nation has no desire to hamper developments of air traffic between Iran and the USSR, but on the contrary wishes to encourage such traffic all over the world, on an equitable basis. I have expressed the hope, however, that the time would come when Iran, while welcoming Soviet planes to Iran, would insist upon reciprocal right for Iranian planes to fly to USSR. Without reciprocity there should be no Soviet planes in Iran.

If this policy is eventually followed by all states bordering the USSR, perhaps the USSR may gradually be persuaded to liberalize its aviation policy.

Sent Department 117; repeated Moscow 12 and London 17.

Allen
SECRET


128. Colonel Shields \(^1\) requests copy be given General Connolly \(^2\) of following letter which I addressed to Minister of Finance today:

"Excellency: I have the honor to refer to conversations which took place in the office of the Ministry of War on February 16, 1947 attended by Colonel Shields concerning the question of the utilization by the Iranian Government of credit for the purchase of military supplies which the American Government expressed its willingness to extend to Iran in the letter from General Connolly to General Mahzari dated November 26, 1946.\(^3\)

During this conversation various questions were raised by Your Excellency and other Iranian officials concerning the terms of the credit as set forth in General Connolly's letter and concerning the possibility of an alteration or modification of these terms. You asked specifically whether it might be possible for the Iranian Government to utilize the credit through individual purchase contracts in which interest payments would be included as a part of the principal. You also questioned the rate of exchange provisions in the standard form of US credit agreement applicable to credits of this kind.

The Embassy has received telegraphic instructions from the Department of State in Washington pointing out that the American Government desires that the arrangement for this credit be negotiated in Washington. Consequently any suggestions of the Iranian Government for alterations in the terms of the offer contained in General Connolly's letter of November 26th should be taken up through the Iranian Embassy in Washington with the competent American authorities. This Embassy does not know whether any alteration in the terms of the offer would be possible or not.

I feel that I should add that I personally am doubtful that my Government would be able to accept any substantial changes in the terms as contained in General Connolly's letter. It is my belief that if the Iranian Government desires to take advantage of the offer made in General Connolly's letter it will be necessary for the Government of Iran to accept substantially the terms contained in that letter.

I should point out moreover that General Connolly's letter still appears to have remained unanswered or unacknowledged. I suggest that prompt action be taken by the Iranian Government if it wishes to utilize this credit offer.

I should also refer to the conversation which Colonel Shields and I had with you in your office on February 12th in which you expressed doubt that the Iranian Government could legally enter into a credit agreement calling for the payment of interest without the approval of the Majlis. If this is true it would seem to me desirable for the proposed credit agreement to be drawn up now in order to be

\(^1\) Col. Charles J. Shields, OFLC Field Commissioner for the Persian Gulf area.
\(^3\) Not printed, but see footnote 20, Foreign Relations, 1946, vol. vii, p. 546.
ready for prompt submission to the Majlis when it convenes. I am confident that the American Government will find it necessary to include in any credit arrangement with the Government of Iran as in all other credit agreements of this nature a provision for interest to be paid on outstanding balances.

In order to assure the proper coordination of the discussions in connection with this credit, I am sending the text of this letter to my Government by telegraph."

---

"Subsequent to sending this letter to the Minister of Finance, Ambassador Allen discussed the arms question on several occasions with the Shah, the Prime Minister, and other Iranian officials. In telegram 132, February 25, 1 p.m., from Tehran, the Ambassador reported on a conversation with the Prime Minister the previous day during which the latter made it clear that he had not realized previously how much the supplies would cost Iran. He expressed doubt that Iran needed or could afford such large expenditures. The Ambassador reminded the Prime Minister that the U.S. offer had followed his urgent request for assistance. (891.24 FLC/2–2547)

In reply to a query in Department telegram 109, March 5, 7 p.m., Ambassador Allen stated in telegram 175, March 10, 6 p.m., from Tehran; "I consider it in the over-all Iranian interest to take advantage of at least a considerable part of the military credit offered by US, and the Embassy does not believe that the proposed rapid repayment [in three years] would have any significant effect on economic development plan for benefit of Iranian people, provided Iran obtains credits from International Bank for development plan. However, [if] economic development here must be financed without international loan, repayment of arms credit would substantially reduce funds available for economic plans during next three years." (891.24 FLC/3–447; 891.51/3–1047)

---

891.6263A/3–347: Telegram

*The Ambassador in Iran (Allen) to the Secretary of State*

**TOP SECRET**

**URGENT**

Tehran, March 3, 1947—4 p.m.

154. During conversation with Prime Minister this morning, held at his request, Qavam said he felt in need of expert technical advice on petroleum question, especially as regards the northern provinces, and would like to employ a qualified American for this purpose. He asked me to ascertain urgently whether my Govt perceived objection to his doing so. He emphasized that matter should be kept most highly confidential until announced. If Dept does not object, he will immediately instruct Ala to find one. I suspect he may have Hoover and Curtice in mind since they are familiar with Iran, but he said he felt that one American expert in Iran would be sufficient.

In reply to my inquiry he said he had in mind an employment contract with a private individual, perhaps along the lines of Dr.

---

1 Herbert Hoover, Jr., and A. A. Curtice, petroleum geologists, who had been advisers on petroleum to the Iranian Government; see telegram 816, May 20, 1944, to Tehran, Foreign Relations, 1944, vol. v, p. 450.
Avery’s contract, or else a contract such as was made with Hoover and Curtice in 1944. He had little idea how long the expert would be needed.

All he is interested in learning now is whether in principle he can go ahead with the idea.

I believe Qavam desires to reach a petroleum agreement with USSR and at same time defend legitimate Iranian interest and he is inclined to favor granting a straight concession rather than a mixed company. His wish to employ an American expert is motivated in part by an honest desire for technical help and in part, I feel confident, by desire to have an expert share the responsibility when he attempts to persuade the Soviets to accept a concession rather than the mixed company idea to which Moscow seems much attached. Hoover and Curtice showed clearly when they were here in 1944 that they favored a Soviet concession in Northern Iran, under proper safeguards.

As Dept knows, petroleum is the principal problem before Iranian Govt at the moment and one on which they are most eagerly seeking advice. An American petroleum expert in Iran would almost inevitably involve US in some newspaper controversy. At the same time it would be rather difficult for US to agree that Iran can have 25 American Army Officers as advisors to their army and gendarmerie, and can employ private Americans in their Finance, Health and other Ministries, but cannot buy petroleum advice from the US.

Moreover, we have given Iran certain assurances of assistance. Expert advisors, especially in questions on which countries like Iran seek and need advice greatly, are often the most beneficial type of assistance we can give.

I suggest that I be authorized to inform Qavam that the question of employment of American experts in the petroleum as in other fields, is one entirely for the Iranian Govt to determine. Urgent reply would be appreciated.

Allen

---

2 Bennett F. Avery, who became adviser on public health to the Iranian Government early in 1944.

891.24/3-347: Telegram

The Secretary of State to the Embassy in Iran

SECRET

WASHINGTON, March 3, 1947—6 p. m.

101. Schwarzkopf has informed War [Department that] Gendarmerie needs half million worth equipment and expressed dissatisfaction exclusion Gendarmerie from benefits pending arms arrangement. As indicated Deptel 37 Jan 23 we have assumed purchase


2 Not printed.
program makes provision for both branches Iranian security force. Ref Schwarzkopf's letter to Pottenger Dec 28, it appears present Army plan represents continuance effort absorb Gendarmerie and should be considered in light traditional conflict between Army and Gendarmerie. We wish make clear we using no pressure Iran take US arms and taking no sides in Army—Gendarmerie situation. However, Army action absorb Gendarmerie or eliminate Gendarmerie from arms program might bring about situation wherein continuance Gendarmerie Mission would be inadvisable. While we do not wish inject ourselves into entirely internal Iranian affair, decision being for Iran Govt alone, you may if appropriate point out that general experience in this and most democratic countries has proved desirability keeping police forces under civilian control.

Please discuss matter with Schwarzkopf then with Grow. You may, in your discretion, bring matter to attention Qavam and Shah.

MARSHALL

---


4 In telegram 283, April 16, the Embassy in Tehran reported the assurances given to General Schwarzkopf by the Prime Minister and Minister of Finance that the U.S. credit would be used to purchase supplies for the Gendarmerie (891.24/4-1647).

---

891.6363A/3-347: Telegram

The Acting Secretary of State to the Embassy in Iran

TOP SECRET

WASHINGTON, March 4, 1947—7 p.m.

US URGENT

105. We recognize possibility (urtel 154, Mar 3) Qavam may desire employ American expert to share responsibility in case oil concession is refused Russians. It is also possible Qavam, in case he is determined to grant Soviet concession, desires have support American expert in order make such grant more palatable to certain segments Iranian opinion. However, we feel that any objection or reserve on our part might well make Qavam timid or uncertain of our interest and support.

In answering Qavam's inquiry, you should limit your remarks to statement that, in keeping with our traditional policy of assisting friendly states upon request, particularly Iran in view of Declaration 1943, we have no objection Iranian Govt employing qualified American for purpose expert technical advice on petroleum question.

ACHESON

---

1 In telegram 161, March 5, Ambassador Allen reported that he had conveyed the substance of telegram 105 to Prime Minister Qavam who said he would direct Hussein Ala, the Iranian Ambassador in the United States, to employ an Amer.

2 In telegram 161, March 5, Ambassador Allen reported that he had conveyed the substance of telegram 105 to Prime Minister Qavam who said he would direct employed.” (891.6363A/3-347)
Editorial Note

On April 2, the Embassy in London reported information from the British Foreign Office on the conversations of March 24 between Mr. Bevin and Generalissimo Stalin at Moscow. Concerning their discussions on Iran, the Embassy cited Mr. Bevin as stating "that the propaganda that Britain opposed an oil concession to Russia was without foundation. The British Government, he explained, had no objection to an oil concession being made to Russia so long as Iranian independence was not affected. No comment of significance was made to this by Stalin." (telegram 2020, 741.61/4-247). The British record of the conversation of March 24 is printed in volume II, page 278.

891.002/3-2747: Telegram

The Ambassador in Iran (Allen) to the Secretary of State

SECRET

TEHRAN, March 27, 1947—4 p. m.

225. [Here follows a paragraph discussing a request by the Turkish Ambassador that Ambassador Allen intercede with the Shah to retain Mr. Qavam as Prime Minister.]

I explained to him that a principal point of American policy in Iran is to prevent foreign interference in internal Iranian matters, not to engage in it ourselves. While agreeing that a strong Iran was in our interest and that Iran was weakened when the two most influential personages in the country, the Shah and Qavam, were at loggerheads, I said I could do no more than continue to advise both Shah and Qavam in principle that all Persians should cooperate for the unity of the country, since disunity would open the door to foreign penetration.

I have no reason to believe the Ambassador was acting under instructions from Ankara. There is possibility that Qavam may have sent him but I do not believe so.

During a conversation I had with Shah last night, the latter volunteered the information that he did not intend to remove Qavam at present, despite charges of corruption which were being brought to him daily. He asked, however, whether I thought he was fulfilling his constitutional responsibilities by remaining a spectator when such corruption existed. I expressed the personal view that the responsibility for removing or sustaining the government should be placed on the Majlis, soon to convene.

Allen
The Ambassador in Iran (Allen) to the Secretary of State

SECRET

TEHRAN, March 27, 1947—11 p. m.

226. During a conversation with the Shah yesterday he expressed appreciation for American efforts to assist Greece and Turkey¹ and was much pleased to have received word from Ambassador Ala that Iran would probably be similarly supported if similar need should arise. The Shah expressed some uncertainty, however, concerning reasons for our insistence that Iran make large dollar outlays on a loan basis, with interest, for military supplies at the time we were being so generous to others. He said it appeared we were planning to make further outright gifts of military supplies to Turkey in addition to the large amount of such supplies we had furnished Turkey under Lend-Lease during the war.

I cited the statements by Under Secretaries Acheson and Clayton before Congressional committees, as reported in recent radio bulletins, and said that the emergency in Greece and Turkey resulted from their being under immediate threats. The Shah said that while Iran seemed fortunately not the primary target for Soviet attack at the moment, continued lack of security in Iran and weakness of the Iranian Army would only invite renewed Soviet activity here. He felt it shortsighted to allow this weakness to continue and thereby invite an attack which could be forestalled by assistance to Iran with military supplies now.

I pointed out that in several telegrams which I had received from the Department prior to and during the Azerbaijan crisis, the Department had stated that the American Government was willing to support the independence of a member of the United Nations to the extent that that country showed willingness to fight for its own independence.² The Shah replied that Persia’s recent action in recovering its sovereignty over Azerbaijan had been at very considerable risk of involvement with the USSR and he felt Iran’s determination to fight for its independence had been amply demonstrated very recently.

With particular reference to the statement by Mr. Clayton that non-productive credits i.e. military supplies would be accorded Greece and Turkey as a grant, the Shah asked why we were so “severe” with Iran, demanding payments with interest. I said that each case must be considered on its merits and that ability to pay was one consideration. He expressed confidence that Turkey’s ability to pay was much greater than Iran’s, due to Turkey’s large foreign exchange holdings built up during the war.

¹ For documentation on this subject, see pp. 1 ff.
The Shah’s remarks were made in an entirely friendly manner and he raised no objection to any assistance the United States might render any other country. It was clear, however, that while he understood the immediate necessity for assistance to Greece, in view of the actual guerrilla attacks across Greece’s northern border, he failed to understand why Turkey appeared to be treated so much better than Iran. As far as Soviet claims against the Dardanelles were concerned, he said that these were primarily radio attacks and that as far as physical aggression against the Straits was concerned, Turkey would certainly have the full support of the United Nations in case of any armed Soviet aggression, just as Iran and every other nation would.

Allen

---

*For documentation on this subject, see Foreign Relations, 1946, vol. vii, pp. 801 ff.

740.00119 Council/4-447: Telegram

The Acting Secretary of State to the Secretary of State, at Moscow

SECRET

WASHINGTON, April 4, 1947—7 p. m.

US URGENT

813. Secdel 1427. For Secretary from Acheson:

1. Subject is establishment Iranian-Soviet oil company agreed in principle in exchange notes Apr 4, 1946, between Iranian PrimMin Qavam and Sov Amb Sadchikov incident to removal Sov troops from Iran, arrangement being subject to ratification or rejection by Iranian Majlis (Legislature) scheduled convene in few weeks. Agreement covers roughly five northern provinces of Iran and participation to be 51 percent by Sov Govt and 49 percent by Iranian Govt during first 25 yrs and 50–50 during next 25 years.

2. Brit Emb Reps called Mar 31 on instruction to communicate substance FonOff cable re Sov oil arrangement and to request Dept views. Communication interpreted by Dept as indicating FonOff presumption Majlis will ratify agreement when presented and approve concession, and left impression here Brit Govt has discussed matter with Iranian Govt in terms of granting a concession to Sovs (patterned after AIOC concession in south), concession to contain safeguards intended to protect sovereignty of Iran. Brit Reps seem uncertain whether proposed safeguards in above FonOff cable communicated to Iranian Govt. Dept expressed views that proposed safeguards appeared incomplete and ineffective, and that there are no safeguards which, in final analysis, would prevent political and economic penetration of Iran by Sovs, if latter disposed pursue that objective, with possible resultant repetation of situation similar to if not more serious than recent Azerbaijan incident.
For your info Dept after conversation with Brit Emb Reps informed Amb Allen, Tehran, Jan 9, Brit FonOffi had communicated to Iranian Govt its view that flat refusal Sov oil arrangement inadvisable and that Sov concession could be devised which would safeguard basic Iranian interests.

3. Dept outlined to Brit Reps its most tentative views as follows:

(a) US Govt must disassociate itself completely from any pressure whatsoever designed to induce Iranian Govt to enter any oil arrangement with Sovs, decision this matter being entirely within competence Iranian Govt;
(b) Neither does US Govt intend at this time to influence Iranian Govt to refuse Sov oil arrangement;
(c) If in connection with either acceptance or refusal of Sov oil arrangement Iranian Govt is subjected to pressures threatening independence of Iran, US Govt will support fully Iranian sovereignty in conformity with its obligations to UN.

4. Iranian Amb Ala has informed Dept officials on various occasions that he has recommended to his Govt that it refrain from granting any further mineral concession (including subject oil arrangement) to any foreign interest. He has stated that he is studying advisability of Iran taking position that it not grant any further mineral concession to foreigners until his Govt has explored fully possibility of obtaining advisory opinion from appropriate UN organization, both as to concessionaire and terms of concession. His idea is that development Iranian resources will in general be reserved for exploitation by Iranian nationals.

5. Re para 4 above, Dept's tentative view is that Iranian Govt has full right to seek such advice and assistance from UN; but that US Govt should not at this time encourage development UN powers with respect to international oil matters except pursuant to Anglo-American oil agreement scheduled for Senate hearings at early date and contingent upon exploratory inter-governmental conversations now projected with other interested govts including Iran and possibly Soviet Union. In any case Dept convinced assignment to any UN body of regulatory authority at this time impracticable. Entire question, however, of feasible and desirable UN responsibility in international oil field merits and is receiving thorough study.

6. Another question which has arisen is that of employment by Iranian Govt of Am technical expert advice on terms of any concession that might be granted Sovs. Dept view is that such advice if needed

---

1 In telegram 15, not printed.
2 Signed at London on September 24, 1945; for information on this agreement, which failed to obtain ratification by the United States Senate, see Foreign Relations, 1945, vol. vi. bracketed note p. 244. The text of the agreement is printed in Department of State Bulletin, September 30, 1945, p. 481.
should be sought only after decision taken in principle by Iranian Govt whether to grant concession. This appears to be also present view Amb Ala.

7. While Dept does not entirely discount possible interest Soviet Union in Iranian oil, Dept has long felt that prime motivation Sov activities in Iran is political rather than economic. We believe that Iran would be following a most dangerous course if it should grant any mineral concession to any foreign Govt or company before political situation Near and Middle East is clarified and before Iran is in position to arrange for development its mineral resources under its own unquestioned sovereignty.

We therefore propose suggesting informally to Iran Govt that if Sov arrangement is rejected by Majlis it might be advisable for Iran Govt concurrently to announce that Iran Govt has no intention of granting any oil concession at this time covering the northern provinces to any other foreign interests and that the Majlis decision is taken without prejudice to eventual negotiations with Sovs for commercial oil rights this area. If pressed for our opinion on proposed Sov arrangement we contemplate informing Iran Govt that we feel it should make its own decision free from foreign influence. We would point out that in our opinion proposed arrangement is subject to abuses which Iran Govt should consider in making its decision.

Your views and instructions will be appreciated.

Sent Moscow for Secretary.
Rpt Tehran as 163 and London as 1509.

ACHESON

740.00119 Council/4-1947 : Telegram

The Secretary of State to the Acting Secretary of State

SECRET Moscow, April 10, 1947—11 p. m.

URGENT

1296. Delsec 1415. For Acheson from Marshall. Secdel 1427 ¹ is subject. I concur in Department views expressed to British representatives in paragraph 3 of referenced message.

I realize the situation is a delicate one, but in order to follow more closely the line the US has previously taken and the views we have expressed to the British, I suggest the following rewording of our informal suggestions to the Iranian Government:

“If pressed for our opinion on Soviet arrangement, we should inform Iranian Government that we feel it should make its own decisions free

¹ Telegram 813, April 4, to Moscow, p. 902.
from foreign influence. If Majlis decides to go ahead with arrange-
ments it should carefully examine the arrangement to ensure that as
finally concluded it contains the safeguards necessary to protect against
abuses of Iran’s sovereignty and independence. If Majlis rejects
arrangement, it might be advisable for Iranian Government concurrently to announce that it has no intention of granting oil concession
at this time covering the northern provinces and that Majlis decision
is taken without prejudice to eventual negotiation with Soviets for
commercial rights in this area.”

---

891.20/4-1447

Memorandum of Conversation, by Mr. Edwin M. Wright, Special
Assistant to the Director of the Office of Near Eastern and African
Affairs (Henderson)

[WASHINGTON,] April 14, 1947.

Participants: Mr. [Loy W.] Henderson, Director, NEA.
Mr. [Harold B.] Minor, Chief, MEI.
General Mazhari, Assistant Chief, Iranian Military
Purchasing Commission.
General [Abdollah] Hedayet, Chief, Iranian Military
Purchasing Commission.
Mr. [Gholam] Aram, First Secretary, Iranian Em-
bassy.
Mr. Wright, NEA.

[Here follows general discussion on the proposed credit to Iran to
purchase military supplies.]

Mr. Henderson pointed out the difference between the problem in
Greece and Turkey and that in Iran. In Turkey and Greece, their
independence was threatened by actual civil war or by demands for
territory and bases. It was therefore decided to bring these two cases
before Congress at once. The mood of Congress was such that only
states threatened by the Soviet at the moment could be considered. It
is desirable that Iran should keep the best possible relations with the
Soviet Union. At the moment there is no Soviet column operating in
Iran, nor demands being made upon it. So grants can be given only to
those countries under direct threat and danger. Iran, therefore, comes
under the category of any nation desiring to strengthen its internal
security, but not threatened from outside. It was our policy not to sell
arms or munitions except to a few states who had been in intimate
association with the U.S.A. Iran fell in that category and needed
internal strengthening.

[Here follows further discussion on the proposed credit.]
329. Prime Minister asked me to come to see him urgently yesterday to inform me that Soviet Ambassador has recently made strenuous complaints to members of Iranian Cabinet against the "anti-Soviet and pro-American policy of the present Iranian Government". Prime Minister showed considerable concern over situation and asked me to request urgently any observations or suggestions of American Government in the light of this latest Soviet pressure.

He said Soviet Ambassador had referred at length to assistance USSR had rendered Iran in past, for which Iran had shown no appreciation, and that recent Soviet efforts to assist Iran, notably Soviet offers of arms and ammunition, spurned in an unfriendly manner. Ambassador spoke at length regarding "generous" proposal of USSR for 50-50 commercial aviation company, which he said Qavam had continually put off on "ridiculous and untrue claim" that such an arrangement would be contrary to Chicago aviation agreements. Instead, Ambassador claimed Iran had encouraged formation of an American airline in Iran, with American pilots, who incidentally had flown over Soviet border towns such as Ashkhabad, which Soviet Government could not tolerate.

Soviet Ambassador then referred to American military missions in Iran, which he claimed were in direct operational control of the Iranian Army and Gendarmerie. He mentioned other American advisors and Morrison-Knudsen engineers and said that Iranian plans for economic development of country through dollar loans would result in full American economic as well as military control. He added that Qavam's action in drawing up 7-year economic plan without consulting USSR was not friendly. He warned that new troubles might easily arise if things continued as they are.

Numerous smaller grounds for complaint against Iran were added by Ambassador, such as delivery by Iran of only 29,000 tons of rice last year when 30,000 had been promised, and recent difficulties caused by Iranian customs and monopoly officials in connection with Soviet trade. (Qavam said these "difficulties" have consisted of recent Iranian requirement that Soviet imports pass through Iranian customs and monopoly goods be sold only to Iranian Government. Only during last month or two have Soviet imports even been asked to pass through.

1 The reference is to the agreements adopted at the International Civil Aviation Conference which was held at Chicago from November 1 to December 7, 1944; for documentation on the Conference, see Foreign Relations, 1944, vol. II, pp. 355 ff.
Iranian customs, for first time since Soviet military occupation of northern Iran in 1941. Soviets still openly disregard Iran monopoly administrations for sugar, textiles, etc. Soviet trade delegation illegally sells imports direct to merchants at greatly inflated prices.)

Qavam asked that the matter be kept in strictest confidence, since Iranian relations with USSR would be rendered even more difficult if by any chance Soviets learned that Iranians had informed us. He would welcome our view whether, in light of Moscow conference, Soviet Ambassador’s representations indicated new Soviet campaign against Iran, now that their way is blocked in Greece and Turkey. He also wanted to know whether we could be prepared to support Iran in case of need. He referred to necessity for Iran to raise standard of living in order to combat Soviet propaganda here, and said he would welcome assurance that we will support Iran’s application for International Bank development loan when formally presented.

I said I would request urgent reply.

Last night Shah asked me to dine with him for long discussion of same subject. Shah was not quite as disturbed as Qavam and said he was prepared to meet even stronger Soviet pressure until after oil concession question was settled. Shah mentioned again our offer to give arms to Turkey, but said that on the whole he thought it just as well we had not included Iran in Greek-Turkish aid program since as it is, Iranian refusal of Soviet oil concession would appear as independent Iranian decision and not as action prompted by US. Shah is most anxious, however, to obtain indication of our support in obtaining development loan.

I expressed confidence to both Shah and Qavam that there had been no change in our policy of supporting Iran to extent Iran shows its determination to oppose aggression, and advised them to pay no attention to Soviet Ambassador’s threats.

Repeated London 48. Department pass to Moscow at 43.

ALLEN

Memorandum by the Deputy Director of the Office of Near Eastern and African Affairs (Villard) to the Under Secretary of State (Acheson)

SECRET

WASHINGTON, April 30, 1947.

Conversations with the Iranian Arms Purchasing Mission have advanced to the point where it is possible to give you a brief summary of the status of these negotiations.

1 For the Department statement on the arrival of the Mission in the United States, see Department of State Bulletin, April 20, 1947, p. 720.
You will recall that FLC, after the Iranian approach of last December,² offered to sell Iran surplus non-aggression military supplies on fifteen year terms with interest at the rate of two and three-eighths percent, with the understanding that not more than $10,000,000 could be utilized for combat equipment.³ While the Iranians have not replied formally to FLC's communication, they have informally suggested a credit of $30,000,000, of which not more than $10,000,000 would be used for combat items. They have asked that the words "loan" or "credit" not be used in the agreement and that the two and three-eighths percent interest be absorbed in the principal without mention of interest in the agreement; these requests were made to circumvent a constitutional provision which requires that all foreign loans be submitted to the Majlis for ratification.

While the Department and FLC are agreeable to hiding the interest in the principal as has been done in other cases, we hesitated to sign an agreement which might violate the spirit or the letter of the Iranian constitution. If such an agreement were to be held unconstitutional in Iran and repudiated at some later date, the political repercussion might be embarrassing and actually harmful to our policy in the Near and Middle East. After careful consultation in the Department and after consulting with Ambassador Allen we are of the opinion that the agreement should contain a clause providing for Majlis ratification and that no deliveries will be made under the agreement until such ratification takes place.⁴

A draft agreement embodying these provisions is being drafted for presentation to the Iranian Government through the purchasing mission. The draft agreement will also be telegraphed to Ambassador Allen for comment. Although there are still some points at issue, we believe that a satisfactory agreement can be worked out with the Iranians on the basis of our draft.

Incomplete examination between the War Department and FLC of the Iranian arms list indicates that availabilities may be so limited that the Iranians will be able to utilize through FLC only a portion (perhaps half) of the $30,000,000 figure.

HENRY S. VILLARD

---

² The official request had been made by the Iranian Ambassador in a note to the Acting Secretary of State on October 15, 1946; see Foreign Relations, 1946, vol. vii, p. 532.
³ The formal offer to sell had been incorporated in a letter of November 26, 1946, from the Foreign Liquidation Commissioner to Brigadier General Mazhari; see footnote 20, ibid., p. 546.
⁴ Marginal notation by Mr. Acheson: "I agree." According to telegram 236, April 25, from Tehran, the Iranian Prime Minister, by this time, had informed Ambassador Allen that specific reference to approval by the Majlis would be provided for in the proposed agreement (891.24 FLC/4-2547).
WASHINGTON, May 2, 1947—3 p. m.

SECRET

219. War has cabled Gen Grow in reply his R 340 Apr 26 that total FLC cost to Iran available items included in Iranian list probably not exceed twenty million dollars and that Hedayat should not be informed probable cost this time, although after consultation with you Iranian authorities Tehran may be informed. War has informed Hedayat and Grow that when Iranian priority is determined available items will be earmarked and held for Iran 90 days from about May 15 at no cost to Iran, pending finalizing agreement and Majlis ratification.

Since it now appears total cost all available requested items much less than original estimate we feel it would be tactical error for Iranians to request thirty million credit when only twenty million or less will probably be expended. Smaller sum would be more palatable to Majlis and will enable Majlis more readily appropriate additional funds for required medical, transport and other items which may have to be purchased in open market. At same time we have committed ourselves here to thirty million and feel that Hedayat may not fully understand reasons if we suggest reduction. Any request for reduction we feel should come from Iranian Govt. ¹

Our latest draft agreement light urtel 318, Apr 24 ² handed Hedayat and is being cabled you. ³

MARSHALL

---

¹ According to telegram 269, May 7, from Tehran, Ambassador Allen conveyed the substance of telegram 219 to Prime Minister Qavam on May 7. The latter expressed his intention to instruct Ambassador Ala to request a credit of not to exceed $20,000,000 (891.51/5-747).

² Not printed.

³ Telegram 227, May 7, not printed.

WASHINGTON, May 2, 1947—8 p. m.

SECRET

221. Urtle 329, Apr 28. You may say to Qavam and Shah that while it is obviously impossible for us in advance any untoward action on part Soviet Govt to indicate a course of action which might be appropriate we reiterate the assurances contained in Deptel 976 Nov 22 ¹ that this Govt is prepared support Iranian independence by acts as

well as words so long as Iranian Govt sincerely desires independence and demonstrates willingness stand up for Iran’s sovereignty. You might review with Qavam extent and value of support given Iran by this Govt both in SC case last year and at time of Azerbaijan incident in December. You may state that in way of positive assistance we are prepared support Iran's formal application for World Bank loan based on well thought out plan to benefit all Iranian people.

In reply Qavam’s inquiry whether Sov Amb’s representation indicates new Sov campaign against Iran, we have obtained no specific information to this effect. However we feel we should be prepared for stepped up Sov activities in Europe and Middle East in near future. Re Middle East we consider significant Sov Amb’s conversation with Qavam reported urtel 329 especially in light similar revealing representation made to Afghan FM by Sov Amb Kabul (see infotel Apr 16 *).

We would appreciate your further views on this subject.

Sent Tehran, repeated London, Moscow, Kabul.

MARSHALL

---

8Telegram 947 to Moscow, repeated to Tehran as No. 186 and to New Delhi; it stated: “Sov Ambass Kabul asked Afghan FonOff why Afghanistan would seek US rather than USSR assistance in matters involving construction and maintenance airports northern Afghanistan. In connection TWA-Afghan agreement, which Ambass first referred to as 'rumor' until set straight by Afghan FonMin, Sov Ambass expressed concern that USSR was being encircled. He qualified this by saying it did not relate only or even primarily to American activities, but that after experience of recent war USSR could not view with unconcern development of any alien interests in those areas of countries bordering on Russia that are in close proximity to Sov territory.” (S00.00 Summaries/4-1647)

761.91/5-1547: Telegram

The Ambassador in Iran (Allen) to the Secretary of State

SECRET

TEHRAN, May 15, 1947—9 a. m.

379. Renewal of intensive Soviet activity in Azerbaijan is reported by several sources including Kurdish contacts and Iran Majlis candidate who has just returned from three month tour of Province. Sources state that there recently has been renewed activity among former Democrat elements, lending weight to one report that reorganization of Democrat Party as underground force may be underway. This latter report gives detailed plan for such reorganization, stating that former Fidayis,1 certain Muhajirs,2 who fled Iran with Pishevani last

1 Civil armed volunteers of the Soviet-supported Jafar Pishevani régime in Azerbaijan prior to its overthrow by armed forces of the Iranian Government in December 1946.  
2 Immigrants into Iranian Azerbaijan from the Caucasus regions of the Soviet Union.
December and who since have returned to Iran, and number of recently arrived Soviet Caucasians have been grouping in regions west of Astara near Soviet border, particularly in Khalkhal, Maku and Khoi districts. These elements are said to be well armed. Majlis candidate referred to above states that through former Democrat friends he visited three recently established headquarters of ex-Democrats; also adds that he was interviewed by Soviet Consul General Krasnik of Tabriz who offered him “all possible support” if he would assist in “democratization” of Azerbaijan.

Certain sub-tribes of Jagali Kurds (Muku region) are reported harboring considerable numbers of Muhajirs and Soviet agents, in return receiving quantities of rifles and ammunition from Soviets. Northward movement of Barzanis\(^5\) reported in Embtel 217, March 24\(^4\) is said to have been instigated by Soviets for purpose of joining reorganized Democrat Partisan movement.

Tehran press in past two weeks has been agitating against reported influx of Muhajirs from Soviet Union and population of Tabriz last week staged demonstration protesting same situation. Iran Army denies any large scale infiltration across border but admits some small groups may have passed over Araxes River into Iran. On the other hand American *Gendarmerie* Mission officers just back from Tabriz report border control virtually non-existent except at such points as Julfa and Astara and state that large scale movement of Soviet Caucasians into Iran is not at all impossible. Same officers report Azerbaijan peasants being conditioned for possible return of Democrats by failure of Iran Government to take any measures to alleviate their desperate poverty and by Government’s support of landlord class in province.

While Embassy does not place full credence in these reports it is believed that Soviets have not given up hope of regaining control of Azerbaijan, and that if peaceful political penetration of province is prevented by Majlis rejection of Soviet oil concession, Soviet may resume much more active interference in Azerbaijan and may possibly try to create guerrilla warfare situations similar to that in Greece.

Repeated London 57, Baghdad 57. Department pass Moscow 46 and Ankara 12.

---

\(^5\) Kurdish tribal elements, native to northern Iraq, led by Mullah Mustafa Barzani.

\(^4\) Not printed.
SECRET

TEHRAN, June 8, 1947—noon.

442. I called on Prime Minister Saturday to discuss again question of Iranian Airways, since American employees of company had determined to terminate their contracts immediately unless their dollar salaries were paid. Qavam agreed to permit company to purchase $5000 per month at official rate of exchange to pay American salaries.

During long conversation, held in presence of Ministers Finance Hajir and Minister Posts and Telegraph Nikip, a significant political discussion took place. I explained American interests in Iranian aviation question as being not only to avoid failure of an enterprise with which American name was connected, but also to assist Iran to develop commercial aviation industry of its own. In latter connection, Minister Posts and Telegraph said greatest single cause for Iran Air[ways?] difficulties was unauthorized Soviet competition inside Iran. Qavam said he was not in position at present to ask Soviets to discontinue their unauthorized air activities here, since Soviets were quarrelling with him about many other things and he was disturbed lest USSR might take forceful action against Iran if Iran Government did not handle situation carefully. He referred to reports of Soviet troop concentrations in Caucasus and asked what US was prepared to do in case Iran was attacked. I reminded him that he had asked a similar question twice during past year and that each time I had been instructed to say that we would assist Iran to maintain its independence to extent Iran showed its own determination to do so. Qavam said we had never stated precisely and exactly what we were prepared to do. He referred to situation in 1902 [1911] when Russians gave 24-hour ultimatum to Persians, demanding expulsion of American Economic Mission headed by Morgan Shuster.1 When American Government did nothing, Russians sent own troops to expel Shuster. Qavam wanted to know whether we would act any differently now if similar situation arose. I replied that he was last person from whom I would have expected to hear an expression of doubt as to American policy since, more than any Prime Minister in world, should be aware of determination of US to make United Nations succeed and to maintain respect for its principles. If our actions in Security Council on behalf of Iran had not convinced him, I was not certain anything could.

While conversation was maintained on friendly basis, Qavam was quite aware that I thought his doubts about American policy were not in good grace after the events of the past year. Discussion terminated

1 For documentation on this subject, see Foreign Relations, 1911, pp. 670 ff.
with Qavam’s request to talk with me privately in near future regarding Soviet situation.

I am by no means certain that Qavam is genuinely afraid of Soviet aggression against Iran. It is more likely that he wants to keep alive local fear of such aggression for his own purposes. He would like to be considered the indispensable Persian who alone can maintain friendly enough relations with USSR to avoid an actual attack. In this way he retains his position as Prime Minister.

Sent Department 442, repeated London 65. Department pass to Moscow as 55.

ALLEN

761.91/6-1447: Telegram

The Ambassador in Iran (Allen) to the Secretary of State

SECRET

TEHRAN, June 14, 1947—2 p.m.

MOST IMMEDIATE

506. During conversation with Prime Minister this morning, held at his request, he told me that Soviet officials in Moscow had recently warned Iranian diplomatic representative there that it would be “very dangerous for Iran” if the Iranian Government procrastinated regarding the Soviet oil proposal. The Prime Minister said that during an interview he gave correspondent of Le Monde (Paris paper) yesterday, he stated for publication that newly elected members of Majlis had already indicated that Majlis would not approve Soviet oil proposal if presented in present form, that failure of the bill to pass would be an indignity both to him and to the Soviet Govt, and that consequently he would not submit the existing proposal to the Majlis. He said that further negotiations were therefore necessary before the proposal could be submitted to Majlis with any likelihood of passage.

The Prime Minister told me that he had no doubt this statement, when published, would create an explosion in Moscow. In view of recent Soviet activities in Hungary, Austria, Bulgaria and Mongolia the Prime Minister seemed genuinely afraid that Soviet reaction against Iran might extend even to invasion. He requested me specifically to ask my Government to inform the Soviet Govt at this time that the American Govt would support fully Iran’s right to make its own decisions with regard to the petroleum question and would “make a declaration of hostilities against Russia in case Iran, a member of the United Nations, should become the victim of aggression in this matter”. I told the Prime Minister I would report this request to my Government and ask for an early reply.

The Prime Minister’s request places in bold outline question which has been formulating in Iran ever since the Turkish-Greek policy was
announced. Iranian officials believe that American support for Greece and Turkey would extend even to armed hostilities if either of those countries were the victims of open Soviet aggression. They are not certain with regard to Iran and feel that their greatest danger lies in this uncertainty. If the Soviet Govt knew definitely that an attack on Iran would mean armed hostilities with the United States, they feel that the Soviet Union would not attack. They are afraid, however, that if any doubt on the subject is allowed to continue in the Kremlin, Iran may become the victim of aggression.¹

Dept pass to Moscow as 62.

Allen

¹Telegram 509, June 15, from Tehran, reported that during the same conversation, Ambassador Allen informed Prime Minister Qavam that the "question of the opening of the Majlis was not a matter in which the US had any concern or interest one way or the other." The Ambassador made this clear because of rumors in Tehran that the delay in the opening of the Majlis resulted from the American Embassy's advice to the Prime Minister, assumedly out of fear that the Majlis, if convened, might approve the Soviet oil concession.

The Ambassador had already expressed his personal view to other Iranians that the Majlis should be convened promptly, since the continual delays in the elections and in the opening of the Majlis would bring into disrepute the Iranian Government's profession of adherence to democratic processes (891.00/6-1547).

891.00/6-1647: Telegram

The Ambassador in Iran (Allen) to the Secretary of State

SECRET

URGENT

TEHRAN, June 16, 1947—noon...

511. Embassy's 506, June 14, to Moscow 62. During course of a conversation with Qavam June 14 Prime Minister also spoke of serious financial difficulties of Iranian Govt and its inability to meet its minimum daily requirements not to mention needs for social improvements so necessary to prevent spread of Communist influence. He asked specifically whether the US Govt could (1) grant to Iran free of charge the military supplies being negotiated for in Washington at present and (2) support at the proper time Iran's application for credits from International Bank. The latter request was prompted by recent press reports that the US would not support Iranian application.

In connection with military supplies Qavam referred to our action in Turkey and expressed conviction that Iran was in greater danger of attack than Turkey. His reasons for this belief are: (1) Iran's military weakness, (2) Soviet anger over Iranian procrastination in the oil question, (3) the fact that Soviet control of Iran and Persian Gulf area would be of great strategic value to USSR since it would deprive the Western Powers of the closest bases from which the Baku fields could be attacked and at the same time would bring the oil resources
of the Persian Gulf under Soviet domination and (4) most important
the fact that Soviets have become convinced following Truman Doc-
trine 1 that US would support Greece and Turkey militarily if attacked
but that USSR might occupy Iran without provoking a world war.
Qavam pointed out that prior to Truman Doctrine each member on
UN could rely on the equal protection of the US in view of our declared
determination to support UN and to prevent aggression anywhere.
However, following our specific references to Greece and Turkey other
states not mentioned could not avoid feeling somewhat less certain
about our support than previously. He thought the Soviets undoubtedly
would now concentrate on [Iran?] where our policy had not been quite
so explicitly and publicly manifested.

I pointed to frequent statements by the President and yourself,
especially the unmistakable implications of your Harvard speech 2
which have made it abundantly clear that our determination to sup-
port the UN has in no way been weakened but rather strengthened
and implemented by the Truman Doctrine. The Prime Minister re-
peated that he felt certain the time had come for a further manifesta-
tion concerning Iran to make it clear to Iranians but more particularly
to the Kremlin that we would regard with equal seriousness an attack
on Iran as on Turkey. Our support might take the form of granting
military supplies free as we were doing to Turkey or special representa-
tions to Moscow regarding Iran (Embassy's 506) but he hoped very
much we would do both.

I went over the same ground last evening during a long conference
with the Shah, who expressed the same fears and desire as Qavam.
The Shah emphasized that our aid to Greece and Turkey seemed largely
designed to strengthen their armed forces to resist or avoid aggression
and he felt that strengthening the Iranian Army would be of value to
us for the same reason. The greater Iran's power of resistance the more
USSR would hesitate to send troops across the border. If Iran could
be occupied by one division the Russians might do so but if several
divisions were required the Kremlin might hesitate.

It is difficult for me to evaluate the correctness of Iranian opinion
that a Soviet attack on Iran is likely, but the fears of many Iranian
officials in this regard are undoubtedly considerable. I must agree,
moreover, that from the Iranian Govt's point of view and perhaps
from the Kremlin's some representations to Moscow on our part re-
garding Iran would be salutary at this juncture and might possibly
arrest any ideas of aggression against Iran as may be developing in

1 The program of aid to Greece and Turkey.
2 Made by the Secretary of State at commencement exercises at Harvard
University on June 5; for text see Department of State Bulletin, June 15, 1947,
p. 1159.
Moscow. Such representations to be effective here should be made public shortly after presentation.

As regards the granting of military supplies I told both Qavam and the Shah that I thought it highly desirable to go ahead with the signing of the military credit agreement under the provisions already drafted in Washington. Any suggestions now regarding more lenient terms of any kind would merely cause delays and failure of the agreement to be signed promptly would be misinterpreted. I pointed out that a grant of supplies would require Congressional action impossible to achieve at this time in any case. Both Shah and Qavam agreed but asked me to present their request to Washington for whatever consideration possible.

A denial by Dept of the report current here that we have already decided to oppose the International Bank credit would be most helpful.

Sent Dept 511; Dept pass Moscow 64.

Allen:

---

Editorial Note

An agreement extending a $25,000,000 credit to the Iranian Government for the purchase of United States surplus military equipment was entered into on June 20. The agreement was in the form of a letter of June 19 from the Foreign Liquidation Commissioner to the Iranian Ambassador, which was accepted by the latter the following day (891.51/1-347, 891.24 FLC/8-2847). The Secretary of State sent a copy of the agreement to Secretary of War Patterson on July 15. The concluding paragraph of the transmitting letter stated in part: "The Department wishes to stress that the furnishing of military supplies to Iran is in keeping with our general policy toward that country and is in the national interest." (891.51/1-347)

For the text of the Department's statement of June 20 on the agreement, see Department of State Bulletin, July 6, 1947, page 47.

---

891.00/6-1647: Telegram

The Secretary of State to the Embassy in Iran

SECRET

WASHINGTON, June 21, 1947—3 p. m.

US URGENT

387. You may reiterate to Qavam position this Govt set forth Deptel 221 May 2 which you conveyed (urteil 364 May 9) to him May 9.

1 Not printed.
In our opinion rightful procedure for Iran to follow would be for it to appeal direct to Security Council if it should at any time have reason to believe that its independence or integrity is endangered because of threats or action of a foreign power and to inform world of true situation. It will be recalled that largely at US insistence Security Council is still seized of Iranian case.

This Govt’s policy with respect to the support of Iran’s independence must be well-known to Qavam as it has been demonstrated by our acts in the past. It remains unchanged so long as Iran sincerely desires independence and demonstrates willingness to stand up therefor.

We have no basis for approach to Soviet Union re Iran in absence of any complaint by Iran to UN or any overt Soviet threat or act against Iran. A critical approach to Soviet Union at this time by US would in our opinion be provocative rather than helpful and probably would fail to receive support of world opinion. In reply to points raised by Qavam urtel 511 June 16 you may again assure him that this Govt is prepared to support an appropriate World Bank loan to Iran for carrying out of projects which are beneficial to Iranian state and people and which fall within the limits of the Bank’s policies (Deptel 221 May 2). Re military supplies please again make clear that this Govt is anxious that Iran should not dissipate its limited financial resources on any military supplies other than those which in its opinion are absolutely essential for maintenance of peace and order. We have never urged Iran to purchase arms from us and have reluctantly agreed to sell military supplies because of Iranian insistence that they are essential to security of Iran. We are offering these supplies at a small fraction of cost of production or replacement on extremely reasonable credit terms; we have no basis in law for transferring military supplies to Iran as gift or for waiving actual costs of packing and shipping. As you have informed Qavam it is impossible without special Congressional legislation to furnish military supplies to Iran on terms more favorable than those agreed to and it would not be possible to prevail upon Congress to take special action in this regard at this time.

You may again assure Qavam that failure of US to include Iran along with Greece and Turkey in President’s message to Congress of Mar 12 does not mean that US is not as deeply interested in Iran and in maintenance of Iranian independence as it is in that of Greece and Turkey and other members of UN. You may again point out that it would have been impossible for US to have included Iran without danger of further aggravating Soviet-Iranian relations.

It seems to us that decision of American Govt with approval of Congress to aid Greece and Turkey should be encouraging to Iran since it demonstrates clearly concern of US for countries which are
under external pressures threatening their independence and which are prepared to resist such pressures.

For your own background in talking with Qavam it is difficult for us to believe that Qavam who cannot be entirely ignorant of manner in which international relations are conducted acted in good faith in requesting that we inform Soviet Union that US would declare hostilities against Soviet Union in case of Soviet aggression against Iran. We are wondering whether Qavam by making requests of a character which clearly cannot be met by us is not trying to produce a situation which would justify his accession to various Soviet demands on grounds of lack of assurance of US support of Iran against Soviet aggression.²

MARSHALL

²Telegram 337 was repeated to London and Moscow by circular telegram on June 25, 1 a. m. (891.00 Summaries/6-2547). In telegram 2788, June 27, the Department authorized the Embassy in London to convey the contents of the message to the British Foreign Office, with the exception of the last paragraph (891.00/6-2647).

Editorial Note

On June 24, Ambassador Ala handed various written observations to Mr. Henderson. In part, they called attention to the Declaration Regarding Iran of December 1, 1943, and its promise of economic assistance to Iran in her post-war efforts at rehabilitation. They then requested: (1) making a gift of the arms required by the Iranian armed forces; (2) insuring that a speedy loan would be forthcoming from the International Bank to finance Iranian reconstruction and development; (3) granting to Iran of $100,000,000 in Marshall Plan aid; (4) affording large scale facilities to train and educate Iranian youth; and (5) encouraging the investment of private American capital in Iranian enterprises (891.50/6-2447).

891.00/6-2847; Telegram

The Ambassador in Iran (Allen) to the Secretary of State

SECRET

TEHRAN, June 28, 1947—2 p. m.

US URGENT

579. I conveyed contents of Department's 337, June 21 to Qavam on June 25. (Receipt of correct text was delayed by transmission difficulty.) While Qavam showed regret that we were unable to accord the military supplies as a gift, he appreciated Department's reasoning and advice that he should appeal to SC if and when he has positive reason to believe that Iran independence is threatened and he under-
stands our refusal to make representations to Soviet Government at present time.

He said that the occasion for representations to SC might well arise after the opening of the Majlis because he did not propose to take any further action of any kind regarding Soviet oil proposals and Soviet Government might react strongly against Iran on this count. (Qavam’s attitude appears to be that he has put the Soviet Government on notice that their existing oil proposals are inadequate and that the next move is up to the Kremlin to make new proposals.)

On the question of according arms free of charge, I pointed out that the present Greek and Turkish Govts are regarded by the Kremlin as entirely objectionable and that there is little pretense of any friendly negotiations between the USSR and those two countries. I said that if President Truman had included Iran along with Greece and Turkey in his message to Congress, we would have automatically placed Iran in the same category vis-à-vis the USSR as the other two countries are. I said we could not have taken this step without ascertaining in advance whether the Iran Govt desired to be placed in this category. I recalled that Iran was still negotiating with the USSR concerning many questions, including the gold which he was endeavoring to recover from the Soviet State Bank. Qavam agreed that Iran was not yet ready to be placed in the same category as Greece and Turkey. He added, however, that Iran might become in that category shortly after the Majlis opened because of the oil question. He wanted to know whether we would treat Iran the same as we are treating Greece and Turkey if the situation as regards Iran should become identical with that of Greece and Turkey.

I said that I had no instructions in this regard that situations would have to be met as they arose, that situations were seldom identical and that, moreover, identical action was not always possible or desirable anyway. I reiterated the American position as set forth in Department’s 221, May 2.

The conversation went off surprisingly satisfactorily and ended with expressions of appreciation by Qavam for our continued interest and support. I am not certain, however, that Qavam accepts as final our refusal to accord the arms as a gift and he may delay presentation of

---

1 The reference is to the Soviet-Iranian financial agreement, which was signed at Tehran on March 18, 1943, and expired on March 2, 1946. By the latter date, the Soviet State Bank owed the Bank Melli Iran 11,196,070.30 grams of gold, equivalent to approximately $12,600,000, and an additional sum of about $8,400,000 to balance exchange accounts. In despatch 429, June 7, the Embassy in Tehran forwarded translations of two notes on the matter, dated February 4 and May 26, 1947, as published in the Tehran press, which had been delivered to the Minister for Foreign Affairs of the Soviet Union, Molotov, by Iranian Ambassador Firouz. The text of the agreement was forwarded at the same time (891.51/6-474). For contemporary references to the agreement, see Foreign Relations, 1943, vol. iv, pp. 345, 682.
the credit agreement to Majlis for a while hoping that something will happen outside Iran (either a definite agreement between the Western Powers and USSR or a definite disagreement) which will somehow relieve him of the necessity of fighting through Majlis an agreement calling for large appropriations for arms which is certain to encounter opposition in the Majlis and which Qavam himself does not genuinely like. While he recognizes that the agreement gives Iran an excellent opportunity to acquire much needed military supplies at a most favorable price, he still thinks Iran cannot afford to spend 30 to 40 million dollars on arms at this time.

Sent Department 579.
Department pass London 75 and to Moscow 67.

Allen

711.91/7-1447 : Telegram

The Ambassador in Iran (Allen) to the Secretary of State

SECRET

Tehran, July 14, 1947—2 p. m.

641. Qavam asked me to come to him yesterday to read a recent telegram from Ambassador Ala, which stated that Ala had learned from State Department that the American Government would assist Iran only if the Iranian Government showed determination to defend its own sovereignty. Qavam asked me what it was we wanted Iran to do. He said that while he had endeavored to avoid provoking the Soviet Union he was confident that we understood and appreciated his efforts to defend Iranian sovereignty which was the sole aim of his policy. He asked whether we would like for him to assume an openly hostile attitude towards USSR.

I said I was confident that there was no such desire in Washington since our policy everywhere was to encourage friendly relations among nations. I said our own experience had shown however that genuine friendly relations could only be based on mutual respect and not on fear.

In response to Qavam's request for evidence of his failure to insist upon Iran's rights I referred to the continued occupation by Soviet authorities of Iran airport buildings, gasoline storage facilities and radio installations at Tabriz and Meshed over a year after USSR was supposed to have evacuated northern Iran, continued Soviet aviation activities here,² Soviet failures to respect Iranian customs monopoly

² In telegram 590, July 1, noon, from Tehran, Ambassador Allen reported on a conversation on June 20 with Iranian Director of Civil Aviation Shafiq concerning Soviet aviation activity in Iran. Shafiq said that he had been directed to write a letter to the Soviet aviation company in Iran calling on it to cease its air activities in the country and to draft a note to the Soviet Embassy demanding reciprocal rights for Iranian planes to fly in the Soviet Union if Soviet planes continued to operate in Iran (761.91/7-147).
and other regulations, etc. Qavam took notes and gave every indication of determination to take action in these regards.

At end of conversation Qavam said in strictest confidence that his doctors had recently told him that he must undergo a serious operation. Qavam said he was inclined to have it performed in the US. He would not wish to let it be known that he had gone abroad for health reasons and is thinking of heading the Iranian delegation to the UN Assembly meeting in September. He would arrive in the US 2 or 3 weeks early allegedly for a vacation. He stressed his desire that no mention whatever be made of these plans.

Allen

861.79691/7-2447: Telegram

The Ambassador in Iran (Allen) to the Secretary of State

SECRET

TEHRAN, July 24, 1947—noon.

666. Soviet Govt has agreed to Iran request to discontinue internal Soviet aviation operations in Iran. Soviet planes engaged in traffic between Tehran, Tabriz, Meshed and Pahlavi were grounded by Soviet authorities on July 19. Soviet aviation officials here expect that the five DC 3's involved will be removed to Soviet Union. They say they do not know what will be done with the repair equipment, spare parts and supplies they have in Iran but presume they will be largely withdrawn also.

As regards Moscow-Tehran line, Soviets have declined to accept Iran suggestion for negotiation of reciprocal bilateral agreement and state that their flights from Moscow to Tehran will be "sporadic" in the future. Soviets will request special permission for each flight. Soviets claim radio stations in four Iran cities named are needed to furnish weather information for Soviet flights to Iran (and possibly for their operations in nearby Soviet territory). Iranians are not pressing Soviets to give up those stations at present moment.¹

Iran authorities who are much surprised at suddenness and ease with which they obtained their request for removal of Soviet airline are busy speculating regarding underlying motives. Some think Soviets hope thereby to gain good will and Majlis votes for oil concession. It seems possible that Soviets may have been finding their operations in

¹Ambassador Allen commented in airgram A-137, August 5, that the suspension of Soviet civil aviation in Iran "may be considered a near fulfilment of very tardily, of Russia's obligation", under the Anglo-Soviet-Iranian Treaty of Alliance, "to withdraw its armed forces from Iran. . . . The continued operation of four Red Army established weather stations in northern Iran, dubiously justified on the grounds of sporadic Moscow flights, can be construed to represent the only remaining violation" of the Treaty (891.00/8-547). For documentation concerning the Treaty, signed on January 29, 1942, see Foreign Relations, 1942, vol. iv, pp. 263 ff.
Iran expensive and difficult to maintain and were not unhappy to find
a suitable occasion for discontinuance.
Dept pass to Moscow 71 and Cairo 128.

Allen

891.6363/7-2547: Telegram

The Ambassador in Iran (Allen) to the Secretary of State

SECRET

TEHRAN, July 25, 1947—11 a. m.

675. Qavam has recently expressed the view to the Shah that
Iranian Government should prepare counter-proposals in connection
with Soviet oil agreement. The Shah dislikes the idea and wants the
Iranian Government merely to refuse the existing proposals and leave
the entire initiative to Soviets to make new ones if they wish. Shah
is afraid that Soviets might accept any counterproposals Qavam
draws up no matter how favorable to Iran the provisions may appear,
in order to get a toe in the door, or perhaps to hold the concession with-
out developing it in order to keep the area from being developed by
Iranians themselves or by anyone else. Shah says he has retained
Qavam as Prime Minister for past six or eight months in spite of
several good opportunities to get rid of him, merely because of
Qavam's solemn assurances of a firm intention to refuse any Soviet
oil agreement. Now that Majlis is in session the Shah will find it
more difficult constitutionally to dismiss the Prime Minister. Shah
thinks Qavam is taking advantage of this fact to carry out a policy he
may have favored all along, of giving the Russians some kind of oil
concession.

When Shah objected to Qavam's suggestion the latter attempted to
justify his point of view by saying that I had been unable to give him
any categorical assurance of prompt and effective American support
if Iran got into difficulties with the USSR on oil. When the Shah
reported this to me, I remarked that occasions arise when small states
are called on to take necessary measures to defend their essential rights
regardless of assurances trusting in world support for their just
grievances but defending their essential interests even in the absence
of airtight guarantees of help.

Allen

891.6363/7-1647: Telegram

The Ambassador in Iran (Allen) to the Secretary of State

SECRET

TEHRAN, July 26, 1947—noon.

681. The Shah suspects that British Ambassador may be encourag-
ing Qavam to take the initiative in drafting counter-proposals in con-
nection with Soviet oil agreement (Embtl 675, July 25). I asked Le Rougetel about this yesterday, without mentioning the Shah's suspicions. Le Rougetel says he thinks it would be unwise for Qavam on his own initiative, to present counter-proposals to the Soviets, but Le Rougetel finds it quite natural that Qavam would have such counter-proposals prepared in case the Soviet authorities accept his (Qavam's) expressed willingness to enter into further negotiations on subject.

As regards procedure to be followed Le Rougetel thinks it preferable for the existing Soviet proposals not to be submitted to the Majlis. If the Soviets fail to respond to Qavam's already stated readiness to enter into further discussions he thinks the Iranian Government should let agreement of April 4, 1946 die a natural death. I am inclined to differ with my British colleague on this point. If Soviets do not accept Qavam's invitation to negotiate further it seems to me preferable for him to carry out his undertaking of April 4, 1946, and submit the proposals to Majlis as agreed upon last year. Otherwise USSR will always have a basis for accusing the Iranian Government of having failed to carry out a commitment.

Moreover it seems to me that Qavam's idea of drafting counter-proposals is a questionable decision. He could never ask for more safeguards than he included in his counter draft and could only retreat under pressure. Moreover, the very fact that he is willing to draft indicates an inclination towards some agreement. Qavam has expressed confidence in talking with the Shah that Soviets would not accept any agreement he was willing to propose, but I am not certain Qavam is correct, and even if he were, the end results would be prolonged disturbances between Iran and USSR over the petroleum question rather than a clean-cut decision in matter.

The foregoing raises the question again of basic attitude which we should assume towards Soviet petroleum activity in Iran. Some Britshers and I believe certain Americans think that a Soviet concession in northern Iran would reduce likelihood of pressure for cancellation of British and eventually American oil concessions on the Persian Gulf. This point of view is essentially that which brought about the British-Russian division of Persia into spheres of influence in 1907, soon after the British oil concession in southern Iran was first obtained. This point of view seems to me both wrong in principle and unwise in practice. In principle it tends towards sacrificing the sovereignty and integrity of a member of the UN in the interest of the great powers. If the policy received the just scorn of enlightened world opinion in 1907, how much more should we reject it today, when our UN policy is directly opposed to great power deals at the expense of small nations. In practice, a Soviet petroleum concession in northern Iran would be an entering wedge for increased Soviet activities and demands in Iran.
and the end result would be, in my view, more rather than less pressure against both the British and eventually against the American petroleum positions in Persian Gulf.¹

I would welcome Department’s thoughts on these subjects. I think we should avoid an expression of our views to the extent possible at this juncture, but background guidance would be valuable.

Sent Dept. 681; repeated London 79; Dept. pass Moscow 73.

ALLEN

¹ In telegram 2517, July 28, from Moscow, Ambassador Smith expressed agreement with Ambassador Allen’s analysis in telegram 681, concluding that “While neither we nor British are in position to oppose oil concession to USSR in north Iran, we should certainly not encourage it on mistaken notion Kremlin will thus be quietly satisfied. In organisms of this kind both appetite and capacity grow with eating.” (891.6363/7-2847)

761.91/7-1147: Telegram

The Secretary of State to the Embassy in Iran

TOP SECRET

WASHINGTON, July 29, 1947—6 p. m.

434. Eyes only for the Ambassador from the Secretary. We have read carefully Mi2 July 10 in connection until 624 July 11.¹ Personal representations of Razmara,² together with your and MA comments, have been studied at length by War and State. War 82395 July 18 reply to MA was drafted in consultation with Dept. Text top secret Dept questions and JCS answers ³ last Oct re US strategic interest in Iran being forwarded by courier to you personally.

For your background information in answering official Iranian representations concerning US military assistance to Iran and in giving guidance to MA in this connection, War [Department] estimate present Soviet military disposition vis-à-vis Iran is as follows: Soviet troop concentrations along northern border Iran are now, and have been for some time past, adequate to overcome speedily any resistance Iran could offer. No new Soviet troop movements of significance along Iranian border and no change of command which would indicate imminence of Soviet military action against Iran have been reported. Obviously, a surprise attack is within Soviet capabilities. It is not believed that at present any assistance could be brought to Iran which would appreciably enhance Iranian resistance. Principal immediate

¹ Not printed; it reported that while the U.S. policy of aid to Greece and Turkey was recognized in Iran as a tremendous step forward, it also created the impression that the United States was building a dam across two-thirds of a river, leaving the other third open (761.91/7-1147).
² Gen. All Razmara, Iranian Chief of Staff.
strategic target in Iran of any Soviet attack would doubtless be AIOC installations Abadan. Slight possible augmentation Iranian ground defenses could not hamper probable Soviet airborne operations in this connection. Tribes, in or out of Iranian Army, could offer at best guerrilla resistance to Soviet operations in Iran. In event of Soviet-Iranian hostilities, basic Iranian interests would be helped or hurt primarily by military and political developments in other theaters.

Also for your background information, State estimate Soviet political disposition vis-à-vis Iran is as follows: In context overall Soviet foreign relations, internal economic and political situation Soviet Union indicates that Soviet Govt will seek to avoid any overt act of aggression in near future. In face of difficult defensive position imposed on USSR by SC findings of satellite support to guerrilla warfare in Greece, it is not expected that Soviet Govt will at this time undertake military action against Iran. Any such action would presumably be undertaken only in light of global political and logistical factors of significance to Soviet Union. Any conspicuous increase of US assistance to Iranian Army at this time would probably launch a barrage of Soviet propaganda of some plausibility that US was undertaking to establish an effective base of military operations in Iran against the Soviet Union. It is recognized that failure of Iranian Majlis to approve Soviet oil proposal would probably be seized upon by Soviet Govt as propitious occasion to intensify its propaganda efforts to bring about “a friendly Govt” in Iran. Such propaganda might well be accompanied by infiltration of Russian-supported refugee elements across Azerbaijan border (penultimate paragraph, MA 3082, June 10).

Implicit in Iranian representations and Emb comments on US military assistance to Iran is inference of similarity between situation in Greece and Turkey on one hand and Iran on other. Our policy of military assistance to Greece and Turkey is based on urgent appeal to replace Britain as source of supply. Failure on our part to meet that appeal would have led to obvious immediate deterioration of situation. In effect, therefore, US assistance to Greece and Turkey is intended to maintain status quo defensive attitude those countries. None of these circumstances applies in case of Iran. We recognize similarity of geographical position of all three countries vis-à-vis Soviet Union and similarity of Iranian situation in the past to Greek-Turkish situation today and dangers that may develop in Iran in the future. At same time, present relations between Iran and Soviet Union give little basis for such new US commitments to Iran as may be interpreted by USSR, American public, and world opinion as interference in Iran or threat to Soviet Union. Any initiative on part of Iran
or US to worsen present Iranian-Soviet relations might bring about very situation which we seek to avoid and would not be in interest of Iran, US, or world security generally. As further limiting factor upon additional military assistance to Iran at this time, recent Dept confidential survey of American public opinion reveals that while 61% approve US policy toward Russia, only 34% approve of sending military supplies to Greece.

With regard to your suggestion concerning material assistance to Iran at present time, Dept is supporting fullest implementation military supplies agreement, in anticipation Majlis approval, at lowest possible cost to Iran consistent with similar FLC agreements with other countries. Dept is now actively supporting Iranian request for up to twelve ships from Maritime Commission. Further, new Military Mission agreement and Iran pilot training in US is receiving favorable study. There is danger that further US military assistance to Iran at this time might be more provocative than helpful.

Your suggestion that I make specific public reference to Iran on appropriate occasion will be borne in mind.

Pertinent to possible future Iranian appeal to UN is statement of US Rep Austin to SC on June 27 on occasion of report by Commission of Investigation of Greek Border incidents, as follows: “Any intelligent person in possession of the facts cannot fail to recognize the use here of force, no matter how devious the subterfuge. We must recognize what intelligent and informed citizens already know. In supporting guerrillas in northern Greece, Yugoslavia, Bulgaria and Albania have been using force against the territorial integrity and political independence of Greece. They have in fact been committing the very kind of acts which the United Nations was designed to prevent, and have violated the most important of the basic principles upon which our organization was founded.” In case proposal for effective border commission is vetoed in SC, US believes that failure of SC to act does not forbid or preclude individual or collective action by states willing to act so long as they act in accordance with general purposes and principles of UN. This is particularly true when such individual or collective action is in support of policy or course of action which has approval of clear preponderance of permanent and nonpermanent members of SC. (Deptel 2992 July 11 to London 8). Above position is, of course, tentative and for your strictly confidential information.

4 The agreement extending the life of the American Military Mission with the Iranian Army was signed at Tehran on October 6, 1947; for text, see Department of State Treaties and Other International Acts Series (TIAS) No. 1666, or 61 Stat. (pt. 3) 3306.

8 Not printed.
In the premises, we feel that security of Iran depends in large measure upon determination of Iranian Govt to stand up for country’s independence and upon measures within its own competence to reduce plausibility of excuse for intervention by any predatory power. To these ends Iran would be well advised to turn its attention energetically to measures which would tend to unify divergent elements of the country in support of honest, progressive Govt well-disposed to all friendly foreign powers. Implementation of such attitude would expand economy of country and lessen causes of internal discontent and insecurity.

MARSHALL

761.91/7-3047: Telegram

The Chargé in the United Kingdom (Clark) to the Secretary of State, London, July 30, 1947—7 p.m.

4154. From long informal talk July 29 with Pyman Iran DO Embassy gathers that Le Rougetel’s thinking described Tehran’s 679 [631], July 26, represents his own rather than Foreign Office views. It does not appear that Foreign Office “which has a great deal on its plate at the moment” has taken time to do any hard thinking lately re Iranian problems generally or re Qavam’s handling oil agreement in particular.

2. Pyman himself rejects as absurd idea that Soviet concession northern Iran would reduce likelihood of pressure for cancellation of British and eventually American oil concessions on the Persian Gulf. He doubts whether many persons seriously entertain this view. His own thinking is virtually that of Ambassador Allen.

3. Pyman believes personally that USSR is obsessed by idea that American and/or British might move into northern Iran and use it as a base for attack against USSR. This causes Pyman to reason that Soviet fears this score might be calmed to some extent if Majlis in turning down Soviet oil agreement would couple with turn-down a statement to the effect that if it ever did approve an oil agreement for northern Iran, this would be made with USSR and not with either US or UK. Pyman said that he had not passed this idea of his “up the line” but he felt such a proviso might in a degree minimize rather childish fears of Soviet General Staff re attack from Iran.

Repeated Moscow 258; Tehran 59.

CLARK
SECRET

WASHINGTON, August 2, 1947—3 p. m.

445. Dept’s thoughts on certain subjects discussed urtel 681, July 26 follow:

1) *Submission Soviet-Iranian Oil Accord to Majlis.*

If Soviets do not accept Qavam’s invitation to negotiate further, we believe Iranian Govt would be well advised to submit proposals of Apr 4, 1946 to Majlis at earliest opportunity. It would appear that only Soviet willingness renegotiate proposals would release Qavam from obligation submit proposals to Majlis. First para London’s 4154, July 30 (rptd Tehran as 59) suggests possible advisability your inquiring Le Rougetel whether any approaches he may have made to Qavam this subject were on instruction FonOff.

2) *Counter-Proposals by Qavam.*

Qavam’s invitation to Soviets to negotiate further implies desire consider alternative views and possibly compromise to indicated end of agreement upon some formula likely to obtain Majlis approval. Recent Soviet reaction to Iranian aviation request (urtel 666 July 24) indicates probability Soviet acceptance any proposal Majlis might approve for reason advanced by Shah (urtel 675 July 25). Alternatively, Soviets may wish prolong negotiations for purpose focusing world opinion upon Soviet exclusion from Middle East concessions and pressing for “friendly govt” in face of apparent Iranian concessions rebuff.

3) *Soviet Petroleum Activity in Iran.*

We agree that expression of our views should to extent possible continue (London’s 3899, July 17,¹ rptd Tehran 56) be avoided at this time.

Position of Dept re desirable course of events will be sent for your background guidance at early date. In meantime, we approve Moscow’s endorsement your analysis (Embtel 2517 July 28,² rptd Tehran as 23). While Pyman’s³ personal belief that Majlis might make certain reservation to USSR in turning down oil proposals has practical merit in allaying assumed Soviet obsession strategic considerations northern Iran (London’s 4154, July 30) we feel that such reservation would constitute recognition special interest single foreign power in given area supposedly sovereign nation.


MARSHALL

¹ Not printed.
² Not printed, but see footnote 1, p. 924.
³ Lancelot Frank Lee Pyman of the British Foreign Office.
The Ambassador in Iran (Allen) to the Secretary of State

SECRET

TEHRAN, August 5, 1947—10 a.m.

700. British Ambassador assured me yesterday that while British oil men probably favor some kind of Soviet oil concession in northern Iran (London's 59, July 31 [30], sent Department as 4154 and Moscow as 258) as protection for their interests in southern Iran, he himself felt confident that no kind of agreement between Iran and USSR could be devised which could safeguard Iran against dangerous Soviet political activity here. He said he thought it would be better for Iran not to enter into any oil concession agreement with the USSR.

This is the first clear cut statement on the subject he has made as far as I am aware. It is possible that he has received instructions from London and that his somewhat equivocal attitude in the past has resulted from uncertainty as to his own Government's position.

As regards Pyman's suggestion that Iran might agree not to grant concession in the north to anyone other than USSR, I hope this subject will not be raised. Agreement of this kind while perhaps unobjectionable economically would be of the unequal treaty type which Britain has long had with sheikdoms of the Persian Gulf and would be politically open to much criticism.

Repeated to London 83. Department pass Moscow 74.

[Allen]

The Ambassador in Iran (Allen) to the Secretary of State

SECRET

URGENT

TEHRAN, August 6, 1947—9 a.m.

703. In conversation with Qavam yesterday held at his request, PriMin said he had received reliable reports that Soviets were increasing their forces on Azerbaijan frontier, including tank units. I said we had no confirmation of any such increases, but he insisted that his reports were authentic. He said he had already requested Soviet Chargé to come to see him and would ask purpose of this concentration. I said I thought this was appropriate if he felt his information sufficiently well founded.

As regards Soviet oil question, PriMin told me in strictest secrecy ("only between you and me personally," he said) that he had in mind a plan which would delay matter for perhaps two years. He would hire neutral geologists, perhaps from Sweden or Holland, to find out just where oil exists or is most likely to exist in northern Iran. He
would tell the Soviets that the Majlis would not agree to any large concession area and that it was, therefore, necessary for Iran Govt to have exact technical information in advance so that any concession agreement entered into could be confined as nearly as possible to precise locality where oil wells would be. He felt confident that Soviets would turn down any such proposal, but that Iran would be in a better position before the world if the Soviets were the ones to refuse. He said that even if Soviets accepted, his plan would prevent any Soviet personnel from entering Iran for petroleum purposes until precise area had been defined, which might take “very long time.” Qavam asked my views regarding his plan.

I said the American Govt’s position was that the question was within Iran’s sovereign right to decide, without outside influence or pressure from any source. As for my personal view, I did not believe it possible for Iran to enter into any agreement involving Soviet exploitation of petroleum in Iran which would adequately safeguard Iranian interests, since any such agreement would necessarily involve the eventual entry of Soviet personnel into Iran, and all such personnel would be political agents no matter whether oil drillers, scientists, or what, and no matter how small the concession area might be. Qavam nodded agreement, and said his plan would put off the entry of any Soviet personnel pending clarification of the world situation.

He said Soviet Ambassador, Sadchikoff, would return to Tehran next week, “at which time we will begin our battle.” He said he expected Soviets would insist upon the agreement as reached last year and that when he refused, they would change their characterization of him from the “wisest statesman of the Middle East”, as he was termed by radio Moscow in April 1946, to “the worst Fascist in the world.”

For the past two months Qavam’s closest associates have been coming to me with assurances that Qavam would handle the Soviet oil question in a “brilliant manner” when the time came. The plan Qavam outlined yesterday is evidently the one to which they have been alluding.

While I did not say so to Qavam, I am inclined to think there may be some merit to his plan if he does not go beyond his proposals as explained to me. However, I am somewhat uneasy lest he retreat under Soviet pressure.

Sent Dept 703; repeated London 84, Dept pass Moscow 76.  

Allen
SECRET

TEHRAN, August 14, 1947—4 p.m.

US URGENT

752. Soviet Ambassador Sadchikoff, who recently returned to Tehran from Moscow called on Qavam two days ago under instructions and insisted that the Soviet-Iranian oil agreement of April 4, 1946, be presented to the Majlis promptly for ratification without change. Sadchikoff told Qavam “The Soviet Cabinet has decided that the agreement should stand as originally signed and that the Majlis will ratify it”, according to Qavam, who related the conversation to me today. Sadchikoff handed Qavam a written proposal embodying the original agreement and adding a provision that following Majlis ratification a detailed convention would be drawn up within three months setting up the Joint Petroleum Development Corporation.

Qavam replied that there was no possible chance that the original terms would be accepted by the Majlis and that friendly relations between Iran and USSR would not be improved by insisting on formal Majlis action. Qavam suggested that Sadchikoff ask his Government for authority to enter into further negotiations which Qavam expressed willingness to undertake. Sadchikoff refused saying that the matter had been thoroughly considered by the Soviet Cabinet, every member of which had agreed upon his instructions. Qavam said that if the Soviet position was irrevocable he had no recourse but to submit the proposal and would do so, even though merely to have it rejected. Sadchikoff said that if it was rejected his Government would immediately demand an oil concession in northern Iran on the same terms of the British concession in the south.

Qavam replied that when the AIOC concession was originally granted in 1901, Iran was under an absolute monarch who could do anything he wanted and that similarly when the AIOC concession was renewed in 1932, the Majlis was under control of a ruler who could obtain any ratification he desired. Qavam said he could not possibly force the present Majlis today to ratify another concession along AIOC lines. The conversation terminated with Qavam’s statement that he would take matter under consideration.

Qavam asked me what I thought of the Soviet Government’s action. I said that at first thought it seemed to me the Soviet Government had made the situation much easier for Iran. If Sadchikoff had shown willingness to negotiate, the Iranian Government might have been faced with long and difficult negotiations during which heat might well have been generated. At best the long existing uncertainty would have
continued. Since Moscow insisted on the agreement being submitted without change it seemed to me he had no choice but to do so as he had promised last year. We all knew the Majlis would reject it. Such action might create tenseness at the moment but would clarify the atmosphere permitting attention to be directed subsequently to more productive matters. I expressed confidence that the USSR had already come to the realization that it would not be able to obtain any kind of oil agreement with Iran and was maneuvering to save face and to obtain as much propaganda value as possible out of the situation. I thought the demand for a concession on same terms as the British would be intended purely as a propaganda move and (I doubt that any Communist state could actually undertake to operate a commercial enterprise in accordance with many of the British terms) the maneuver might have some short-range propaganda advantages to the Soviets since a refusal by Iran to grant to USSR the same terms Britain has, would make Iran appear unneutral. Moreover, Soviets probably hoped that their maneuver might at least make the British oil position in Iran more difficult to maintain if the Soviets could not get one themselves.

It seems questionable to me that threatened Soviet maneuver will ever be carried out. When time comes to act, it will be most difficult for the USSR to demand a concession on the same terms as the British concession which Soviet spokesmen in Iran and elsewhere have so frequently castigated as the worst type of capitalistic exploitation. It seems to me at least on first examination that Soviet decision to press for ratification without change and to threaten if refused to demand the same terms as the British is a serious diplomatic blunder.

Sent Department 752; repeated London 88.
Department pass Moscow 82.

Allen

891.6363/8-1547: Telegram

The Ambassador in Iran (Allen) to the Secretary of State

SECRET

Tehran, August 15, 1947—5 p. m.

759. Prime Minister has just sent his confidential representative Izaz Nikpey to tell me that Soviet Ambassador telephoned Qavam twice yesterday, in petulant and peremptory mood, speaking through Persian-speaking Soviet Embassy interpreter. First call was to ask why Qavam had not sent someone to Embassy to sign “new oil agreement proposed” by Sadchikoff on August 12 (Embassy’s 752, August 14). Qavam replied that he had agreed to take Soviet suggestions under advisement but had not understood that any new agreement had
been proposed. Qavam pointed out that Sadchikoff’s “new agreement” embodied exact terms of old and would not obtain Majlis approval. Sadchikoff repeated demand for prompt reference of proposals to Majlis.

Second call was to accuse Qavam of delaying tactics which Soviets would not permit. Sadchikoff repeated that Soviet Government had decided to insist on original terms and that there was therefore nothing for Iran Government to do but comply. Qavam repeated invitation to enter further negotiations and invited Sadchikoff to come to see him. Soviet Ambassador terminated conversation by saying he had conveyed his Government’s demands to Qavam and did not propose to come to see Foreign Minister on the subject again.

Nikpey remarked to me that Soviets were clearly determined and serious this time. Nikpey showed obvious evidences of fear, possibly reflecting attitude of Prime Minister. He made strong plea to me to encourage the Shah to support Qavam in this [omission] situation so that Qavam could take firm position in face of this Soviet attack. (Qavam’s supporters in Majlis although a majority have not yet been able to organize the Chamber and Qavam [omission] opposition on intrigues by the court).

I expressed confidence that Qavam himself could benefit by latest Soviet tactics and could solidify his position not only with the court but with all patriotic Iranians by taking firm and resolute action on Soviet oil question. I thought he had a clear responsibility as Prime Minister to let both Shah and Majlis know exactly what the Soviet representations had been. If he showed courage and determination his position would be greatly strengthened, if he showed fear or even uncertainty, I felt confident he was finished.

Sent Department 759; repeated London 90.
Department pass Moscow 85.

ALLEN

891.6363/8-1647: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, August 16, 1947—noon.

2659. Tehran’s 82 August 14, sent Department 752 and London 88. On latest Soviet-Iranian oil development I must express very different views from Allen with whom I am usually in full accord.

As seen from Moscow, it seems to me that far from being “serious diplomatic blunder” Soviet approach to Iranian oil concession question puts them in a strong position before world opinion and provides
a case which they may exploit either in directions of gaining advantageous concession for themselves in northern Iran or of seriously weakening British position in south. We must not have any illusions that Soviet authorities will be in any way embarrassed by their previous propaganda castigating AIOC capitalistic exploitation. The Kremlin knows that few people outside Iran will remember these charges in any detail, if in fact, they ever heard them at all. Furthermore, as we have seen many times in the past on issues of greater importance, Soviet Government is able to make a complete reversal of policy with the greatest ease and facility.

Similarly, they will not be concerned by the inapplicability of certain commercial terms of AIOC concession. On the contrary, they will be confident that if they are able to force matter to actual negotiations, situation will be “soft” enough to enable them to secure such modifications as are desired, and in any event they are quite capable, as has already been demonstrated, of exploiting a commercial enterprise in the best capitalistic tradition.

The Soviet Ambassador has just returned to Tehran from consultation in Moscow. The nature and tone of his approach to Qavam convinces me that a high level decision for a strong policy in Iran has been reached here and that all Soviet organs will be expected to exert every possible effort to carry it through. How far the Kremlin is prepared to go will, of course, depend on situation on other fronts, but we must certainly be on guard for every contingency.¹

SMITH

¹ Presumably, the Embassy in Moscow repeated telegram 2659 to London as No. 305; see telegram 4483, August 19, from London, p. 938.

891.3363/8-1847: Telegram

The Acting Secretary of State to the Embassy in Iran

SECRET

WASHINGTON, August 18, 1947—5 p. m.

US URGENT NIAC

487. 1. We have been giving careful study to various aspects of situation created by endeavors of Sov Union to obtain oil concession in Iran and our thinking for your information only at present is along following lines:

(a) In case Sov Union should succeed in obtaining oil concession in Iran it will use such concession as base for obtaining control of that country by devious methods of infiltration, pressure etc. No safeguards which Iranians might place around such concession in signing contract would be able to prevent Sov Union from using concession as spearhead for penetration of Iran in manner which will make it extremely difficult for UN to prove any single act of aggression. Granting of any
kind of oil concession by Iran to Sov Union therefore would seriously endanger future independence and integrity of Iran. Loss of Iranian independence to Sov Union would be injurious to US interests. Therefore it would be contrary to interests of US for Iran to grant any kind of oil concession to Sov Union.

(b) It would also be disadvantageous to our interests for Sov Union, Iran, or world at large to have any justification for believing that we are endeavoring to influence Iran to refuse to grant oil concessions to Sov Union. We should therefore not endeavor to exercise any such influence.

(c) It would also be disadvantageous to our interests for Iran to obtain impression that we believe situation in Iran and in world generally would be eased if Iran would grant concession to Sov Union or that Iran could not expect support from us in United Nations if Sov Union should adopt a threatening attitude following Iranian refusal to grant concession. In event Iran should refuse to grant concession undoubtedly Sov Union and certain elements outside Sov Union would charge that US influenced that decision. As result additional strain would probably be placed upon our relations with Sov Union and we would be subjected to severe criticism by those non-Soviet elements which believe Sov demands in northern Iran are justified. It would be unfortunate however for us to permit considerations of this kind to cause us to take an attitude likely to discourage Iranians from making kind of decision, regardless of Sov pressure, which they regard to be in Iranian interests.¹

2. In case Iranian Govt should request advice from us as to whether it should grant oil concession to Sov Union our attitude should be somewhat as follows:

(a) It is our opinion that Iranian Govt alone is in position to make decision of this kind. It would not be proper for US or any other power to endeavor to influence such decision. Furthermore US believes that it would be in better position to continue to support before UN integrity and independence of Iran if it did not participate in such decision.

(b) US assumes that in making such decision Iranian Govt will consider carefully what effects of it might be upon future political independence and economic advancement of country. It is our belief that if Iran is to develop as an independent prosperous country it must in making decisions of this kind not permit itself to succumb to external pressure but should consider national interests of Iran from long-range point of view. Iran also should not permit any kind of pressure to cause it to overlook existence of UN or lose confidence in determination of US and other members of UN to continue to support principles of UN Charter.

¹ At this point in the telegram, as drafted by Messrs. Henderson and Dunn, appeared the sentence: "Granting by Iran of Sov concession is sure to present us with even more difficult problems in future in connection with our efforts to prevent Sov Union from taking over Iran and infiltrating still further Near and Middle East." The sentence was deleted by Mr. Lovett.
3. If responsible leaders Iranian Govt inform you that members Majlis have definitely decided to refuse to grant Soviet concession and seek suggestions from you as to method of rejection which would give Russian least grounds for complaint, you may, after making clear that this Govt continues to adhere to its policy not to try to influence Iranian decision, discuss various procedures with them. The following may be helpful to you in this connection:

On several occasions Soviet leaders have expressed concern lest some great power unfriendly to Soviet Union should contrive to get some kind of foothold in northern Iran. It is possible that certain elements in Soviet Union fear that US or GB may have designs of this character. In order to allay any genuine Soviet apprehension of this kind which might exist, Majlis in rejecting concession might express view that in future, so far as possible, Iranians rather than foreign concessionaires should endeavor to develop Iranian resources, pointing out that such a policy is in harmony with spirit of Seven-Year Plan of economic development; that the Iranian Govt, in accord with such a policy, is not to grant any mineral concessions whatever in northern Iran to foreign concessionaires. In case the Russians should complain about this policy, Iranian officials could point out that twenty-five years ago Soviet Union was encouraging the granting of concessions to foreigners but that after some experience it dropped this practice. Soviet Govt is not in position, therefore, to complain if Iran decides to endeavor, in so far as practicable, to develop its own resources.

4. You may inform your Brit colleague in confidence re contents of this telegram.

Sent Tehran as Dept’s 487 rptd London as Dept’s 3545 and Moscow as Dept’s 1614.

LOVETT

891.6363/8-1947: Telegram

The Ambassador in Iran (Allen) to the Secretary of State

SECRET

TEHRAN, August 19, 1947—1 p. m.

PRIORITY

770. Embassy’s 768, August 19.¹ During conversation with Shah last night the latter referred to the expressed intention of the Soviets to demand oil concession along the same lines as the British if the existing proposals fail. He said Iran would refuse and would answer any accusations of partiality by pointing out that Iran was free to dispose

¹ Not printed.
of its concessions as it thought best. At same time he realized that the situation would be awkward for Iran and he asked me what I thought of putting all Iranian oil developments, including the British area, under some kind of international participation or supervision as had suggested last year. I said I thought it was not feasible for several reasons. In the first place the British had a valid and legal concession approved by Majlis with some four five years to run and the US could not support a move to abrogate a legal right of this kind where no justification for abrogation existed. Moreover, I thought that while the British oil company had not done everything it could during past 30 years to help Iran and had at times improperly meddled in Iranian politics, it seemed to me that on balance the concession had been mutually beneficial. As result of AIOC Iran oil had gained a prominent place in the markets of Europe and the Orient. The company brought $75 million in foreign exchange to Iran annually. Except for AIOC or some other foreign oil company developing Iran, great amounts of Iraqi or Arabian oil but none from Iran would be going to Europe and the Orient today. I considered Iran fully justified in insisting that AIOC or any other concessionaire comply with concession terms but that since Iran needed foreign technical and marketing assistance in oil, AIOC could probably stand on its record. I cited Mexico as an example of a large petroleum exporting country which had suffered greatly from expropriation. Iranian economy made the uninterrupted exportation of oil a necessity.

The Shah asked why the petroleum proposal recently made to ECOSOC by the World Cooperative Alliance had been rejected. I expressed confidence he would have voted against it himself if he had been present since the proposal as I understood it involved considerable infringement of national sovereignty over oil resources. International supervision of petroleum would have to come more gradually.

I should add that British Ambassador here has recently expressed concern to me over expected attempts to alter existing British petroleum rights in Iran and I have no doubt British are counting heavily on our assistance in this matter. I have assured him of the Embassy's intention to carry out our known policy without equivocation.

Any instructions or guidance the Department may wish to furnish will be welcomed.

Sent Department 770, repeated London 92, Baghdad 87, Jidda 22. Department pass Moscow 88.

Allen

There is a garble at this point; presumably "Amb Ala" was intended.
The Chargé in the United Kingdom (Clark) to the Secretary of State

LONDON, August 19, 1947—1 p.m.

4483. Thoughts Moscow’s 305, August 16 1 re latest Soviet move in Iran were tried out informally August 18 on Pyman, Eastern Dept, who observed that in his view whether or not Soviets have made diplomatic blunders depends upon whether USSR is prepared to use open force against Iran. If not, Pyman regards Soviet move as “blunder”.

2. Pyman showed Embassy Le Rougetel’s August 17 telegraphic report re his latest interview with Shah who expressed view on this occasion that there were dangers in allowing Majlis to get down to work. When asked for his opinion Le Rougetel reminded Shah that if Shah’s supporters block indefinitely opening of Majlis for business Shah must be prepared to accept Soviet blame for delaying tactics of his friends. Shah said he understood this and indicated that he would immediately use his influence to stop obstructionism of anti-Qavam and pro-Shah minority.

3. Le Rougetel has reported to FonOff without comment call upon him by Nikpey during which later told same story reported Tehran’s 90, August 15.

4. Asked what advice Le Rougetel would be instructed to give Qavam if latter should seek British Govt views, Pyman said that he thought an instruction to Le Rougetel would be drafted in next few days. He was not sure how far his own thinking would prevail with his superiors but he had in mind saying that the sooner Qavam presents oil agreement to Majlis and the sooner Majlis rejects it the better. Pyman reverted to his idea set forth in paragraph 3 Embtel 4154, July 30 and it seems probable new instructions may contain this idea as possibility for Iranian consideration. On this occasion Pyman phrased his proviso as follows: northern area will be reserved for exploitation by Iranians alone and if Iranians find oil there this oil will be offered to USSR at world prices. Pyman said it seemed to him that if Majlis coupled with turn-down some such formula it might meet to some extent Soviet strategic fears as well as take care of Soviet fiction that oil from northern Iran is needed by USSR. It seemed to him that if USSR continues to press Iran for oil agreement in the light of such a proviso, outline of real Soviet policy towards Iran

1 See footnote 1, p. 984.
would be clearly apparent to world—in fact at least five of seven Soviet veils will have disappeared.²

Repeated Moscow 269, repeated Tehran 63.

² According to telegram 4499, August 19, 8 p. m., from London, the Iranian Ambassador called on Foreign Secretary Bevin on August 18 to inquire what help Iran might expect from friends, such as Great Britain, in case of Soviet attack. After stating he would need time to study the matter, Mr. Bevin expressed the view that the “Iranian Government ought to make it known to world that it had not tried to back out of its undertaking to USSR to present oil agreement to Majlis. Bevin said that he had always envisaged negotiations between USSR and Iran as being conducted freely whereas it seemed to him that at moment ‘USSR is behaving in a very take it or leave it manner.’” (891.6363/8–1947)

Telegram 4499 also noted that the Iranian Ambassador in Washington was going to ask an identical question of the Department and expressed Mr. Pyman’s hope that neither the United States nor the United Kingdom would say anything that might be interpreted by the Iranians as indicative of diversity in American and British attitudes.

The Acting Secretary of State to the Embassy in Iran

SECRET

WASHINGTON, August 20, 1947—9 p. m.

497. Iranian Min called at Dept Aug 19 on instructions his Govt. In utmost confidence he showed translation telegram received from Qavam covering most recent developments re Sov desire for oil concession in Iran. From telegram it appeared Sadchikov had adopted extremely disagreeable attitude toward Qavam. In cable Qavam showed apprehension re possible Sov reaction should Majlis refuse oil concession and anxiety over support he could expect from US and other interested govts should Sov Union take action against Iranian independence. Qavam felt such action might cause condition of insecurity in Iran in which case he was not clear what help other than moral support would be given Iran, held in the claws of Russia. Qavam requested detailed discussion with authoritative quarters here and telegraphic transmission their comments.

Min said he would appreciate as clear and concise statement as possible of US attitude re various points raised. Min was told that several points in telegram appeared relate Iranian internal affairs and it would not therefore be appropriate for Dept to comment on them. With regard to our attitude re oil concession Dept made statement somewhat as follows:
(a) It would not be proper for US or any other power to endeavor influence Iran in deciding whether or not it should give such concession Sov Union. We believe Iranian Govt alone is in position to make such decision. It is Dept's opinion therefore that US would be in better position to continue support integrity and independence Iran before UN if we did not participate in such decision.

(b) We assume of course that in making decision this kind Iranian Govt would consider carefully what effect might be upon economic and political independence Iran. It seems clear that Iranian Govt would not in making decision this kind permit itself yield external pressure but would consider Iranian national interests from long-range point of view. Otherwise it would be difficult for Iran to develop as independent prosperous country. We do not believe furthermore Iranian Govt would permit any kind of pressure to cause it to overlook existence of UN or lose confidence in determination of US and other members of UN to continue support principles Charter UN.

Dept continued that when US assured Iran that it would support before UN independence and integrity Iran in case they should be threatened it was promising more than “moral support”. Dept considers “moral support” to mean merely expressions of sympathy. It is becoming more and more evident that active support through UN could be much more effective than mere expressions of sympathy and concern. Dept did not understand why Qavam referred to Iran as being within “claws” of Russians. Iran is still independent country and not satellite state and therefore not in “claws” of any foreign power.

Nouri \(^1\) said he was confident US would support Iran before UN in case of attack by Sov Union but in case all efforts to aid Iran through UN should be frustrated by Sov veto what could Iran expect? Would US be willing to aid Iran by direct means including force?

Dept replied it was impossible for US at this time to state what it would do in case Sov Union disregarding obligations assumed by it in Charter UN should launch armed attack upon Iran. It seemed likely that launching such attack would at once place terrific strain upon UN and might threaten entire structure world security. In case structure UN should be destroyed or distorted by act of Sov aggression of this character we could not at this time predict what result would be. In any event effects would be profound and felt far beyond Iran. It was difficult for Dept to believe Sov Union would wish to imperil UN by committing such overt act of aggression since UN was one of fundamentals of world peace and therefore continued existence that organization was important to Sov Union as well as US.

Nouri said he understood Iranian Govt feared not only that Sov Union would engage in act of overt aggression but also that it might

\(^{1}\) Fathollah Noury-Esfandiary, the Iranian Minister.
endeavor overthrow Iranian Govt by infiltration and numerous sly acts aimed against stability of country. Boundaries between Iran and Sov Union were extensive. It would be easy for Sov Union with its tremendous resources to send surreptitiously across these borders agents who by false promises and lavish expenditure money might stir up or buy up various groups. It might be difficult for Iran to present sufficiently clear-cut case to UN to warrant action until it would be too late to save Iran. Everyone had seen how effective were Sov tactics employed in Greece.

Dept replied that of course such possibilities existed. It should not however be overlooked that UN and world in general had much better understanding this type aggression than they had year ago; that aggression of this kind was now much more readily recognized; and that if Iran would endeavor keep its own house in order and follow internal policies which would cause people of country to regard their govt as beneficial to themselves this danger might be met.

Nouri said he personally realized impossibility US state in advance what it would do in case Sov Union should commit acts aggression against Iran. He could understand that actions of US in case of direct or indirect Sov aggression must be dictated by circumstances of the moment.

Min observed that any kind arrangement between Sov Union and Iran re oil concession would be like arrangement between cat and mouse. Iran could not afford come out and play with Sov Union any more than a mouse could venture out of its hole to play with a cat.

He stated he had recommended to his Govt some time ago that if Majlis should decide reject Sov oil proposal it should at same time make it clear that Iran intended develop by its own efforts such oil lands as might exist in northern Iran and that it would be willing to sell to USSR at world prices such oil as might be produced in that area.

Dept pointed out that USSR at one time permitted numerous foreign concessions in its territory and after considerable experience had decided to cease granting concessions to foreigners. If Iran therefore decided to develop its own resources in northern Iran it would merely be following policy similar to that adopted by Sov Union.

Nouri indicated he had also suggested alternative method for rejecting Sov oil proposal namely that Iran might inform Sov Union it would not in future grant any oil concessions to foreigners except through multi-lateral agreement under aegis UN.

Sent Tehran as Dept’s 497 rptd London as Dept’s 3599 and Moscow as Dept’s 1626.
761.91/8-2247: Telegram

The Ambassador in Iran (Allen) to the Secretary of State

TEHRAN, August 22, 1947—3 p.m.

US URGENT

789. Qavam sent Nikpey to see me urgently last night to say that the Soviet Ambassador had just sent the Prime Minister word¹ that the latter’s “delaying tactics” in the oil question were “jeopardizing the independence of Iran.”² I asked Nikpey to express to the Prime Minister my confidence that the Iran Government would not be frightened by these threatening and bullying tactics which the USSR had long used in trying to obtain bases on the Dardanelles from Turkey and which Sadchikoff himself had followed in Azerbaijan case last winter. I said we would probably hear a lot more of this kind of thing before the case was finished but that patriotic Iranians should not allow themselves to be deterred from doing their duty to their country. Nikpey said Iranians would not be frightened by Soviet threats.

I am inclined to think Iran will stand firm in this matter, especially so long as we continue our own firmness in support of UN principles and our determination to oppose aggression. Department’s 487, August 18, is most useful and timely in this connection. Qavam is essentially a patriot but he requires constant reassurance that Iran will not be left alone in the world to face the Soviet blasts.

Sent Department 789, repeated London 96.

Department pass Moscow 99 and Petropolis.³

---

¹ According to telegram 783, August 21, from Tehran, Prime Minister Qavam informed Ambassador Allen that Soviet Ambassador Sadchikoff had called on him the previous day and “pressed energetically for a joint signature of a new accord to take the place of the Sadchikoff-Qavam agreement of April 4, 1946. The new accord would contain the same provisions as the old with the single addition that the two govs agreed to establish the proposed mixed company within three months . . . . Qavam said he told Sadchikoff he could not sign any agreement without approval of the Cabinet and that the present Cabinet could take no action of this kind until it had received a vote of confidence from the Majlis.” (891.6363/8-2147)

² The Secretary of State was Chairman of the United States Delegation at the Inter-American Conference for the Maintenance of Continental Peace and Security, which met near Petropolis, Brazil, from August 15 to September 2, 1947.

³ The Acting Secretary of State to the Embassy in the United Kingdom

SECRET

WASHINGTON, August 23, 1947—2 p.m.

US URGENT

3655. Brit Min Balfour called at Dept Aug 20 on instructions his Govt discuss problem of Soviet desire oil concessions Iran. He read from two telegrams just received from For Off. One reported conver-
sation between Bevin and Iranian Amb London calling under instructions similar Iranian Min Washington Aug 19 to ask what support Iran might expect in case Sov Union became aggressive in efforts force Iran grant Sov oil concession. Other telegram outlined Bevin’s tentative thinking re reply Iranian inquiry whether Brit would give more than moral assistance in case of trouble with Sov Union arising from Iranian refusal.

First tel indicated Bevin replied to Iranian Amb that he needed time to study question before giving final answer but stated tentatively his personal feeling Iran should meticulously live up to any undertakings given Sov Union. Bevin apparently tempered this remark with further statement that any Sov-Iranian oil arrangement should of course be one freely negotiated, fair and business-like and satisfying to Iranian Govt that concession would not be likely endanger integrity Iran. He indicated such arrangement not likely to result from apparent “take it or leave it” attitude Sov Govt. He felt nevertheless that Iranian Govt would do well to announce it was prepared to carry out its undertakings and to negotiate oil concession agreement on terms acceptable both parties and which would not endanger integrity and independence of Iran.

Second tel revealed Bevin’s tentative thinking on final reply to Iranian Govt might be along following lines:

Iranian Govt should make known to world it would not repudiate its undertakings and was prepared, subject Majlis approval, to negotiate detailed agreement based on principles original proposal. To safeguard interests of Iran Iranian Govt would probably wish to stipulate specific conditions under which joint company would operate. General principles already agreed upon would therefore require considerable elaboration. Should Majlis reject basis of original agreement it should be careful not to close door on further negotiations but indicate conditions under which it might enter another agreement. If Sov Govt should use force as means of obtaining concession and if independence of Iran should thus be seriously endangered Iran should appeal to SC. Brit support of Iranian independence in past sufficiently demonstrated Brit desire to see independence that country respected. It was believed premature however for Iran to appeal to SC at this stage.

In second tel Bevin asked Brit Emb to ascertain State Dept thinking. He would like to have US and UK if possible keep in step in matter.

When Balfour inquired present American attitude we outlined substance conversation Aug 19 with Iranian Min (Deptel 497 to Tehran Aug 20 rptd London and Moscow) which conversation Emb London might advise For Off (London’s 4545 Aug 21^{1}). We indicated our

^{1} Not printed.
understanding Iranian Govt had entered no commitment with Sov Govt grant oil concession. Our info and we believe Brit Govt info likewise was that Qavam in return for Russian promise withdrawal Sov troops from northern Iran had agreed to present to Majlis proposal that Iran grant oil concession under certain conditions to Sov Union. We said that although we were not advising Iran whether or not it should grant concession we did not feel there would be violation of any Sov-Iranian agreement if Majlis refused to approve granting concession. We added that manner in which Sov Govt had withdrawn its troops from northern Iran leaving behind agents to maintain Sov control Azerbaijan had greatly increased Iranian suspicions re long-range Sov attitude toward Iran. By Sov actions since Qavam—Sadchikov agreement Apr 4 1946 Sov Union had furnished considerable justification for belief we understand held by many members Majlis that Sov Union would take advantage of any kind of foothold obtained in Iran through oil concession or otherwise in order undermine independence that country.

It seemed to us that by leaving door open for further discussions one of two results would be likely: either crisis in Sov-Iranian relations would be prolonged and thus become more bitter or Iranians would gradually be worn down by Russian insistence to point of finally granting concessions which they believed not in long-range interests of Iran. In this connection Iranian Min’s simile seemed fairly apt namely for Iran to carry on negotiations of this kind with Sov Union would be like a mouse trying to carry on negotiations with a cat.

We obtained impression that Balfour was inclined to agree with our views in this matter.

Sent London as Dept’s 3655 rptd Tehran as Dept’s 501 and Moscow as Dept’s 1637.

Lovett

---

2 According to telegram 4729, August 30, from London, the British Foreign Office, on August 28, informed Ambassador Le Rongetel that although anxious to avoid giving advice to the Iranians differing from that of the United States, some advice was necessary to prevent the accusation that Mr. Bevin was obstructing the granting of oil facilities to the Soviet Union. The Ambassador was instructed to express the opinion that the Iranian Government should consider whether it would not be advisable for the Majlis, if it rejected the agreement, to make a gesture to mollify the Soviet Union (891.6363/S-3047).

891.6363/S-2947: Telegram

*The Ambassador in Iran (Allen) to the Secretary of State*

SECRET

URGENT

Tehran, August 29, 1947—2 p. m.

815. Prime Minister sent Nikpey today to read to me a note which Soviet Ambassador handed to Qavam yesterday under general instructions from Moscow. Summary of note follows:
Qavam's refusal to sign new Soviet proposal for setting up the mixed company for petroleum development is regarded by Soviet Govt as indication of Iranian Govt's intention to break agreement signed April 4, 1946. Qavam's statement that he could not sign new proposal without Majlis authority is unsatisfactory. Agreement of April 4, which was signed by Qavam as head of govt and approved by Shah as Chief of State, bound Iranian Govt to obtain Majlis approval and to put its provisions into action. Qavam's statement that situation has changed in Iran during past 15 months and that different Cabinet is now in office is not acceptable, Qavam's action is regarded as sign of same enmity towards USSR carried out by Reza Shah and governments of Saed, Sadr and Hakimi. Govt of USSR insists that agreement of April 4 be put into action by Iranian Govt without delay. (End of summary.)

Following presentation of note, Sadchikoff added following orally: if Majlis approval is obtained for the agreement, you will be considered among the most sincere friends of USSR and will be helped financially, morally and in every other respect. If you refuse, you will be regarded as our most bitter enemy and treated as such.

I asked Nikpey whether Qavam regarded the oral statement as being addressed to him personally or to Iran as a nation. After slight thought he said "to Iran, I feel certain".

Nikpey said Qavam seemed inclined not to answer the note but would appreciate my views. I said it seemed to me preferable not only to answer it, but also to quote the note, the oral representations, and the Iranian answer in Qavam's presentation of the case to the Majlis.

[Here follows discussion of the role of Muzzafar Firouz, Iranian Ambassador in the Soviet Union.]

Sent Dept 815, repeated London 102. Dept pass to Moscow as 94.

ALLEN

1 Reza Shah Pahlavi, Shah of Iran from 1925 to 1941.
2 Mohsen Sadr, Iranian Prime Minister from June to December 1945.
3 Ibrahim Hakimi, Iranian Prime Minister from December 1945 to February 1946.

Tehran, August 29, 1947—3 p. m.

816. There is no evidence that either Qavam or members of Majlis are wavering in their determination to refuse Soviet oil proposals. At closed session of Majlis yesterday, representatives of all parliamentary groups spoke against any kind of oil agreement with USSR. Iranian people of all classes have been unified on this point more strongly than on any subject since my arrival here. Soviet insistence on letter of April 4 agreement and now their attacks on Shah are being referred
to here as kind of "Pearl Harbor" assault needed to solidify Iranian opinion against agreement. It looks more and more from where I am sitting that Soviets have blundered and are continuing to do so. The respected views of Embassy Moscow in this regard have been noted with interest (Moscow's 2659, August 16) and while I agree fully that present Soviet tactics will undoubtedly result in making British position in the south more difficult (considerable amount of sentiment among Iranians against any foreign oil concessions is already being engendered by the very bitterness the Soviet demands have aroused), but Soviets have certainly solidified opinion against them in Iran and have made a situation easy to handle, at least on the first round, which I feared would be difficult. It seems to me the Soviets are succeeding in pushing Iran definitely into the anti-Soviet camp although they have one of the most fertile fields for Soviet propaganda here that can be found anywhere in the world.

In my judgment, for what it may be worth, Soviet insistence on the letter of the April 4 agreement and Soviet refusal to negotiate were decided upon in Moscow not because such tactics would put the USSR in a strong position before world opinion as our Embassy in Moscow suggests, but because it was the only tactics a totalitarian government could follow by the very nature of totalitarianism. The USSR could not afford to let the world and its own people see that the great USSR could be forced by a little country like Iran to negotiate a case of this kind. Totalitarians cannot retreat or admit weakness. Inflexibility and threats may be effective temporarily in area where it can be backed up by troops, but in any country free to make its own decisions and willing to do so, such tactics embitter whatever friends USSR may have. Certainly such has been the result in Iran. What the future holds we shall see.

I may add my fullest agreement with most of the views expressed in Moscow's 2659, August 16.

Sent Dept 816; repeated London 103.
Department pass Moscow 95.

Allen

801.6363/9-547: Telegram

The Ambassador in Iran (Allen) to the Secretary of State

SECRET

UGRNT

TEHRAN, September 5, 1947—9 a.m.

846. Certain divergencies between British Ambassador's instructions concerning Soviet oil question (London's 69, August 30) and my own

This was a repeat of telegram 4729 to the Department, not printed, but see footnote 2, p. 944.
(Department's 487, August 18) have been apparent for some time and threaten to be serious at this stage. British Ambassador's latest instructions narrows the difference to manageable proportions but there is still a basically divergent approach.

It is now evident to me (this in strictest confidence) that Bevin has wanted to tell the Iranians flatly that British Government thought Iran should ratify the April 1946 agreement without change. Fortunately, Le Rougetel and Bevin's advisors in Foreign Office were able to persuade him not to insist upon this most unwise move. If he had done so he would have accomplished nothing toward bringing Iraq and USSR together on the oil question and present Iran animosity against USSR would have been directed full blast against Britain, cries of a nefarious deal between Britain and USSR at Iran's expense would have arisen and I have no doubt that we would have been forced publicly to disassociate ourselves from British policy in the matter. Le Rougetel and I have discussed subject frequently at length and he is fully appreciative of foregoing considerations.

Bevin's latest instructions to Le Rougetel while less damaging were categoric and it seems clear that Bevin not only retains his hope that Iran and USSR will enter into an oil agreement but also that Britain should use its efforts to bring this about. Le Rougetel informed Qavam two days ago and the Shah last night that the British Government felt that if the Majlis refused to ratify the 1946 agreement, refusal should be done in such a way as to make it clear that the door remained open for further negotiations. The Shah pressed Le Rougetel to tell him whether I had received similar instructions. Le Rougetel replied that His Majesty should ask me direct, that he understood there were certain divergences in our instructions but that he felt they concerned tactics rather than fundamental considerations.

Le Rougetel is most anxious that there should be as little difference between American and British approach in this matter as possible and has come to see me a number of times on it. I assured him today of my equal desire to avoid divergent counsels, with their attendant confusion on Iranian minds but that I could do nothing which the Iranians might construe as pressure on them to grant an oil concession against their will. I said that when Iranians asked me whether American Government also felt that Iran should expressly leave the door open for future oil negotiations with USSR I would reply that my instructions did not specifically cover that particular point but that I thought my Government considered it a matter for Iran to decide itself.

A few Iranians (notably Shah who will undoubtedly ask me very pointed questions on this subject when I see him tomorrow) already
suspect that British Government wants Iran to enter into some kind of oil agreement with USSR. I feel strongly that we should continue not to advise Iran on the subject one way or the other. We are on unassailable grounds it seems to me, if we continue to repeat to all enquirers that we regard the granting of commercial concessions or privileges within Iran to be the sole prerogative of the Iranian Government, that our policy is to do what we can within the UN to remove the fear of outside aggression or pressure so that Iran can reach its decision in an atmosphere of freedom and independence and that it would not be proper for us or any other power to endeavor to influence that decision. I hope my excellent instructions of August 18 (Department's 487) will not be changed in any way. As long as we stick to this line and convince the Iranians of our sincerity they can be depended upon to take no action which would jeopardize Iranian independence.

Sent Department 846.
Department pass London 107 and Moscow 97.

ALLEN

761.91/9-347: Telegram

The Acting Secretary of State to the Embassy in Iran

SECRET

WASHINGTON, September 5, 1947—6 p. m.

538. On instructions his Govt, Iran Min informed Dept Sept 3 written and oral representations Sadchikov to Qavam Aug 28 (Tehran’s 815 Aug 29, London’s 4767 Sept 3¹). According Qavam’s tel to Noury, Sadchikov’s oral representations on instructions from Moscow concluded “If you refuse and fail to give satisfaction, we will consider you, the Iranian nation, and the Iranian Govt to be our blood enemy.”

Sent Tehran 538 repeated London 3865 Moscow 1698.

LOVETT

¹ No. 4767 not printed.

891.6363/9-947: Telegram

The Ambassador in Iran (Allen) to the Secretary of State

SECRET

TEHRAN, September 9, 1947—1 p. m.

866. British Ambassador’s advice to Qavam and Shah, on instructions from Bevin, that Iran should not close door to further negotiations with USSR regarding oil, has been taken by both Shah and Qavam as indication that British Government has weakened in face of Soviet threats and now wishes Iran to grant USSR petroleum con-
cession. Shah, who has discussed matter with me at length, says Qavam is now preparing some sort of proposal to Soviets on oil. Shah clearly considers that situation has materially deteriorated since British Ambassador’s advice. It seems evident that although Qavam has assured me he would not be frightened by Soviet threats, he has been, and that he has seized on the British advice as an excuse to change his position. He can now tell the deputies privately that he himself would never have weakened but could do nothing else in face of British advice.

When Shah reminded Qavam that practically all members of Majlis had declared their opposition to any oil agreement with Soviets, Qavam replied that if deputies felt events were running towards renewed Soviet influence in Iran, they would change their views overnight and would hurry to make their peace with Soviets. Qavam referred to situation in 1912 [1911] when Russia gave Iran ultimatum to discharge Morgan Shuster as Director General of Finance. Qavam said Majlis was 100 percent against acceptance but when Britain advised compliance with Russian demands, deputies did so without demur.

Shah seemed resigned to inevitability of Government’s making oil proposal to USSR in view of British advice. He referred to considerable British influence in Majlis and to constitutional limitations which prevented him from taking strong action himself. Shah asked me what else Iran could do when only reply US gave to Iranian requests for aid was to refer to UN, which he characterized as a fiasco. Shah said that if we would give Iran direct support as we are Greece and Turkey, Iran would have something dependable to rely on.

I did not conceal my disappointment at Shah’s slighting reference to UN. I said Iran had more reason than any other nation to appreciate value of that organization and emphasized that American determination to base its policy on UN was in Iran’s own best interests. US could defend itself from aggression without UN, but Iran could not. I said it seemed to me that what His Majesty really wanted was a straight old-fashioned bilateral military guarantee from US. If so, I thought this was worst thing he could ask for, in Iran’s own interest. Suppose, I continued, we gave him such a guarantee. It would not last, since it would not be based on sufficient American national interests to warrant American people in supporting it very long. American national concern with Iran would not justify our committing all our man-power and resources merely to guarantee that the people of Azerbaijan continue under Persian rule. I believe, however, that American people would continue to support world organization dedicated to prevention of aggression anywhere.

Although British attitude has complicated matters greatly, I do not
despair of situation. While few Iranians are able to see beyond the events of the moment, Shah is somewhat more far-sighted than others and constant repetition of our point of view has some effect on him. Certain leaders of Majlis who call on me regularly are also capable of understanding our position. In view of Qavam’s continued illness and fact that there is still technically no government in office, I have refrained from calling on him for past several days but plan to do so shortly.

Sent Department 866; Department pass to London as 108 and Moscow as 98.

Allen

---

Airgram A-158, September 30, from Tehran reported that Prime Minister Qavam had resigned as Prime Minister with the convening of the Majlis. He presented his new government and program to the Majlis on September 14 (891.00/9-3047).

891.0363/9-1147: Telegram

The Ambassador in Iran (Allen) to the Secretary of State

SECRET

US URGENT

TEHRAN, September 11, 1947—noon.

872. I called on Qavam yesterday to read to him again pertinent portions of Department’s instructions of August 18 (Department’s telegram 487) regarding Soviet oil proposals and to give him views contained in memo of conversation between Henderson and Iranian Minister in Washington on August 19. I said it was desirable to leave no possible doubt in his mind as to the exact American position in the matter particularly since other governments had recently made their views known to him, and he might possibly have gained the impression that we had altered our stand. During the conversation I emphasized that the world had changed since 1912 [1917] (see Embassy’s telegram 866, September 9) and expressed conviction that patriotic Iranians would not be deterred by threats. I said our support for Iran was conditioned upon Iran’s determination to defend its own sovereignty and ended with an expression of confidence that the same hand which had guided Iran through the Azerbaijan crisis, when similar threats had been employed, would see Iran through its present difficulties.

I am unable to assert that Qavam was swept off his feet by my remarks, but he seemed impressed. He said he would not be deterred by threats but was not certain how the Iranian people would react under the tension. He said riots and internal disturbances might arise or be inspired to affect the Majlis decision. He said his new Cabinet

---

1 Not printed; but see telegram 497, August 20, to Tehran, p. 939.
would be presented to the Majlis on September 14 along with the pro-
gram of his government. Following this the oil question would be
introduced. He hazarded a guess that the decision might be made on
oil within ten days.

Sent Department 872. Department pass to Moscow as 100 and Lon-
don as 110.

**ALLEN**

711.91/9-1147: Telegram

*The Ambassador in Iran (Allen) to the Secretary of State*

**SECRET**

**Tehran, September 11, 1947—3 p. m.**

**US URGENT**

874. Impression is gaining currently that the great powers have
made an agreement on Iranian oil. Today's *Journal de Tehran* declares
that "our dear country has become a terrain for the competition of
those who are eager to possess the world. It is said that secret con-
versations and demands similar to those of 1907 are under way." Iran-
ians are already asking whether the US is a party to such con-
versations. The President of the Majlis has sent word to me that unless
the position of the US becomes known publicly in the near future,
everyone will conclude by our continued silence that we are involved
or at least that we have abandoned Iran. He said he could not guaran-
tee that more than 30 deputies would remain firm in face of Soviet
threats if we continued to allow a false impression of our attitude to
remain uncorrected.

It seems necessary in view of many incorrect reports of our position
to make our views known publicly at this time. I have been asked
to make a talk tonight to the Iran-American Relations Society on the
subject of the parliamentary system of govt. After discussing historical
development of parliaments and variations of system in principal
countries, I plan to refer to the constitutional position of Iranian
Majlis with especial reference to its responsibilities for defending Iran-
nian national interests. Conclusion of speech will be as follows:

"Within a few days the Iran Majlis is expected to be asked to con-
sider proposals concerning the development of one of the important
natural resources of Iran. Certain rumors and allegations have ap-
peared concerning the attitude of the US in the matter, and I have
been asked on numerous recent occasions to state my Govt's position,
I shall do so now as specifically and clearly as I can.

"The American Govt has frequently made known its respect for the
sovereignty of Iran. An important aspect of sovereignty is the full
right of any country to accept or reject proposals regarding develop-
ment of its resources. Iran's resources belong to Iran. Iran can give
them away free of charge or refuse to dispose of them at any price if it so desires.

"The US has no proper concern with proposals of a commercial or any other nature made to Iran by any foreign govt as long as those proposals are advanced solely on their merits, to stand or fall on their value to Iran. However, we and every other nation of the world do become concerned when such proposals are accompanied by threats of bitter enmity or by statements that it would be dangerous for Iran to refuse. The US is firm in its conviction that any proposals made by one sovereign govt to another should not be accompanied by threats or intimidation. When such methods are used in an effort to obtain acceptance, doubt is cast on the value of the proposals themselves.

"The US has dedicated its full energy and resources to freeing the peoples of the world from the fear of aggression. Our determination to follow this policy as regards Iran is as strong as it is anywhere else in the world. This purpose can be achieved to the extent that Iranian people show determination to defend their own sovereignty. Patriotic Iranians, when considering matters affecting their national interest, may therefore rest assured that the American people will support fully their freedom to make their own choice."  

Sent Dept, Dept pass London 111, and Moscow 101.  

---

1 In telegram 557, September 12, to Tehran, the Department approved Ambass-ador Allen’s “action clarifying US position re Soviet oil concession in order cor-rect any suggestion that US would countenance great power agreement at expense of Iran or that we have modified out attitude in face of Soviet and British representations to Iranians.” The Department suggested further “that in any subsequent discussion this subject you should emphasize, as you have constantly done in past, that the United Nations is medium through which we shall continue combat aggression.” (891.6363/9-1147)

---

Editorial Note

In despatch 490, September 13, the Embassy in Tehran notified the Department that copies of a “Report on Program for the Development of Iran”, prepared in July 1947 by the Morrison-Knudsen International Company, Inc., had recently been received by Abol Hassan Ebtehaj, Governor of the Bank Melli. The report recommended eco-nomic development projects to cost the equivalent of $500,000,000 in rials and foreign exchange over a seven-year period, if foreign loans were obtained. It also recommended a reduced program of about $250,-000,000 if Iran should have to rely on its own resources. (891.64A/9-1347)

In telegram 1, January 2, to Tehran, the Department noted that the Iranian Embassy and the American company had signed an agree-ment on December 17, 1946, calling for a survey and report on the economic potential of Iran (891.64A/1-247).
SECRET

TEHRAN, September 14, 1947—1 p. m.

877. Qavam will present his new government and program to Majlis today. Only significant change in Cabinet is appointment of Nuri-Esfandiari, now Iranian Ambassador to Ankara as Foreign Minister.

Prime Minister will not make any statement on oil in his program, but opposition deputies may demand his views on most important question facing Iran today before they are willing to cast their vote of confidence. If they ask, I understand Qavam is prepared to make full report on Soviet oil requests, to deny that he has made any commitments whatsoever on the subject except to agree to pass their request on to Majlis and will ask Majlis to tell him what to do in this regard rather than ask him questions.

Continued reports of salutary effect of our statement on oil are reaching Embassy from all sides. Qavam’s assistant, Nikpay, said last night that Qavam was highly pleased and hoped it would be followed by confirmation by the Department in Washington. Shah, who is confined to bed after minor operation, has sent word of his appreciation through Palace officials. Numerous deputies, other officials and Iranians of all classes have called or sent word of their gratitude. “Once more America has saved Iran” is frequent comment.

Statement was shown to British Chargé before it was made and he expressed full agreement, saying it was “quite what we think the Persians should be told”. No reaction has come from Soviet Embassy but two Soviet-controlled papers criticize statement this morning as having been made to further American efforts to gain control over Iran’s resources.

Sent Department 877. Department pass to London as 113 and Moscow as 102.

ALLEN

Memorandum of Conversation, by the Acting Secretary of State

CONFIDENTIAL

[WASHINGTON,] September 15, 1947.

Lord Inverchapel ¹ called by appointment and read me a portion of a communication from London ² which indicated some anxiety on the part of the Foreign Office to make plain to us the position which the

¹ The British Ambassador.
² This refers, presumably, to a Foreign Office telegram of September 13 which was shown by officials of the Eastern Department to an officer of the American Embassy on September 15. Telegram 5030, September 17, from London, reported that the officials described the telegram “as an ‘effort to clear up any remaining Footnote continued on following page.
British had taken in connection with the Iranian problem on Soviet oil concessions. The concern of the British apparently arose out of newspaper accounts which quoted the precise language of the British representative, Mr. Le Rougetel, who is said to have advised the Iranians to adopt an “open door” policy toward Russia. Inverchapel said that this was an unfortunate choice of words and that what the British meant was that the Iranians, instead of giving the Russians a flat turndown as a result of Majlis’ action, should endeavor to continue discussions and thereby have an opportunity to drag their feet, an occupation at which Inverchapel said the Iranians were most experienced. He said he did not think that the British and American positions differed and he expressed high approval of the attitude taken by this Government and the comments made by Mr. Allen. In the latter part of the message from London the Foreign Office had asked what we proposed to do in the way of aid to Iran in the event of an attack by the Soviets. I told him that we would obviously support the Iranian case to the utmost within the United Nations organization, but that we had likewise assumed that the Iranians could not effectively defend themselves from the Russians. I asked him what the British position was and he said that they had reached the same conclusion and that neither the British Government nor the British people could be expected to send British troops in to fight Russia.

Inverchapel asked whether or not Iran would not be better off by giving Russia a concession in the North. I told him that we had given the matter long and careful consideration and that it was my recollection that we had concluded that if Russia were given an oil concession in the North, to all intents and purposes that was the equivalent of ceding the territory to Russia, as she would never get out and would infiltrate her people into the district in large numbers. The problem, therefore, in somewhat over-simplified form, was whether or not Russia should be permitted to take the North by invitation or whether the Iranians should make her fight for it and thereby label her as an aggressor. Inverchapel said he thought this stated the question very neatly and realistically, and indicated that he felt that we had a somewhat freer choice in the decision than Britain had because we were not in Iran with an oil concession.

I suggested that if he wanted more detail on the position of this Government he could obtain it by having his specialists get in touch with our geographical divisions.

Robert A. Lovett
The Ambassador in Iran (Allen) to the Secretary of State

SECRET

TEHRAN, September 19, 1947—noon.

897. For a clear understanding of Soviet and Iranian positions on one particular aspect of oil question, I suggest that officers of Dept review exact text of exchange of letters between Qavam and Sadchikoff on April 4, 1946 (see Embassy’s telegram 485, April 9, 1946 1).

The letters contained the following statement (translation):

“The Iranian Govt agrees that the Iranian and Soviet Govts should establish a joint Iran-Soviet company to explore and exploit oil producing territories in northern Iran under the following fundamental conditions”. After enumerating seven conditions relating to ownership, duration, area covered, etc, letters conclude: “the agreement to be concluded later for the establishment of the said joint Iran-Soviet oil company, according to the text of this note, will be presented for ratification by the new Iranian Majlis...” 2

It is significant to note that the exchange of letters envisaged the conclusion, some time subsequent to April 4, 1946 but presumably prior to submission of Soviet proposal to the Majlis, of an agreement for the establishment of the mixed company. Neither Soviet nor Iranian Govts took any action towards negotiating the agreement in question until last month when Sadchikoff upon his return from Moscow presented Qavam with a draft agreement and insisted that Qavam sign it immediately and present it to Majlis promptly for ratification (Embassy’s telegram 752, August 14). Qavam pointed out that the Soviet draft would not be acceptable to Majlis and suggested further negotiations. Sadchikoff refused, on the grounds that his draft contained the exact provisions Iran had already agreed to, subject to ratification, and that Qavam could not properly refuse to sign. Qavam then said he could not sign because of legal difficulties, but that he would report the entire question to Majlis, present the draft agreement, without his signature, and leave the entire decision to the Majlis.

(The “legal difficulties” Qavam had in mind result from an act of the Majlis of Dec 2, 1944, Embassy’s telegram 895, Dec 3, 1944 3 forbidding any Iranian official, inter alia, to “sign any agreement regarding a petroleum concession” with foreigners).

Sadchikoff’s position that Qavam is unjustified in refusing to “conclude” (i.e. sign) an agreement based on the terms of the 1946 letter has some merit since Qavam committed himself and the Iranian Govt, in principle, to such an agreement when he signed the letter. More-

2 Omission indicated in the original.
over, Qavam's declared willingness to negotiate other terms with Sadchikoff presupposes his willingness to enter into some kind of oil agreement for presentation to Majlis. Consequently the legal difficulties to which Qavam refers would not appear to have been regarded by Qavam as an insuperable barrier if the USSR had agreed to negotiate.

On the other hand, Qavam can well argue that he is not obligated under the 1946 letter to sign anything more, and that his expressed willingness to submit Sadchikoff's own draft to Majlis and await Majlis instructions should satisfy the USSR.

Several instructions which British Embassy here has received from Bevin have emphasized the latter's anxiety that Iran should take no action which would justify the USSR in accusing Iran, before UN or elsewhere, of having violated any of its obligations or undertakings. It seems probable that Bevin is impressed with the strength of the Soviet position as described above and that this impression has been in some part responsible for the British advice to Iran not to close the door if the 1946 terms are refused.

I am inclined to believe, however, that Qavam's position, while perhaps not free from any legalistic attack, is sound enough in principle and I think he is both wise in practice and justified in theory in refusing to give Sadchikoff a new signature before presenting the case to the Majlis.

I give the foregoing detailed discussion since the point might come under consideration if the Iranian case should again be referred to UN.

Allen

891.6363/9-2247: Telegram

The Ambassador in Iran (Allen) to the Secretary of State

SECRET

TEHRAN, September 22, 1947—2 p.m.

909. I understand Associated Press has cabled full story regarding open letter which Soviet Embassy here addressed to the local press September 20.\(^1\) Statement reviews history of oil negotiations with Iranian Government and points out advantages of Soviet proposals to Iran. Outstanding feature of Soviet statement is its general tone of persuasion rather than threats although last sentence reads: "Finally the execution of this agreement is in keeping with the principle of increasing Soviet-Iranian friendly relations." The implication to

\(^1\) A translation of the letter as it appeared in the newspaper \textit{Ettekal'at} on September 20 was transmitted by the Embassy in Tehran in despatch 506, September 27 (891.6363/9-2747).
Iranians is that failure to execute the agreement would decrease those relations.

Statement emphasizes that Soviet proposals are not for petroleum concession but for the creation of a mixed corporation and declares that: “Iran has never, in granting concessions, obtained such advantageous commercial provisions.” It adds that proposed Irano-Soviet company would not have its own police force “such as exists at present in a certain concession in Iran”. Both those statements are obviously directed against the British Oil Company. They undoubtedly typify the line Soviet propaganda will continue to take against the British concession, whether or not Soviets obtain an oil agreement with Iran. They constitute further evidence, in my view, that it is a mistake to think that an agreement with USSR concerning oil in northern Iran would ease the pressure against British and eventually American interests in the Persian Gulf.

Iranians are speculating that the comparatively reasonable tone of Soviet press release is an attempt to counter the effectiveness here of our recent statement condemning use of threats and intimidation. If the Soviets continue this new line of persuasion, they will stand a better chance of obtaining some kind of oil agreement here. My best estimate continues to be, however, that they will end up by getting little if anything. The threats they have already used are too well known to be dispelled by a sudden change of tactics.

[Here follow four paragraphs on the submission of the oil agreement to the Majlis.]

Sent Department 909, repealed London 118.
Department pass to Moscow as 105.

Allen

891.50/9-2547: Telegram

The Ambassador in Iran (Allen) to the Secretary of State

CONFIDENTIAL

TEHRAN, September 25, 1947—11 a.m.

928. An important aspect of American policy in Iran, it seems to me, should be to show active interest of US in improvement of conditions of Iran workers and peasants. Continued Soviet allegations that we are concerned only with reactionary ruling class in Iran has some effect there if nothing is done to counteract it. Occasion for action along this line occurred during my last conversation with Qavam. I referred with regret to his reported decision to suppress Ministry of Labor and to transfer its functions to Ministry of National Economy. I said US was anxious to see progressive measures taken here to elevate general standard of living and welfare of the common peo-
ple, and that, although he had made many speeches re reform, one of few practical steps he had actually been able to take had been creation of a Minister of Labor. I knew that heavy pressure was being exercised against Labor Minister by two extreme Iranian groups, wealthy factory owners particularly from Isphahan and the Tudeh Party. The latter's opposition resulted from usual Communist animosity against anyone other than a Communist who presumed to have an interest in the common man. I hoped very much the Cabinet would reconsider its decision.

Qavam alleged that decision had been primarily on budgetary difficulty in creating a new Ministry, seemed impressed by my discussion and promised to have matter reopened.

It is interesting to report that in a subsequent conversation with First Secretary Ross of British Embassy I informed him of my representations to Qavam in this matter. He said that by coincidence his Embassy had just received instructions from London to make strong representations to Qavam along same lines.

Sent Department 928; Department pass Cairo 148 and London 119.

Allen

1 The Communist Party in Iran.
2 In telegram 598, October 1, to Tehran, the Department concurred with Ambassador Allen's "expression of concern to Qavam concerning his reported decision to suppress Min of Labor and transfer its functions to Min National Economy. We feel it highly important at present time that not only should Iranian Govt not revert to reactionary labor and land policies, but definite action be taken at once to demonstrate more progressive attitude toward workers and peasants." (891.50/9-2547)
3 In telegram 5334, October 3, the Embassy in London reported information from the Foreign Office that the Iranian Prime Minister had no intention of permitting the Labor Ministry to be appended to another Ministry (891.00/10-347).

761.91/9-2547

Memorandum by the Director of the Office of Near Eastern and African Affairs (Henderson) to the Acting Secretary of State


Subject: Draft Telegram to Ambassador Allen in Tehran Suggesting Action which Iranian Government Might Take to Prevent Success of Intensified Soviet Interference in the Internal Affairs of Iran.

Discussion:

Reports from our Embassy in Tehran indicate that within the very near future the Iranian Majlis (Legislature) may decline to ratify the Soviet-Iranian oil accord of April 4, 1946. A strong Soviet reaction is to be expected. Should that reaction involve definite interference by
the Soviet Union in the internal affairs of Iran, the Department will support the Iranian Government in such defensive action as it might take in the United Nations. (Tab A, Deptel 497, Aug. 20). We believe, however, that there are certain measures which the Iranian Government itself should take in advance of possible Soviet interference which might lessen the possibility of Soviet disruption of security within Iran. (Tab B, Deptel 434, July 29). In elaboration of our earlier suggestion to Ambassador Allen that Iran would be well-advised to unify the divergent elements within its borders, the attached draft telegram stresses the immediate importance of resolving the long-standing personal feud between the Shah and Prime Minister Qavam. In view of the close relation between the internal unity of Iran and Iran’s defense of its independence against Soviet interference, we feel justified in the present crisis in suggesting that Ambassador Allen in his discretion communicate our views to appropriate Iranian leaders.

Ambassador Allen’s speech to the Iran-American Relations Society in Tehran on September 11 (Tab C, Embtel 874, Sept. 11), approved by the Department in Deptel 557, Sept. 12,¹ (Tab D), constitutes a firm American defense of Iran’s right to make an independent decision concerning an oil concession to the Soviet Union. That statement seems (Tab E, Tehran’s 877, Sept. 14; 833 [883?],² Sept. 16; 891, Sept. 18) to have corrected the weak attitude which was appearing in both the Shah and Prime Minister Qavam (Tab F, Tehran’s 866, Sept. 9). In view of the desirable effect of Ambassador Allen’s statement upon Iranian reaction to Soviet threats, we feel such suggestions as Ambassador Allen might make to appropriate officials along the line of the attached draft telegram might be both welcome and effective. Without unity in Iran, Soviet overtures to dissident elements might well defeat our purpose of assisting Iran in the preservation of its independence.

Recommendation:

Your signature of the attached draft telegram ³ will implement the Department’s desire to see Iran free from Soviet domination.

Concurrences:

The attached draft telegram has been approved by the Acting Director of EUR ⁴ and Deputy Director of SPA,⁵ against a back-

¹ Not printed, but see footnote 1, p. 952.
² Nos. 883 and 891 not printed.
³ For telegram as sent, see infra.
⁴ Llewellyn E. Thompson, Jr.
⁵ Clearance by SPA was actually provided by Robert M. McChinlock, Special Assistant to the Director of that Office (Rusk).
ground of wide discussion throughout the Department of the present crisis in Iran.

 Attachments:

 Document to be signed: Draft telegram to Tehran.

 Telegrams: Tab A, Deptel 497, Aug. 20.
 Tab B, Deptel 434, July 29.
 Tab C, Embtel 874, Sept. 11.
 Tab D, Deptel 557, Sept. 12.
 Tab E, Tehran’s 877, Sept. 14; 833 [883?], Sept. 16;
 and 891, Sept. 18.
 Tab F, Tehran’s 866, Sept. 9.
 Tab G, Deptel 476, August 14.6

 L[oy] W. H[enderson]

*Not printed; in discussing the tribal situation in Iran, the Department gave its approval of “Emb practice recommending both Govt and tribes use only constitutional means in interest unity and internal security as necessary prerequisites effective relations with neighboring states.” (711.91/9-1447)

761.91/9-2647: Telegram

The Acting Secretary of State to the Embassy in Iran

WASHINGTON, September 26, 1947—5 p. m.

584. Urtels recently indicate salutary result of American stand on Iran-Soviet relations re oil. Dept feels that strong Soviet reaction, possibly even before formal Majlis action, is possible in one or more of following forms:

a) Start of Greek-type guerrilla warfare on Iran-Soviet border, probably involving Barzansis, muhajirs, and other Sov-Caucasian elements.

b) Inspired disturbances in Azerbaijan cities, Abadan, Isfahan and Tehran, to give credence to Soviet charges that reign of terror exists, and to divert Iranian military forces from border areas.

c) Intensification of anti-Iranian propaganda by Soviets.

In anticipation such Soviet actions, Dept now actively considering its United Nations strategy for such contingency.

We feel, however, Iran Govt itself must take certain immediate measures (final para Deptel 434 July 29) if it is to reduce possibility initial success Soviet reactions indicated above. These measures might prove more efficacious than any ex post facto UN action. We are herein suggesting certain steps which might be taken by Iran Govt, leaving it to your discretion communicate suggestions to Shah, Qavam, Hekmat,1 and other patriotic Iranian leaders in position take appropriate action.

1 Resa Hekmat, President of the Iranian Majlis.
We see as most serious obstacle in way of Iranian national unity, which is prerequisite any successful resistance to Soviet expansion in that country, personal feud between Shah and Qavam (Embtel 859 Sep. 6\textsuperscript{2}). We feel both are basically patriotic Iranians but they have permitted their mutual distrust retard progress their country and operate against successful unification various elements Iranian nation. We feel Shah has consistently placed too much confidence in obstructionist advice of military leaders. It is apparent much of this advice not motivated by patriotic sentiments but by desire on part of Razmara and others for domination of Iran by military. Consequently, constant need to cope with Shah–Army group intrigues has done much to hinder Qavam in efforts unite Iranian people. Qavam on his part has at time given Shah serious reason suspect motives by vacillation between sometimes strong front against Soviet pressure and other times apparent willingness to intrigue with Soviets. He has also been dilatory in bringing to fruition plans for reform, though neither can it be said Shah has shown any effective interest this phase Iranian national life.

It is our belief that personal feud between Shah and his PriMin intolerable and dangerous for preservation Iranian national interests. Shah and PriMin working together can, we believe, unite all elements Iranian nation including peasants, labor and tribes. Your influence with both Shah and PriMin might at this time be used to bring about this desirable internal situation so closely related to Iran’s freedom from Soviet domination, without risk of criticism from political leaders, responsible press, or general public in either Iran or U.S. To the extent to which Shah and PriMin each demonstrates sincere and effective desire to act in Iranian national interest, we feel you should use your influence to keep them working harmoniously together. If Shah displays cooperative attitude and despite this Qavam so conducts himself that distrust cannot be dispelled, and if Shah should therefore consider new PriMin desirable, it is hoped that change of govt could be brought about in manner not to create wide rift in Iranian body-politic.

It would be highly desirable if new spirit of teamwork between Shah and PriMin could be demonstrated at once by termination petty political attacks on latter by Shah’s Majlis deputies, and by immediate implementation by Qavam and Majlis of practical program of reforms similar to those proposed by PM during period of autonomous Azerbaijani Govt, such as provincial councils and real land reforms.

In such disposition as might be made of Iranian Army in conjunction with the gendarmerie to combat infiltration hostile elements or to meet local disturbances, it is hoped military forces will behave such

\textsuperscript{2} Not printed.
manner they will receive whole-hearted cooperation local populations. This may call for change of Army command particularly in regions where tribal groups, presently peaceful but hitherto unpredictable, might welcome opportunity prove themselves loyal supporters Iranian Govt.

We repeat our approval Emb efforts encourage tribes use peaceful and parliamentary means to attain what they consider just ends (Deptel 476 Aug 14 a). We are particularly anxious every encouragement be given Kurds who will very possibly be first target Soviet penetration following rejection oil concession, and who, if alienated from Iran Govt by Army policy of recrimination, might well become Soviet weapon against not only Iran but Turkey and Iraq as well. It seems to us if Kurds were given some recognition by central govt comparable that accorded Bakhtiaris and Qashqais by Qavam, there would be smaller risk of Kurdish disloyalty in eventualities mentioned.

Dept has observed Majlis President Hekmat’s seemingly statesmanlike behavior recent weeks and hopes his influence in Majlis can be used accelerate action on reforms Qavam might initiate.

In conclusion we feel our position in UN would be much stronger and morally more tenable if: a) Shah-Qavam feud is terminated, b) loyalty of Iran’s minorities to their Govt is assured, and c) certain long-overdue economic and social reforms are initiated immediately by Iran Govt.

Rptd London as 4168 b and Moscow as 1781.

LOVETT

---

2 Not printed, but see footnote 6, p. 960.
4 In telegram 4247, October 2, the Department authorized the Embassy in London to convey the substance of telegram 4168 to the British Foreign Office (761.91/9-3047).

Report on an Address by the Director of the Office of Near Eastern and African Affairs (Henderson)

U.S. SUPPORT FOR IRANIAN DEVELOPMENT PLEDGED 1

The United States will continue to provide assistance, within the framework of the United Nations Charter, to Iran in its social and economic development, Loy W. Henderson, director of the State Department’s Office of Near Eastern and African Affairs, declared Wednesday night [October 1], in New York.

He emphasized that while the United States will not interfere with the internal affairs of Iran, it will seek to strengthen “mutually beneficial” economic relations with that country.

1 Reprinted from Department of State Wireless Bulletin, October 3, 1947, p. 3.
In address given at a banquet of the Iran-American Merchants Association in honor of Iranian Princess Ashraf Pahlavi, Mr. Henderson said it is in national interests of the United States and Iran “that all avenues between their peoples be open to friendly interchange and that the political security of both countries have a firm foundation in the economic well-being of their peoples, as of free peoples nowhere.”

Mr. Henderson lauded efforts of Iranian ruler Shah Abbas to resolve national differences within the Persian Empire and “guide efforts of a united people in a notable renaissance.” He recalled that during World War II, the Iranian Government drew up plans for long-range program of social and economic development and said that negotiation has been initiated for providing necessary foreign financial assistance for their execution.

He added:

“A necessary condition for the success of Iran’s forward-looking economic program is not only the availability of foreign assistance when requested but the absence of foreign interference in the internal affairs of Iran. The United States has not and will not interfere in the internal affairs of Iran. The United States has in the past and will in the future give to Iran, upon its request, all appropriate assistance within the spirit of the United Nations Charter.

“Given a well-conceived program, foreign assistance as needed and requested, and freedom from interference, Iran under progressive leadership might well be expected to encourage by every possible means popular participation in, and country-wide benefit from, its efforts to raise the Iranian standard of living, not only in the urban centers but also in the rural and tribal districts which represent the back-bone of the nation’s economy.”

761.91/10–247: Telegram

The Ambassador in Iran (Allen) to the Secretary of State

SECRET  URGENT

Tehran, October 2, 1947—9 a. m.

949. Qavam read to me yesterday detailed report from Iranian military commanders along Soviet frontier stating that considerable Soviet military activity had been observed during past few days north of Poldasht, Julfa and Astara in Azerbaijan, and Ashkhabad, on Turkistan frontier. Lists were given of tanks, artillery, troops and supplies seen arriving opposite these points. Widely separated places from which these reports arrived and similarity of details given lend credence to them.
I remarked that since much of activity reported occurred during daylight, Soviets might be endeavoring merely to impress Iranians with fear of invasion if oil proposals were refused.

Qavam said he considered situation much more serious. He thought that although Soviets would not attack as long as their oil proposals had not been definitely refused, they would begin action as soon as Majlis turned down the proposals. He felt confident Soviets would immediately begin to send irregular bands into Iran to create disturbances and would follow them by Soviet troops as soon as disturbances were sufficient to furnish pretext. He expects Soviets to cite Article 6 of the 1921 Soviet-Iranian treaty in justification.

I pointed out that this article envisaged situation in which Iran was made base of operations by third power directed against Soviet Union. Qavam agreed that Soviets would not be justified in citing Article 6 but felt confident they would do so any way. He said they had threatened him with Article 6 several times during his visit to Moscow in January 1946.

Qavam said that it would do no good to ask Soviet Ambassador concerning these reported troop concentrations, since he had asked the Ambassador similar questions on numerous occasions and the Ambassador had always replied that he had no information. I said I thought it would be useful to ask him again on this occasion anyway, since he, as Prime Minister, could hardly disregard numerous reports of this kind from his frontier. I suggested he also instruct his Ambassador in Moscow to make inquiries. Qavam said he would take both steps, that telegram to Moscow would be particularly useless. He remarked that Iranian request for agreement for new Ambassador to USSR had still received no reply although made 40 days ago. He said he would also telegraph full details to his Embassy in Washington.

I expressed the view that Iran Govt should prepare now to deal promptly with any infiltration before serious disturbances had chance to arise, in order to offer Soviets as little excuse as possible for sending in their troops to reestablish order.

While it is difficult to obtain definite information regarding Soviet troop movements near Iranian frontier, Qavam’s reports may well be correct. Interpretation of purpose of such movement is even more difficult. As regards Qavam’s interpretation it may be pointed out that

---

1In an urgent message on October 4, the Embassy in Tehran advised that “There are indications that Soviets may now be centering their efforts on bringing about coup d’etat in Iran, to put into power govt favorable to USSR. It seems probable that Soviet authorities realize that infiltration of irregulars into Azerbaijan would not be sufficient by itself to accomplish their purposes. Coup d’etat, if attempted, would appear as spontaneous act of Iranian people and would enable Soviets to gain effective control of all Iran.” (telegram 960, 891.00/10–447)
he is aware that his tenure of office as Prime Minister may be terminated as soon as Soviet oil question is out of the way. Consequently he wished to delay settlement of that question as long as possible. Soviet invasion threat gives him good excuse for following delaying tactics on oil question.

Repeated London 123, Dept pass to Moscow as 109.

ALLEN

891.6363/10-347: Telegram

The Ambassador in Iran (Allen) to the Secretary of State

SECRET

Tehran, October 3, 1947—1 p. m.

954. Many Iranian officials and deputies try to make the Soviet oil question appear to be a straight contest between US and USSR and to give impression that they oppose the Soviet proposals merely because they wish to avoid offending the US. By these tactics the Iranians hope to be able to refuse the Soviet proposals and at same time shift responsibility to our shoulders for their having done so.

Outstanding example of this maneuver was given in address over Tehran radio September 28 by Ibrahim Khadji-Nouri, Director of Propaganda, and assistant to the Prime Minister. While Khadji-Nouri declared in his speech that he was expressing only his personal views, he has since told me he cleared his speech with Qavam in advance.

Khadji-Nouri's speech contained statement that many Iranians were reluctant to approve Soviet proposals because they did not wish to offend the USA. He emphasized that Iran owed a great debt of gratitude to America for support given Iran in the past. He compared Iran to a mother having to choose between two suitors (US and USSR) for her daughter’s hand (oil). He said one suitor (USSR) was insistent and quarrelsome, while the other (US) seemed indifferent towards the daughter but was very rich. He said that if two suitors were equal in other respects, any thoughtful mother would give her daughter to the one which was the greater lover of liberty, stronger, more peaceful, and richer.

I have pointed out to Khadji-Nouri and others that his comparison gives a false impression, since the US is not an applicant for Iran oil. Moreover, I have repeated many times that our interest in oil questions extends merely to the question of freedom of Iran to make its own choice, without being influenced by threats.

However, the Persians can present certain facts to justify their picture of the oil question as a US-USSR contest. Iranian Embassy in Washington has doubtless informed Iran Government that several American oil companies are in constant contact with that Embassy
and with Department to ascertain possibility of sending representatives to Iran to negotiate oil concession. Statements that American companies were interested only in southeastern area of Iran would make little impression in the present situation.

Despite our efforts to contrary, we shall probably not be able to prevent Iranians from continuing their line that present Iranian oil question represents struggle between US and USSR.¹

Sent Department 954, repeated London 126.

Department pass Moscow 111.

ALLEN

¹Telegram 611, October 7, to Tehran, reported that in discussions with the Iranian Minister on October 6, the Department "confirmed that US had refrained from seeking concession and added we were still not interested." (891.6363/10-347) In telegram 976, October 8, the Embassy in Tehran reported that the Propaganda Director "attempted in second radio speech to correct impression he had previously given that US was competing with USSR for Iran oil concession. He told radio audience in second speech that US had requested no oil concession or agreement of any kind in northern Iran or any other part of country since Qavam took office 19 months ago. He added that this disinterestedness by Americans was in fact regretted by all Iranians who admired the progressive and serious-minded American people." (891.6363/10-847)

Editorial Note

Ambassador Allen and Iranian Minister of War Mahmoud Djam signed an agreement at Tehran on October 6, which renewed the engagement of the United States Military Mission with the Iranian Army (telegram 966, October 6, 4 p.m., from Tehran, 891.20 Missions/10-647). The agreement was to continue in force until March 20, 1949. If Iran desired that the services of the Mission be extended beyond that date, it was to make a written proposal to that effect prior to September 21, 1948. The United States, on its part, agreed to act on such proposal prior to December 21, 1948. For the text of the agreement, see Department of State, Treaties and Other International Acts Series 1666; or 61 Stat. (3) 3306.

761.91/10-847 :Telegram

The Acting Secretary of State to the Embassy in Iran

SECRET

WASHINGTON, October 8, 1947—1 p.m.

614. On instruction his Govt Iranian Minister Oct 6 delivered message saying Russians had concentrated troops along Azerbaijan and Khorasan frontiers. Added active artillery fire heard and air activity also noted. Minister asked our views re course Iran might follow.
Informally and as simply expression of opinion but not as advice, we said it would seem best for Iranian Govt to maintain complete outward calm this regard and refrain from public or private protest which would alarm Iranian people and encourage Russians in what seemed to be war of nerves. We pointed out Soviets had right to shift troops as they saw fit within own territories. Protest by Iran against activities within USSR might be used as precedent for USSR intervention in internal Iranian matters.

Minister said he agreed this viewpoint.

Sent Tehran as Dept’s no. [614]; rptd London as Dept’s no. [4338] and Moscow as Dept’s no. [1821].

LOVETT

891.6363/10–1147 : Telegram

The Ambassador in Iran (Allen) to the Secretary of State

SECRET

URGENT

Tehran, October 11, 1947—11 p.m.

992. Prime Minister Qavam informed me this morning that he plans to submit report on Soviet oil question to Majlis on October 19 in secret session. He said he would not propose any action for Majlis to take, leaving decision fully in Majlis hands.

He added in strictest confidence that his plan was for question to be referred by Majlis to appropriate standing committee and he read me suggested resolution which he himself had drafted but which he said would eventually come out of the committee as if at committee’s own initiative. The resolution, if enacted, would call on Iranian Government to conduct oil explorations for five years through experts employed by Iran to determine whether oil existed. [It also?] provided for formation of mixed Soviet-Iranian company, 51 percent of shares to be Iranian, to exploit any oil found in commercial quantities. Qavam said he knew such arrangement would be unsatisfactory to Soviets but it would put Iran in better light in world opinion and might avoid drastic Soviet action. He emphasized that resolution would appear to be inspired solely by Majlis and not on Government initiative.

I said I was aware he was faced with difficult job in drafting resolution to steer through middle ground. As regards his statement, however, that his proposal was certain to be rejected by Soviets, I expressed view that it would be perhaps even more objectionable to Iranian public which appeared at present to be 95 percent opposed to any mixed Soviet-Iranian company. I predicted that major objection would be raised to his proposal on ground that it would create
one further moral obligation on Iran to make some kind of oil agreement with USSR eventually.

Qavam said he did not envisage that draft resolution would ever be enacted by Majlis and was merely device to drag question out indefinitely and avoid outright refusal of Soviet request for oil agreement.

As regards Qavam’s intention to present report in secret session, I said I thought it would be better to present it in open session, since Soviets would always claim inadequate fulfillment of his undertaking to present their proposals to Majlis. Qavam said he personally agreed with me fully but that members of Majlis preferred that report be made in secret session. After our discussion he indicated intention of going into this question further with Majlis members.

I hope Qavam will adhere to his plan of making report on October 19 and that this phase of question will at least be out of way. As regards his proposed solution and his intention to drag question out indefinitely, I suspect that his hand will soon be forced by Shah, Majlis, or public opinion. I consider his solution very bad one and gave him no possible basis for claiming that he has obtained my concurrence.

Sent Department 992. Pass to London 136 and Moscow 120.

Allen

891.6363/10-1347: Telegram

The Ambassador in Iran (Allen) to the Secretary of State

SECRET

TEHRAN, October 13, 1947—3 p. m.

1001. Embassy will continue to do everything possible to correct reports by American newsman and others (Deptel 623, October 9) that Iranian opposition to Soviet oil proposals is due to direct US prompting. We are repeating continually to Iranian officials and local press that decision regarding oil is entirely for Iran to make, our only concern being that Iran should be free to make it without menaces or threats of aggression.

I have talked with Currivan since receiving Deptel 623, and have emphasized again our position. However as regards his despatch under reference I should point out that he was reporting entirely honestly when he said Iran’s stand was attributable to US support. In view of uncertain British position Iranians would most certainly have given in to Soviet pressure if it had not been for American attitude.

As regards prompting, Iranian Embassy in Washington is probably not aware that Iranian Government itself has been largely responsible

1 Not printed.
for propagating point of view which Currivan merely reported. Qavam’s propaganda director in important radio speech (Embtel 954, October 3) implied that both US and USSR were contestants for Iranian oil and said that desire of Iranians to avoid offending USA was one of principal reasons for their opposition to Soviet proposals. Following my strong complaint he tried to explain or water down his statement (Embtels 981, October 9 and previous) and he has apologized to me twice in person and expressed effusive regrets at our displeasure at his improper references to American position, but it remains abundantly clear that Qavam and many other Iranians wish Soviets to believe that Iran is acting under direct American advice. Iranians purpose is to direct Soviet ire against US. Qavam would naturally deny any such intention if asked but the facts stand out clearly.

While I have emphasized to Iranians that US does not give them public assurances of our support for their freedom of choice and then secretly tell them what to do, I realize that we are largely playing with words even in this regard. Overcoming the fear of aggression in Iran is the most positive way of influencing Iran’s decision. Nevertheless, I concur fully with Department’s view that we must continue to emphasize that our action is intended merely to support Iran’s freedom to decide. Embassy is also taking every appropriate occasion to emphasize (Deptel 557, September 12) that our policy is carried out through UN.

Allen

\[^{3}\] Not printed.
\[^{4}\] Not printed, but see footnote 1, p. 952.

891.6363/10-2947: Telegram

The Ambassador in Iran (Allen) to the Secretary of State

CONFIDENTIAL

TEHRAN, October 23, 1947—noon.

1031. Majlis of Iran has refused Soviet oil proposals. After 18 months of delays and uncertainty the decision came with dramatic suddenness last night when Chamber voted 102 to 2 that the letters signed by Prime Minister Qavam and Soviet Ambassador Sadchikoff on April 4, 1946 made null and void.\(^{1}\)

Prime Minister Qavam made last minute effort to delay final vote but the determination of deputies to take immediate action was irresistible. Qavam opened session with full report regarding Soviet petroleum demands beginning with his visit to Moscow in January 1946.

\(^{1}\) The text of the legislation enacted by the Majlis on October 22 was transmitted by the Embassy in Tehran in despatch 539, October 29 (891.6363/10-2947).
After the report which required more than two hours to present leading member of Qavam's party and chairman of Foreign Affairs Committee Dr. Reza Shaffaq proposed immediate passage of a law declaring the April 4 agreement null and void, providing for petroleum exploration to be carried out by Iranian Government during next five years and stating that if existence of petroleum in commercial quantities is proved the Government may enter into negotiations for sale of petroleum to Soviet Union.

Qavam then made final plea against hasty action. He said that if Chamber wished to reject exchange of letters of April 4, it should do so in manner which would not close door against further negotiations with USSR. For this reason he objected to Shaffaq's request that his bill be considered under double priority which would permit its being voted on immediately without reference to Standing Committee. After brief debate the speaker put the question of priority to voice vote which carried by large majority. Promptly thereafter the Shaffaq proposal was put to secret ballot. One blank ballot was cast and one abstention which accounts for the two votes counted against proposal. It is not known what deputies cast these ballots.

Definite action by Majlis on this most controversial and difficult problem is highly gratifying. It remains to be seen what form Soviet reaction will take. Secondary question is effect which vote will have on present Government. I have just returned from presenting Congressmen Bolton and Merrow to Qavam and found him evidently relieved and pleased that the question had advanced thus far. Any uneasiness he may have regarding either Soviet reaction or his own future was well disguised.

Sent Department; Department pass Moscow as 122, repeated London 137.

Allen

891.6263/10–2347: Telegram

The Ambassador in Iran (Allen) to the Secretary of State

Confidential

Tehran, October 23, 1947—4 p. m.

1035. Events leading up to definitive rejection last night of Russian oil proposals were as follows: Majlis formed quorum Tuesday a. m. October 21 long enough to transact routine business but recessed without hearing Prime Minister's report on oil question since no agreement could be reached between majority and minority on how question should be handled. Minority refused to maintain quorum to hear re-
port unless prior agreement was reached on steps to be taken following report.

After recessing deputies gathered in secret meeting in Majlis building in further attempt break deadlock before afternoon session scheduled for 4 p.m. Qavam’s supporters again attempted to persuade minority to maintain quorum to allow Qavam to present report and Absanjani, majority deputy from Qavam’s home district of Lahijan proposed that bill following points be passed immediately after reading of Qavam’s report:

1. Majlis appreciation would be expressed for Qavam’s efforts to maintain good relations with Soviet Union.
2. Qavam-Sadchikoff agreement on oil (April 4, 1946) would be declared invalid.
3. Iran Government would be instructed to employ engineers (presumably of Swedish, Dutch or other small country nationality) to conduct 5-year oil survey in northern Iran. Oil deposits discovered would be made available for exploitation by stock company composed of 51 percent Iranian and 49 percent Soviet shares.
4. British oil concession in south would be renegotiated to obtain better terms for Iran.
5. Action would be taken to reassert Iranian sovereignty over Bahrein and cancel existing oil concession there.

Minority refused compromise based on foregoing five-point program on grounds that first point in effect absolved Qavam of having illegally negotiated with Soviets on oil in contravention law forbidding such negotiation. Minority insisted that question of Qavam’s guilt was subject for action by competent court rather than Majlis. Agreement could [not?] be reached and meeting was terminated suddenly when unidentified minority deputy shouted that American Ambassador had just returned to Tehran from Turkey and had gone direct from airport to Qavam’s house for important conference. Story immediately spread and was everywhere accepted as correct. Local AP correspondent who telephoned to confirm story was given unequivocal statement that I had not seen Qavam and did not intend to ask for appointment in near future, but denial was too late to have much effect. Wednesday morning’s papers carried elaborated version in which my alleged conference with Qavam was reported to have lasted until 11 p.m. and that attempted reconciliation at Tuesday afternoon meeting had failed because Qavam at my insistence had telephoned his supporters in meeting that Amer Government opposed mention of Bahrein petroleum in five-point program.

Local press on Wednesday morning printed an amended text of five-point program which it was claimed would be introduced into
Majlis in session scheduled for that day. Amended version contained following significant changes:

1. Majlis would not express appreciation for Qavam’s actions. On contrary it would clearly brand his letter of April 4 to Sadchikoff as contrary to law and invalid.
2. Oil discovered during 5-year exploration period would merely be offered for sale to Soviet Union.
3. Granting of any further oil concessions to foreigners and even preparation of agreements for joint stock companies with foreigners for exploiting Iran oil would be definitely forbidden.
4. Government would be called on to take steps to right wrongs done to Iran people in connection subsoil resources especially in southern oil fields. Bahrein was not mentioned.¹

While foregoing report was fairly accurate statement of compromise finally reached, it was apparent that agreement had not been reached when deputies gathered Wednesday morning. Session was again postponed until that evening and met finally at 6:30 p.m. October 22 with results described Embassy’s telegram 1031, October 23.

[Here follows a paragraph discussing an interpellation of the Qavam Government by a pro-Soviet Deputy in the Majlis.]

Sent Department; repeated London 138. Department pass to Moscow 123.

Allen

¹ In telegram 1038, October 25, Ambassador Allen advised that he had “not yet learned the details regarding elimination of the provision demanding Iranian sovereignty over Bahrein and cancellation of American concession there, which was in the original formula as drafted by a member of Qavam’s party. Certainly I did not request its elimination as is widely believed here. It was undoubtedly included originally along with a provision for canceling the AIOC concession, partly to give appearance of neutrality between USSR and the western powers and partly in earnest, due to nationalism which has been aroused during fight against Soviet proposals. Final omission of any reference to Bahrein resulted, I understand, from views expressed by several deputies during secret debate. We have frequently emphasized to Iran officials that American people were opposed to any aggressive designs, whether by USSR against Azer or by Iran against Kuwait and Bahrein and influential deputies were wise enough not to become vulnerable on this point.” (891.6363/10-2547)
but who supports fully Iranian efforts to recover sovereignty over Bahrein, says he feels that Iranian rights to Bahrein are indisputable and that in simple justice its restoration to Iran should be assisted by nations like US which have supported Iran's sovereign rights so strongly in other respects. He thinks energetic Iranian action would be in America's own interests because it would show USSR that Iran was equally determined to protect its national interests in all directions and might thereby avoid Soviet aggression against Iran over refusal of Soviet oil demands. This would consequently avoid situation which might lead to world war III.

I told him I could not concur in Iranian claims to sovereignty over Bahrein on any grounds whatsoever, adding that I thought it would be cardinal mistake for Iran even to raise the question. I pointed out that Bahrein was neither geographically, economically, ethnologically nor even historically a proper part of Iran and that any neutral person would view question in same light. I said any attempt by Iran to extend its control to Bahrein would be regarded by world as aggression and that Iran, which itself had appealed to UN for support against aggression, should be most careful not be [to ?] become vulnerable to accusations on the same score. As regards his historic claims, I said Iran had more recent claim to Baku than Bahrein, and asked whether he proposed to lay claim to Afghanistan and India conquered 200 years ago by Nadr Shah, the last effective Iranian ruler over Bahrein. Historical argument might find Iran on losing side, vis-à-vis Russians who had been in occupation of various parts of Iranian territory from Peter the Great to 1946. I reminded him that numerous Iranian spokesman had recently shown great enthusiasm over British evacuation of India because the people who lived in India were Indians not British and asked whether Iran could justify its domination of the Arabs of Bahrein. I emphasized that I spoke as a friend of Iran anxious to help Iranians avoid losing much sympathy not only in the US but the world.

Salman Assadi, leading Qavam supporter, called I suspect at Qavam's suggestion, to express views similar to those of Massoudi. He said Iran might request UN to appoint commission to examine Bahrein question and said he felt confident Baku [sic] would support Iran's case. He added that Iran would naturally assure US in advance that existing petroleum concessions in Bahrein would be respected. He said recovery of Bahrein would give Iranian people tremendous lift they needed, apparently to overcome their present inferiority complex, and would be first important step toward rebirth of nation. He referred to British admission of Iranian sovereignty over Bahrein in
1876 (Embassy’s despatch 49, dated June 11, 1946) and said Iranian action regarding Bahrein would be directed against Britain and not US.

I repeated views already expressed to Massoudi, adding view that Iranian efforts to recover Bahrein would be directed more against local Arab inhabitants than anyone else, that all Arab states would certainly carry fight in UN against Iran’s claims and that I did not believe Iran would find single supporter in UN. As regards so-called British acknowledgement of Iranian sovereignty over Bahrein, I said I had read the document and did not consider it conclusive in any way.

We will hear good deal of talk about Bahrein and newspaper this morning reports that a bill is already being prepared on the subject. I do not think however that we need to pay any great attention to it. Although all Iranians from Shah down would like exceedingly to regain Bahrein and are most eager to obtain some encouragement from US I do not believe many of them expect to succeed in bringing the island under Iranian control. Their chief purpose in raising question is to give appearance of neutrality as between USSR and West.

Sent Department 1044, repeated London 140, Jidda 40.

Department pass to Moscow 125.

ALLEN

1 Not printed.

---

891.24/10-3047: Telegram

The Ambassador in Iran (Allen) to the Secretary of State

SECRET

TEHRAN, October 30, 1947—noon.

MOST IMMEDIATE

1056. Qavam’s request conveyed to me through Deputy Izaz Nikpey since Qavam is confined to bed, was supported by statement that Iran having categorically refused Soviet oil request had now definitely aligned itself with democratic powers against totalitarian bloc and had placed itself in same category as Greece and Turkey. He pointed out that Iran was conspicuously open to Soviet aggression and that there was, therefore, no longer any reason for US to hesitate to aid in strengthening Iran’s defenses or for Iran to hesitate to receive our aid. In fact he saw every reason in our own and Iran’s mutual interest for our doing so. He emphasized urgency of matter and stressed determination of Iran to resist any Soviet aggression with all energy it could.
I pointed out limitations under present US legislation, which might make it difficult for us to accord more favorable terms than those already accorded. I agreed, however, to report request to Department and ask for urgent reply.

While I am fully aware of many complications involved in this matter, I strongly recommend that we take this occasion, following Iran's clear action in resisting Soviet pressure on oil to show that we support nations which take resolute action to defend their own independence. Iran has now definitely aligned itself on side of free nations. Our failure to make any response would be interpreted as leaving Iran to suffer consequences alone and would discourage not only Iran but others similarly situated. I consider it highly important for us to do something quickly.1

Principal difficulty Qavam faces in obtaining Majlis' approval for arms credit is our requirements that repayments be made in dollars especially when so much more favorable terms have been accorded Turkey and when Iranians feel that Iran and Turkey are now in analogous situations with Iran even more likely than Turkey (in their opinion) to be attacked.

I do not recommend that Department seek special legislation to accord Iran $25 millions worth of military supplies free (although Congressman Merrow said when here several days ago that he would be inclined to take initiative himself in Congress to request $50 million gift to Iran for this purpose). I consider it preferable for Iran to show its clear desire for our help through a request for loan ratified by Majlis. At same time I urge that I be authorized to inform Iran Government that we will not require repayment in dollars. I hope we can do so under our present legislation. There are good grounds for Majlis deputies to question wisdom of incurring large obligation for arms purchases repayable in dollars since such payment would diminish civilian goods Iran can purchase from US for industry, public welfare, et cetera. I suggest that we assure Iran that Iranian currency will be accepted in repayment of credit and that currency will be used by US for purposes such as that of the Fulbright Act, acquisition of property, strategic materials, et cetera.

Earliest feasible reply desirable, for greatest effectiveness generous terms than those contained in agreement signed in Washington June

1 In a letter of October 8 to Mr. Henderson, Ambassador Allen stated, in part: "Perhaps I am too close to the scene here to judge the over-all situation properly, but it seems to me, and to all the other responsible American officials here, that Persia, even more than Turkey, should be the keystone in any effort to construct a barrier against a Soviet aggression in the Middle East."  (891.001 Pahlavi/10-847)
29 [20] regarding military credit. He would like for Iran to be given $25 million worth of supplies outright, in terms similar to those accorded Turkey. If this is not feasible, he urges that we at least allow them to repay in local currency.

**Allen**

891.6363/12-847

*The Iranian Prime Minister (Qavam) to the Ambassador of the Soviet Union in Iran (Sadohikov)*

[No. 15531] **Tehran, November 5, 1947.**

Mr. Ambassador: I have the honor to bring to the attention of Your Excellency the following:

As I declared and promised to Your Excellency in letter No. 4,500 of 20 Shahrivar, 1326, (1)* the question of the creation of a joint Irano-Soviet Petroleum Company was placed before the Majlis in its session of 29 Mehr, 1326, (2)† and the Majlis, by passing a single article law, declared that agreement to be null and void, inasmuch as the agreement of 15 Farvardin, 1325, (3)‡ was not in accordance with the law of December 2, 1944. (4)§

Moreover, in the single article above mentioned the Majlis forbade the granting of any concession to foreigners for the extraction of petroleum or its derivatives in our country as well as the creation of companies of any description whatever for that purpose in which foreigners would participate.

In the same single article the Majlis directed the Imperial Government to take necessary technical and scientific measures for the survey of petroleum bearing regions and, within a period of five years, to establish complete technical and scientific maps of the petroleum regions of the country so that information concerning the existence of sufficient quantities of petroleum having been obtained, the Majlis might take legislative action setting forth the procedure for the commercial exploitation of petroleum bearing regions. When the existence of petroleum in commercial quantities in the regions of northern Iran shall be definitively determined as a result of the necessary surveys, the Government is authorized to enter into negotiations with the Soviet Government on the subject of the sale of petroleum products, informing the Majlis of the result of these negotiations.

---

*1. September 19, 1947. [Footnote in the original.]
†2. October 22, 1947. [Footnote in the original.]
‡3. April 4, 1946. [Footnote in the original.]
§4. So-called Mossadeq Anti-Concession Law. [Footnote in the original.]
I avail myself of the opportunity of begging you to accept the assurance of my high consideration.

Prime Minister Ahmad Qavam

* Ambassador Allen and Prime Minister Qavam, on November 9, discussed relations between the United States and the Soviet Union. In pertinent part, the Ambassador reported to the Department the Prime Minister's statement that the "present war of nerves was worse for Iran than actual hostilities would be and asked how long it would continue. I said, again emphasizing that I spoke personally, that in my view it would continue indefinitely unless one of two things happened, either Soviet Govt showed more accommodating attitude in world affairs or else committed aggressive acts resulting in war. Since I saw little likelihood of either happening near future, I feared Iran would have to suffer continuance of war of nerves for some time." (telegram 1092, November 10, noon, from Tehran, 891.24/11-1047)

---

891.24/11-1047: Telegram

The Ambassador in Iran (Allen) to the Secretary of State

SECRET

TEHRAN, NOVEMBER 10, 1947—11 a.m.

URGENT

1091. During long conversation with Prime Minister yesterday concerning military credit, Qavam said there was opposition to credit in Majlis due to three reasons:

1. He said some deputies hesitate to strengthen Iran Army at present due to their distrust of Chief of Staff Razmara and to their fear that he might use army to establish military dictatorship.

2. Other deputies believe ratification by Majlis of US arms credit immediately after Majlis refusal of Soviet oil concession might further antagonize USSR and feel that in absence of definite guarantee of prompt US military support in case of hostilities with USSR it would not be prudent for Iran to give further grounds for Soviet belief that Iran had become base of operations by US directed against USSR.

3. Other deputies believe Iran cannot afford to devote large sum to armaments especially in foreign exchange when imports from America for economic and social development are so much needed.

I asked Qavam to tell me frankly what he wanted of US in this matter. He answered as frankly that he would like for US to furnish Iran the $25 million worth of arms without requesting repayment. I said I would be glad to transmit his request but wished him first to consider all the factors and consequences. His request, if granted, would require a special act of Congress. To justify such an act, President Truman would undoubtedly have to inform Congress that Iran, since refusal of Soviet oil proposals, had now come into an analogous position to Greece and Turkey. Did his Government want us to say that with the consequences it entailed? I added that the Shah had indicated to visiting American Senators recently that in his view,
purpose of Iran and US would best be served by carrying out present arms credit arrangement with such liberalization as regards prices and repayment provision as might be possible without special US legislation.

Qavam commented in passing that decision whether Iran should ask US to consider Iran in category of Greece and Turkey was primary responsibility of the Government rather than Shah. He said Government would consider matter promptly. Meanwhile he wished we could extend Iranian army priority for two months from present expiration date of November 17.\(^1\) He felt confident situation would have clarified in that time.

I said that while we in Tehran could understand and appreciate Iran's difficulties many officials in Washington would think Iran should state specifically whether it wanted our aid or not, since many other nations were clamoring for it. Qavam appealed to me to make Iran's position clear to Washington and hoped the difficulties he faced would be understood there as well as here. He asked incidentally whether Iran Government would have to request our aid in writing and whether the Greek and Turk Governments had had to do so. I said I presumed they had and that I myself would recommend this requirement in case of Iran and every other nation. I said that while Iran admittedly was in an especially difficult position, I thought it was a problem which his and every other government seeking our aid would have to face squarely.

I recommend that Qavam's request for two months extension of priority be granted.

As regards his request for gift of equipment, I presume Department will not wish to initiate action in this regard until further word is received from Iran Government. I should point out however that practically all members of Congress who have visited Iran this year have expressed belief that Iran is in same strategic category as Greece and Turkey and should be treated as such if Iran Government requests it and if President recommends it to Congress. Some of them notably Congressman Merrow have even seemed inclined to think that action should be initiated in Congress.

I am aware that there is some disposition in US War Dept to consider that our limited supplies can be utilized better in other countries than in effort to strengthen Iran Army. However, US military advisors here, Generals Grow and Schwarzkopf and Colonel Saxton, are unanimously of the view that relatively small sum for Iran would be most highly beneficial to American strategic interests at this time in enabling Iran forces to maintain in Tehran security thereby render-

\(^1\) The actual expiration date was November 26, 1947.
ing Soviet intervention less likely and in enabling Iranians to carry out as effective delaying action as possible if aggression does occur. General Grow is recommending that high level US military delegation come to Iran promptly to consider this aspect of question.
Meanwhile Department's thoughts on question raised in this tele- gram will be welcome.

Allen

891.51/11-1847: Telegram

The Ambassador in Iran (Allen) to the Secretary of State

[EXTRACT]

SECRET

TEHRAN, November 18, 1947—2 p. m.

1129. Prime Minister Qavam asked me again yesterday in conference at his request (Embtel 1123, November 17) for free gift of arms. I asked him to state clearly basis for his request in order that there could be no misrepresentation of Iranian Government's position in matter.

It was clear from Qavam's hesitant and roundabout reply, not only that he had not thought out specific grounds for request but that he himself was not enthusiastic about it and was making it primarily because Shah wanted him to. He referred to necessity for careful wording of request to avoid giving Soviets additional cause for hostility and repeated that a good many Iranians themselves were opposed to strengthening Iranian Army under its present leadership.

I said if President Truman should ask Congress for special legislation to grant Iran's request, President would have to be able to state whether Iran considered itself threatened with aggression. Qavam said he was afraid gift of arms by US might actually increase rather than reduce that threat. He added, however, in strictest confidence that he himself was primarily afraid of Iranian Army.

I said that before Embassy could take further action Iranian Government would have to decide what it wanted. I assured him that US was not pressing its arms on Iran and that if Iran declined them, we would still be friends.

I then said I had been thinking matter over a good deal and had come to personal conclusion that if Iran wanted arms from US, first step was for him to present our existing credit offer to Majlis for ratification as it stands, bringing subject out in open for full debate. I thought he could obtain ratification if he tried genuinely to do so. He could assure Majlis that since Iran must have an army he wished to

---

1 Not printed.
obtain best equipment with money available; that Government had examined matter closely and found US offer only feasible means of obtaining arms vitally needed, with prices averaging 10% of cost; that matter was entirely commercial proposition, with no strings attached and involving no foreign domination; and that if any Majlis member could suggest better bargain Government would welcome it. Otherwise any vote against proposal would be direct vote against Iranian Army and the dignity and perhaps independence of Iran. I thought he should make question one of confidence and let his Government stand or fall by results.

I said foregoing would have advantage of following democratic process and could do more than anything else to heal breach in Iran between civil and military authorities. Qavam seemed impressed with idea although he referred to risk either that proposal might fail in Majlis or that, if it succeeded, army might use added strength improperly. I admitted risk involved but thought he might succeed in gaining confidence and support of Shah and army by this forthright move. Qavam said he would discuss subject in cabinet and talk with me further.

I should add that most American military advisers here consider strategic position of Iran is so important to US that we should furnish essential military supplies to Iran free, in our own interest and regardless of any possible disposition of some Iranian politicians to question our motives. These advisors are disposed to regard request of Shah and Qavam for gift of arms as sufficient basis for Embassy’s referring request to Washington with favorable recommendations and without further delay. They think likelihood of pending arms credit being defeated in Majlis because of extraneous considerations such as opposition to Qavam, latter’s own lukewarmness, British influence, et cetera, is too great for US to take this risk in view of direct strategic American interest in strengthening this area.

I admit force of their argument. However, under present conditions I am unwilling to recommend that Department initiate any direct aid to Iran program as long as there is possibility that it might backfire. Our own interests, strategic as well as political, might be more harmed than helped by any substantial expression of opinion in Iran that we were forcing our arms on country. Open discussion of present arms credit in Majlis is best method of ascertaining extent of such opinion.

Allen
CONFIDENTIAL

WASHINGTON, November 18, 1947—6 p. m.

725. Ur tel 1093 Nov 10.¹ Reported Brit influence against Majlis approval proposed arms credit disturbing to Dept. While we agree with your consistent explanation to Iranian officials that US has no desire force arms credit on Iran, we feel decision in this as in other matters should be made independently by Iran free from foreign pressure.

We understand here that Brit policy generally favors US aid to Iran and that close agreement exists re mutuality US–UK interests throughout Middle East. If some Brit officials in Iran oppose US aid to Iran, it would appear that they fail to appreciate overall policy their own Govt. It is suggested, therefore, that you discuss such matters as mentioned in ref tel frankly with Brit Amb who may not be aware of situation. Dept believes it preferable obviate difficulties wherever they arise in field rather than in London since latter might tend exaggerate importance out of proper proportion.

Please keep Dept advised facts which might be established there.

Sent Tehran, rptd London 4889.

LOVETT

¹ Not printed.

891.6363/12–847

The Ambassador of the Soviet Union in Iran (Sadchikov) to the Iranian Prime Minister (Qavam)²

TEHRAN, November 20, 1947.

I have informed the Soviet Government of your letter of November 5, of this year, declaring that the Majlis had decided to consider as null and void the agreement for the creation of the joint Irano-Soviet petroleum society concluded between Iran and the U.S.S.R. on April 4, 1946. Your letter contains an erroneous reference to the law of December 2, 1944, on the subject of concessions, for, as it is known, the joint Irano-Soviet petroleum company for northern Iran is not a concession but a joint Irano-Soviet enterprise.

The Soviet Government instructs me to bring the following to the attention of the Government of Iran:

In the agreement between the Governments of Iran and the U.S.S.R.,

² Copy transmitted to the Department by Tehran in despatch 561, December 8.
signed April 4, 1946, by Prime Minister Qavam of Iran in the name of Iran and by Ambassador Satchikoff in the name of the Soviet Union, the Iranian Government manifested its consent to the creation of a joint Irano-Soviet petroleum company for the prospection of petroleum-bearing regions in northern Iran.

The acquiescence of the Iranian Government in the creation of the aforesaid company was also confirmed by His Majesty the Shah of Iran in a special declaration made to Ambassador Satchikoff April 8, 1946.

The agreement of April 4, 1946, stipulated that “a treaty for the organization of the above-mentioned Irano-Soviet petroleum company which shall be concluded later on the basis of the terms of the present letter will be submitted for ratification when the newly elected Majlis of Iran shall begin its legislative activity and in any case not later than seven months from March 24, of this year”. That is to say, not later than October 24, 1946. Thus the aforementioned agreement contains a direct engagement of the Iranian Government to submit to the Majlis within a definite period the treaty for the creation of a joint Irano-Soviet oil company.

This agreement was violated by the Government of Iran, for the Government of Iran refused to conclude the treaty for the creation of a joint Irano-Soviet oil company in spite of the fact that the conclusion of this treaty was provided for by the aforementioned agreement.

Another violation of the engagement assumed by the Iranian Government consisted in the fact that the question of the Irano-Soviet petroleum society was studied by the Majlis one year after the expiration of the period fixed by the Irano-Soviet agreement of April 4, 1946.

The third violation of the aforementioned agreement was that the Iranian Government not only has not submitted for ratification by the Majlis the treaty on the creation of the joint Irano-Soviet petroleum company as provided for in the agreement but has even pronounced itself to the Majlis against the conclusion of such a treaty. In so doing the Iranian Government has treacherously violated its undertaking.

The Soviet Government, moreover, cannot ignore the fact that the decision of the Majlis in nullifying the agreement for the creation of the joint Irano-Soviet petroleum company for Northern Iran at the same time that the British petroleum concession in the South is maintained, represents an act of categoric discrimination against the U.S.S.R.
In view of the foregoing the Soviet Government declares that the inimical attitude of the Iranian Government toward the Soviet Union is incompatible with normal relations between the two countries and that the Iranian Government will be responsible for the consequences. I beg you to accept, etc.²

2 Telegram 3249, November 21, from Moscow, reported that on that day the Soviet press carried a Tass communiqué containing the texts of the recently exchanged Soviet-Iranian letters (891.6363/11-2147). The text of the Soviet Ambassador's letter was conveyed to the Department in telegram 3258, November 22, from Moscow (891.6363/11-2247).

891.852/11-2047: Telegram

The Ambassador in Iran (Allen) to the Secretary of State

SECRET

TEHRAN, November 20, 1947—10 a. m.

URGENT

1136. Deptel 723, November 18.¹ Prime Minister Qavam expressed keen disappointment yesterday over rejection of Iran ship purchase application. He telephoned again today to urge that this Embassy support the Iranian application, which he said was regarded as of greatest importance by Iranian Government.

While it is difficult for this Embassy to estimate number of ships Iran could advantageously use, a small Iranian Merchant Marine would serve as important auxiliary arm to Iran security forces and, therefore, would be in keeping with our efforts to strengthen Iran's security. Vessels would also be potentially of great importance to Iran in case situation arises in which Iran needs assured means of importing minimum requirements under its own flag. Iran hope they may be able transport in their own ships military supplies to be purchased from US.

I recommend that at least three or four vessels be sold to Iran. It would be tangible evidence of our willingness to assist Iran in the post-war era as promised specifically by President Roosevelt in Declaration Regarding Iran. Our failure to do so would constitute one further discouragement and disappointment as regards fulfillment of those assurances.

Allen

¹ Not printed; the Department noted that steps were being taken by the Iranian Embassy to revise and supplement its application for reconsideration by the Maritime Commission and that the Department would give appropriate support (891.852/11-1347).
Secret

Washington, November 22, 1947—2 p. m.

740. We have completed study possibility complying with recommendation urtel 1056 Oct 30 (Deptel 694 Nov 6) and regret necessary conclusion that proposed arms credit arrangement cannot be amended to permit entire repayment in local currency. National Advisory Council, which has full legislative authority to determine terms of foreign credits, follows consistent policy of limiting local currency repayments to amounts which US Govt can reasonably be expected to spend abroad. Only present prospect of spending substantial rial balances in Iran is for Emb building program already begun and first year Fulbright Program now before Budget Bureau for approval. There is no additional property in Iran which Dept at this time considers appropriate for long-term purchase program. Dept does not know availability in Iran of strategic materials in list being forwarded for your comment. Fulbright Act will cover only exchange of persons for educational activities and incidental administrative expenses. Furthermore, Fulbright Act provides that local currencies expendable under Act can be accumulated only from sale surplus property located outside US. Only minor portion of items in scheduled arms purchase program are located abroad. Therefore, considering limitations upon both accumulation and expenditure local currencies, we are confronted with practical impossibility acceding to Qavam’s request.

We agree fully with your recommendation that we should support nations such as Iran which resolutely stand up for their own independence and we are exploring every possibility of demonstrating that attitude. With regard arms purchase program, however, most favorable arrangement presently foreseeable is possibility extending grace period and amortization payments now under consideration.

In an attempt give time further consideration by Qavam and Majlis, we expect favorable action from Army on Dept recommendation that present expiration date Iranian priority be extended two months from Nov 26 (urteil 1091 Nov 10).

We are disturbed, however, by certain points made in your recent details as follows:

1. Iran Govt’s inability to pay dollars for arms without weakening of Govt financial structure (urts 1123 Nov 17 par 1 and 1091 Nov 10 par 4). This Govt’s offer of arms credit was conceived only as one

---

1 Not printed.
2 The Secretary of the Army agreed to the Department of State’s request in a letter to Mr. Jernegan on November 21 (891.51/11–2147). Telegram 740 was drafted on November 20.
aspect of policy to assist Iran to present united front against foreign aggression. We do not advocate any action which, while possibly strengthening Iran armed forces, might strain national economy and consequently result in net weakening Iran Govt. Furthermore, as you have explained in past to Iran officials, US Govt does not wish to force arms credit on Iran nor does it wish to advocate any procedure by which reluctant approval of arms credit by Majlis might be obtained. We would particularly regret development of this issue into test of Cabinet strength.

2. Qavam's hesitation to support arms program because of fear of strengthened army under present leadership (urteil 1129 Nov 18 par 3 and 7 and 1091 Nov 10 par 2).

3. Vacillation of Shah concerning form in which assistance should be rendered by US (urteil 1072 Nov 5 par 4; 1128 Nov 17 4 par 1; 1129 Nov 18 par 7).

4. Use of arms credit issue by Shah as basis for determining extent of his support of Qavam (urteil 1101 Nov 12 4 and 1129 Nov 18 par 7).

With regard to Point 4, we would welcome your considered opinion regarding possibility that arms credit issue is being used by either side in Shah-Qavam struggle as political football rather than as part of program to unify and preserve internal security of nation. We would also be interested in Emb views, and if possible those of Etbehaj concerning Iran's actual ability to utilize credit if approved by Majlis, bearing in mind necessity for advance payment of packing and shipping charges which may total twenty-five million dollars.

LOVETT

*Not printed; it reported on the audience of the members of the Subcommittee of the Senate Appropriations Committee with the Shah. Paragraph 4 read as follows: "Although several of the Senators declared themselves prepared to support or even sponsor legislation at special session to place Iran on same footing as Greece and Turkey if Iran so desired, Shah (somewhat to their surprise) did not regard this as necessary or even advisable. He did not specify his reasons for this; I am aware that while he himself is prepared for Iran to declare itself openly on the side of the western powers and thinks Iran has in fact gone far in this direction by rejecting the Soviet oil proposals, he is conscious of the fact that many Iranians are still reluctant to abandon country's historic policy of neutrality as between great power blocs." (033.1100/11-547)

*Not printed.

891.6363/12-847

The Iranian Prime Minister (Qavam) to the Ambassador of the Soviet Union in Iran (Sadchikov) 1


Acknowledging receipt of your letter of November 20, 1947 I beg you to communicate the following considerations to the Soviet Government:

I. When you declare that my reference in letter number 15531 of 13

2 Copy transmitted to the Department by Tehran in despatch 561, December 8.
Aban 1326 (1) † to the law of 11 Azar 1323 (2) † relative to the prohibition against granting concessions is not founded, it must be recalled first: the question of concessions was not taken up at all in our conversations, because in accordance with Article I of the law above-mentioned, it is made clear that any negotiation concerning the granting of concessions is absolutely forbidden to the Government under penalty of sanctions; and second: the Government believed that in conformity with Article II of the law above-mentioned it was authorized to enter in conversations looking toward the creation of a company for the extraction and sale of petroleum and to bring the results of such conversations to the attention of the Majlis. However, the Majlis, which alone is competent to interpret laws, declared that the point of view of the Government was contrary to the intent of the law above-mentioned and for that reason it (the Majlis) would not approve the constitution of a mixed Irano-Soviet Company and went no further in the matter.

II. It is evident that my agreement to the creation of an Irano-Soviet petroleum company was contingent upon the approval of the Chamber of Deputies, for in accordance with the constitution of Iran no engagement or treaty can have the force of law as long as it has not been approved by the Majlis and signed by His Imperial Majesty The Shahinshah.

III. In the matter of the delay in presenting to the Parliament the agreement for the constitution of a joint company it goes without saying that the officials of the Soviet Government are perfectly aware that the causes of this delay were beyond the power of the Iranian Government.

It is incontestable that elections cannot be carried on in a country without security and tranquility, and Soviet Government realizes that the Government of Iran could not begin elections and subsequently assemble the Majlis in order to submit the report of the petroleum agreement before the return of the situation to normal and the re-establishment of the Government's power in the whole country.

IV. The refusal of the Government to sign the treaty and to submit it to the Majlis, as pointed out in letter number 4500 of 20 Shahrivar 1326, (3) † is based on the law of 11 Azar 1323 (2), † which declares that the Majlis must be notified beforehand of conversations in which the Government participates.

V. The allegation of the Soviet Government that the Iranian Government, instead of submitting to the Majlis the agreement for the constitution of a company, pronounced itself against the creation of

---

*(1) November 5, 1947 [Footnote in the original.]
†(2) December 2, 1944 (the so-called Mossadeq Law) [Footnote in the original.]
‡(3) September 19, 1947 [Footnote in the original.]
such a company is a cause of astonishment and regret, for, in conformity with the promise given, in my report of 29 Mehr 1326 (4) § I submitted the petroleum agreement in question accompanied by a draft law concerned with the agreement proposed by the Soviet Government.

Moreover I believed it my duty to make the necessary recommendations to the Deputies and to remind them that they should make decisions in this matter only after study and reflection. However, in spite of these specific recommendations the Majlis did not proceed with the agreement, but adopted another plan for the extraction and exploitation of petroleum in the North, which plan is mentioned in the single article law of 29 Mehr (4) § the substance of which was brought to the attention of the Soviet Embassy in the letter of 13 Aban 1326. (5) ¶

Consequently at the same time that I protest against the declaration against [by?] the Soviet Government relative to my infidelity to my undertaking; I state that, for my part, I have in no way broken my promise but on the contrary I have acted frankly and straightforwardly in accomplishing my given word.

VI. The Iranian Government is not in agreement with the point of view of the Soviet Government when the latter declares that the nonrealization of the agreement on the creation of an Irano-Soviet Company is a flagrant discrimination against the USSR, in view of the existence of the Anglo-Iranian petroleum concession in the South; for the southern petroleum concession has existed for a considerable time, whereas the decision of the Majlis concerning the agreement of 15 Farvardin 1325 (6) ¶ is based upon a law voted 11 Azar 1323 (2) ‡ that the Government is responsible for executing. The best proof of the non-existence of discrimination against the Soviet Union is the law of 29 Mehr 1326 (4), § which prohibits the participation of all strangers and foreign companies in the extraction of petroleum in the North of Iran but which, however, authorized the Iranian Government to enter into conversations with the Soviet Government for the sale of petroleum products in the event that, after technical investigation, it becomes established that petroleum in sufficient commercial quantities exists in the northern regions of Iran.

This special provision is a proof of the friendly attitude of the Iranian Majlis and Government towards the neighboring government, which, in fact, should appreciate such a decision.

† (2) December 2, 1944 (the so-called Mossadeq Law) [Footnote in the original.]
§(4) October 22, 1947 [Footnote in the original.]
¶(5) November 5, 1947 [Footnote in the original.]
‡(6) April 4, 1946 [Footnote in the original.]
Consequently the Imperial Government of Iran considers the protest of the Soviet Government as without foundation.

Moreover in view of the declarations made by me in my report to the Parliament concerning the sincere desire of the Iranian Government and people to strengthen their long standing friendship with the Soviet Union, it is a source of astonishment and regret to hear of the hostile attitude of the Iranian Government towards the Soviet Government and to be informed that the Iranian Government will be held responsible for its attitude.

I find myself obliged to refute energetically and categorically the following sentences of your letter of November 20; “the Soviet Government declares that the unfriendly attitude of the Iranian Government towards the Soviet Union is incompatible with normal relations between the two countries and that the Government of Iran will be responsible for the consequences thereof”. On the other hand I am certain, as I stated at the end of my report to the Majlis, that the Iranian Government and people follow no discriminatory policy and adopt no unfriendly attitude towards the Government of the Soviet Union, for such a conception is condemned by logic and reason and can not arise in the spirit of any Iranian.

If only the pressure, the provocations and the unjust propaganda (such as the recent broadcasts of Radio Moscow and Radio Baku) came to an end, we could in an atmosphere of peace create reciprocal confidence.

We expect that the Soviet Government, which has sacrificed so much for the independence of peoples and the respect of their rights, will today likewise continue to treat in the same generous manner the friendly and neighboring Government of Iran, so that the unfriendly and sincere relations between the two countries may be increasingly strengthened and reinforced.

Please accept, Mr. Ambassador the assurances of my consideration.

Ahmad Qavam

* In telegram 1162, November 26, from Tehran, Ambassador Allen advised that Prime Minister Qavam had raised a question with him as to whether he should report the situation to the United Nations. The Ambassador’s reply was that “publication of Soviet note of November 20 together with his reply made public yesterday would serve to inform world opinion regarding situation and that no formal communication to UN seemed called for at present.” (761.31/11–2647)

Then, in the next numbered telegram the same day, the Ambassador gave his opinion that the Iranian reply to the Soviet letter contributed little to the battle of words over the oil question. He suggested, however, that the reply was noteworthy, for two reasons: “First, it was prompt, in sharp contrast to reaction of Soviets who had taken month to declare their attitude following Majlis refusal of their oil proposals; and second, it was strongly worded rejection of Soviet protest that Iranians had acted in unfriendly and discriminatory manner toward USSR.” (891.6363/11–2647)
SECRET

TEHRAN, November 28, 1947—9 a. m.

1165. Two days ago Qavam’s closest associate, Izaz Nikpey, Majlis deputy from Isfahan told me at Qavam’s request that Qavam had recently had renewed indication of Shah’s dissatisfaction with him and that Qavam was on point of inviting Shah to dismiss him. In response to Nikpey’s question whether I felt there was any chance of healing breach between Shah and Qavam, I said I thought Qavam had good opportunity to do so by supporting US arms credit in Majlis. I emphasized again that decision on arms question was entirely for Iran to make but that if Government considered credit desirable, I believed Qavam could put it across.

Nikpey called today to say Qavam had decided to support credit in Majlis. Nikpey felt confident it would pass and hoped Qavam’s support of military measure would do much to placate Shah.

I should add that Nikpey who is probably leading pro-British deputy in Majlis assured me that he and his friends in Majlis favored arms credit strongly. This is good indication that reported British opposition to credit (Deptel 725, November 18) is not serious. I am confident that whatever undercover British opposition there may be does not stem from Ambassador and probably comes from Military Attaché Pybus and Air Attaché Hughes.

In view of Deptel 725, I discussed question with British Ambassador yesterday. He said he agreed 100% with my view that matter should be presented to Majlis and full debate encouraged. I did not feel warranted in taxing him directly with alleged British opposition since I could not support accusation and since all evidence I have indicates he is at least neutral. Moreover, I could hardly ask him to advise his Iranian friends to support project since we ourselves are refraining from advising Iranians in matter. Active British interest on behalf of project would probably do more harm than good and such British opposition as there is may do more good than harm.

If Qavam in fact presents credit to Majlis and supports it strongly, he will deserve considerable credit. He knows that his enemies will take advantage of his act to declare that he is an American tool and he strongly objects to being considered tool of anyone. Ironically enough if he supports credit, he will incur this criticism and risk defeat of his Government for sake of army which he distrusts.

Sent Department 1165; repeated London 133.

ALLEN
The Ambassador of the Soviet Union in Iran (Sadchikov) to the
Iranian Prime Minister (Qavam)²

TEHRAN, December 1, 1947.

Upon instructions from the Soviet Government I wish to submit
the following to your attention, in reply to your letter No. 16807 dated
November 23 of the current year:

In the note of the Soviet Government dated November 20 of the
current year, indisputable facts were given concerning the violation
by the Iranian Government of the Agreement of April 4, 1946 for the
formation of a joint Irano-Soviet Oil Company.

The reply of the Iranian Government, which was contained in your
letter of November 23 is not a denial of the facts stated in the note of
the Soviet Government but completely confirms them. An entirely
useless effort has been made in that letter to legalize the violation of the
obligation which the Iranian Government had assumed.

Therefore, according to the above-stated facts, the Soviet Govern-
ment absolutely confirms the text of its note of 20 November of
the current year.

Please accept, etc.²

I. V. SATCHIKOFF

² Copy transmitted to the Department by Tehran in despatch 561, December 8.
³ The Embassy in Tehran commented in telegram 1208, December 6, that the
latest Soviet note “adds nothing new. Coming after ominous closing statement
Sadchikoff’s previous note new message seems anticlimactic and indicates
Sadchikoff still maintains normal relations with Iranian Government contrary
predictions he would be recalled immediately.” (761.91/12–647)

891.00/12–447

Memorandum by the Acting Chief of the Division of Greek, Turkish,
and Iranian Affairs (Jernegan) to the Director of the Office of Near
Eastern and African Affairs (Henderson)


Subject: Desire of the Shah of Iran for Increase of His Constitu-
tional Powers.

There is attached the text of a telegram from the British Foreign
Office to the British Embassy in Tehran ¹ on the above subject. You
will note that the Foreign Office would be glad to learn our views.

When I discussed this subject briefly with you recently, I under-
stood your feeling to be that the matter was a purely internal one for
Iran and that we should not express any view to the Shah or the
Iranian Government. As for the desirability of the Shah acquiring

¹ Undated message not printed.
the power to dissolve the Majlis, which is the particular constitutional revision he seems to have in mind, I recall that you pointed out that such an increase of power might not be a bad thing since strong governments in countries bordering the Soviet Union have generally been better able to resist Soviet domination, e.g., Poland before the war and Turkey today.

Since our conversation, Tom Bromley has pressed us for our views and we in GTI have given considerable thought to the matter. I have concluded that in this, as in other related matters, we should have a clear view of what is desirable and, with that view in mind, decide what to communicate to the Iranian Government, the British Embassy, or our Embassy in Tehran. We do not feel that any increase of the Shah’s constitutional powers is desirable and we think that this view should be communicated, upon request, to the British Embassy for information and to George Allen under instruction.

The subject is not, in fact, as new as it might appear. When Clyde Dunn was in Tehran in May, the Shah deplored the lack of progress in Iran and attributed it to his personal lack of constitutional power. Subsequently the Shah stated his views on the subject in a personal letter to Ambassador Ala who, in turn, during the course of an informal conversation with Mr. Dunn at the Embassy, asked his views on the matter. Mr. Dunn limited his reply to the personal observation that stability seemed to be the greatest need in Iran at the present time in the face of a continuing crisis and that any proposal of constitutional change might well produce serious contention in Tehran and, therefore, just the instability which the Soviet Union would welcome. I understand that Ambassador Ala agreed with Mr. Dunn’s informal position and indicated his intention to state it as his own in replying to the Shah.

As for the desirability of an increase of the Shah’s constitutional power, I recognize that political wrangling in the Majlis among selfish aspirants for power does appear to delay the execution of a program of economic and social reform in Iran; that Iran is a backward country and not fully prepared for democratic processes valued among the western democracies; and that the Shah has, by philanthropic actions, shown signs of interest in the welfare of his people. At the same time, I feel that the Majlis, by its very nature as a public forum of popular leaders, is inherently both a safeguard against concerted Soviet pressure upon any single source of power in Iran and also a factor conducive to sympathetic public opinion in this country; that Iran enjoys the prospect of such development as would make democratic processes more productive; and that the Shah’s record is not one to inspire

---

*First Secretary of the British Embassy.*
confidence in the personal rule which would probably follow the constitutional change he has in mind. . . As for the effectiveness of strong periphery governments in resisting Soviet pressure, it must be recognized that Shah Reza's régime, undermined by popular dissatisfaction and financial instability, collapsed completely in 1941; and, I believe, the strength of Turkey must be attributed fundamentally to a popular nationalism espoused by young leaders in the country rather than the continuing leadership of any one man. We doubt, therefore, that any constitutional change giving the Shah increased authority is either necessary or desirable for the furtherance of economic and social reform in Iran.

As for what we should communicate to others on the subject, I feel that we should indicate to the British Embassy our concurrence with the views expressed in the attached Foreign Office telegram, namely, that the proposed constitutional change would at this time endanger the stability of Iran; and that we should make clear to Ambassador Allen our views as to what is desirable, with the instruction that he communicate our thoughts, if his views are requested by the Shah, along that line.

The more I think of the matter, the more I feel that we would be on safe grounds, not only in our assessment of the situation in Iran, but also in strengthening and maintaining support of American public opinion for our objectives vis-à-vis the Soviet Union in the Middle East, in following the above course.

If you indicate your concurrence, we will tell the British Embassy that we agree in general with the reasoning in the attached Foreign Office telegram and will draft a telegram to George Allen setting forth our views as to what is desirable in the premises with the instruction that he communicate those views to the Shah on appropriate occasion.

JOHN D. JERNEGAN

891.00/12-947

The Acting Chief of the Division of Greek, Turkish, and Iranian Affairs (Jernegan) to the Ambassador in Iran (Allen)

[Extract]

CONFIDENTIAL
INFORMAL—OFFICIAL

WASHINGTON, December 9, 1947.

DEAR GEORGE: I think my letter of December 4 in part answered yours of November 24.¹ about your difficulties in answering queries.

¹ Neither printed.
regarding the alleged difference between our policy towards Iran and our policy towards Greece and Turkey. The essential difference, as you have pointed out to your questioners, is that Iran has never officially requested the type of support we are giving to Greece and Turkey. This, of course, is only a temporary answer, but it ought to be pretty conclusive until the Iranians make up their own minds.

It might be useful to recall, also, that our program of aid to Greece and Turkey was brought about by the critical, urgent necessity of filling a gap left by the British withdrawal. No such situation has come about in Iran.

I think I can say that we in NEA, at least, regard Iran as completely on a par with Greece and Turkey so far as its importance to the United States is concerned. This attitude is, I believe, shared by the Service Departments, and is concurred in by our own high command in the Department. I do not know what Army and Navy think about the relative strategic importance of the Persian Gulf and the Turkish Straits, but my own inclination would be to agree that the oil fields are at least as important as the Straits. The big question is: what can we do about it, and what are the best methods to employ in trying to protect Iran? As I indicated in my last letter, I am far from convinced that Iran’s safety can best be promoted by arraying her unequivocally and irrevocably in the Western camp in opposition to the Soviet Union. If I could think of a way to give real assistance to Iran without automatically forcing her into open opposition to the USSR, I would start pushing it immediately.

As ever,

JACK

891.24/12-947: Telegram

The Chargé in Iran (Somerville) to the Secretary of State

SECRET

TEHRAN, December 9, 1947—2 p.m.

1213. Embassy has discussed with Ebtehaj whether feasible Iran meet condition for arms credit of advance payment possibly totaling dollars 25 millions for packing shipping charges \(^1\) (Deptel 740, November 22).

\(^1\) In telegram 776, December 13, the Department informed the Embassy in Tehran of estimated sales prices of matériel selected by the Purchasing Mission for the Iranian Army, as follows: “sales price equipment for Army $6,400,000 (original cost $40,000,000). Packing and transport to shipside $5,400,000. Repair of equipment not ready for issue $2,060,000. Loading and ocean freight $10,800,000. Total $24,500,000. Payable under credit $3,400,000. Payable in cash $18,250,000.” (891.24/11-2547)
[Here follow details of discussion.]

In Embassy's opinion payment of dollars 25 million could be made without serious adverse economic effects only if British convert sterling in accordance November 6 financial agreement (Embtl 1102, November 13). Ebtehaj considers British would be obligated to convert since Iran would be purchasing goods at low price in US and transport and packing charges should be regarded as part of cost of goods. Present total exchange resources in Banking Department Bank Melli (including sterling available for conversion) are equivalent approximately dollars 72 million and would be reduced to dollars 47 million by dollars 25 million payment. This would not unduly strain Bank's position. Suggest Department refer pp 29–30 Embassy report 195, August 2 for analysis position as of March 21, which rather closely corresponds present position.

On other hand, in absence convertibility sterling payment, this magnitude would be definitely detrimental Iran economy since it would use up nearly all free metallic reserves. Bank Melli in this [these] circumstances would be extremely unlikely to consent to payment.

Re point 4 Deptel 740, any consideration of arms credit has been entirely overshadowed by current Cabinet crisis (Embtl 1211, December 9 and previous) and as far as we are aware, there is no evidence credit is being used as political football or in fact is element of any importance in present political situation.

SOMERVILLE

2 Not printed; it reported that an agreement, initialed at London on September 3 by the Bank Melli Iran and the Bank of England, was subsequently approved by the Iranian and British Governments, to come into operation from November 6. The agreement restored convertibility of pound sterling as of July 15 and additionally provided for convertibility to American accounts for current transactions. This latter was qualified by a clause whereby the Iranian Government would not seek transfers to American accounts except to purchase goods it considered essential to its economy which could not be obtained in equivalent terms respecting price, delivery date, and quality in the sterling area or elsewhere for sterling (891.5151/11-1347).

3 Not printed.

891.00/12-2247: Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

SECRET

LONDON, December 22, 1947—11 a. m.

6579. Asked to call by Pyman Embassy official was told December 18 that on December 17 FonOff telegraphed British Embassy Tehran (repeated Washington) its comments re Qavam explanation of his "anti-British references" in his two speeches (Embassy's 6377, De-
 Embassy official was handed copy this telegram of which full text is being airgrammed but which should now be available from British Embassy Tehran, Washington.

2. In substance FonOff describes Qavam’s statement [not?] “very satisfactory” because they are disparaging to AIOC and liable create impression contrary to facts that substantial modifications in concession are being sought thus stirring up anti-British feeling quite needlessly and in light statements Qavam or some other Prime Minister may well in due course argue that because expectations public opinion he must insist important modifications concession.

3. Re Bahrain telegram states Iranian Government knows very well HMG does not and will not recognize Iranian claim. “In seeking at this moment to raise this dormant question Qavam’s purpose appears to be to appease USSR by attacking HMG”.

4. Telegram continues that HMG does not expect or desire fulsome speeches in praise UK but feels entitled to ask Iranian Government “after all I have done to support Persia’s independence” not stir up anti-British feeling and to refrain from further public statements.

5. In paragraph which according Pyman, was added last moment following Qavam’s resignation 2 Le Rougetel is told to take early opportunity to inform his successor and to express hope successor will not follow Qavam’s example.

6. Telegram contains following paragraph: “I am asking American Embassy London to suggest to State Department that US Ambassador Tehran might speak Qavam about general undesirability of arousing feelings against HMG and in particular to press Iran Government not to raise their claim Bahrein”.

7. Pyman said purpose underlying FonOff telegram was to dissuade so far as possible Iranian Government from short sighted “bogus balance” policy (Embs 6346, December 5, paragraph 2 3). While telegram necessarily deals with interests primarily British there is general question involved which on some future occasion might plague US interests. Consequently Pyman inquired whether USG might be willing instruct Ambassador Allen on some suitable occasion to bring home to Iranian Government in general terms that it does neither Iranian Government nor anyone else any good if Iranian Government takes [makes?] anti-British speeches and if in pursuit of equilibrium policy Iranian Government seeks out grievances to raise with HMG or any other government. Pyman said HMG would be “particularly grateful”

---
2 Not printed.
3 On December 10.
4 Not printed; it stated that “bogus balance” meant “that as soon as Iran gives USSR a kick it must deliver comparable kick to some other power—usually to HMG.” (891.00/12-547)
if USG will try to discourage Iranian Government from raising Bahrein issue.  

8. Embassy official undertook to put question to Department but pointed out that Hekmat had been Prime Minister for scarcely 48 hours and that so far as is known has not formed Cabinet. Pyman said Le Rougetel has complete discretion as to timing and form representations and that he thought there was “no hurry”. He remarked that if USG should decide to instruct Ambassador Allen latter could pick effective moment after Le Rougetel has had his say.

9. Subsequent December 20 press record resignation Hekmat. Pyman’s old instructions still stand for Qavam’s successor whoever he may be and whenever he takes office.

Sent Department, repeated Tehran 101; Moscow by pouch.

GALLMAN

*In telegram 805, December 24, 2 p. m., to Tehran, the Department stated: “In your discretion you may take appropriate occasion express informally view that Iranian Govt would be well-advised avoid public attacks on British Govt. You may also reiterate views previously expressed that Iranian claim to Bahrein unfounded and that pressing this claim could serve no useful purpose.” The message was repeated to London as No. 5337 (891.00/12-2247).*

891.00/12-2647

The Ambassador in Iran (Allen) to the Acting Chief of the Division of Greek, Turkish, and Iranian Affairs (Jernegan)

CONFIDENTIAL

TEHRAN, December 26, 1947.

Dear Jack: [Here follows a reference to Mr. Jernegan’s letters of December 4 and 9.]

First and foremost, it is important for us to know your thought that special legislation for Iran might not be out of the question. We have been completely in the dark on precisely this point, and I have often wished I could fly to Washington for half a day to find out. I knew it would probably do little good to put up a theoretical question to the Department, based on hypothetical assumptions, at least until the Persians made up their minds whether and in what form they wanted our help. I have often wondered, however, whether we were wasting our time here in many of the speculations and discussions we have held on the subject, for it has seemed to me quite possible that for one reason or another special legislation for Iran might be entirely out of the question. Your letter indicates that this might not be the case, so we can now proceed more intelligently. I am, of course, fully aware that yours is a personal expression of opinion, but at the same time it is

2 Letter of December 4 not printed.
extremely valuable, for if there were insuperable obstacles you would probably be aware of them.

In the second place, it is most useful to have your remarks regarding the comparative importance of Iran and Turkey and that the strategic importance of Iran is fully appreciated. You may feel that I should have known this all along, but without some indication, I could not be certain, in view of our military aid to Turkey and the difficulties we face here in connection with our arms credit proposals to Iran.

As for the best manner of assisting Iran, I am in very much the same frame of mind as you, which is to say, one of uncertainty. General Grow, whose opinion I value most highly and whom I regard as one of the most effective American officials I have seen in action abroad, feels strongly that I should recommend a fifty million dollar grant to Iran immediately, without further ado. Both the Shah and the Prime Minister have requested direct aid several times, as you have noted from our telegrams, and your letters seem to indicate that if the Embassy had recommended it strongly, without any equivocation, there might have been a chance of enactment. Yet I have assumed the responsibility of consistently and stubbornly, if you wish, declining to recommend it, and have insisted that an indication by the Majlis of a desire to receive our assistance is necessary. I have given the matter a great deal of thought, and have been constantly faced with the realization that I might be blocking consideration of a direct aid program to Iran. It is primarily for this reason that I have recommended that General Grow be called to Washington. I want him to express his views fully to everyone concerned there, for I want to be certain that his point of view gets an adequate hearing. Perhaps I am too hesitant in this matter. Perhaps, if Ed Wilson,² for example, had followed the same policy as strictly in Turkey and had insisted on a request from the Turkish Parliament, no aid-to-Turkey program might have been enacted. I don’t know. At the same time, I remain convinced that we should require the Iranians to stand up and say clearly whether they want our assistance or not, before we make any further move. The best way I know to get a clear-cut expression is for the arms credit to go before the Majlis. I am well aware that the Majlis is not a representative body in our sense, and that a large number of extraneous considerations would enter a debate over purchase of American arms. However, the Majlis is the nearest thing to an expression of Iranian opinion there is, and we are on much safer grounds in sticking to our guns.

² Edwin C. Wilson, Ambassador in Turkey.
I have often been faced with the problem whether to continue to insist on democratic processes in Iran. One is frequently made aware here that Iran is not ready for full democracy and that, as the result of insisting on democratic processes in a country not ready for them, we often get more fraud, corruption, and self-seeking than we do good government. One is tempted by the thought that, although a dictatorship of the Reza Shah variety would be undesirable, perhaps a middle ground of a somewhat stronger government would be preferable to the chaotic and corrupt condition we now have. However, I have steadfastly resisted the temptation, and my own policy continues to be based firmly on support of democratic principles, no matter how badly they may be carried out in practice. The Shah sometimes uses cogent arguments with me on the subject, but I continue to argue for the ways of democracy.

The best way for Iran to become a decent democracy, it seems to me, is to work at it, through trial and error. I am not convinced by the genuinely held view of many people that democracy should be handed down gradually from above, even though Turkey is frequently cited as an example to the contrary.

[Here follow last four paragraphs dealing primarily with the visits of Congressmen to Iran.]

As ever,                                                  George V. Allen