

**Telegram From the Embassy in Iran to the Department of State** <sup>1</sup>

Tehran, March 14, 1961, 2 p.m.

1164. Eyes only for President and Secretary. From Harriman.<sup>2</sup> Had some six hours conversation with Shah, the first third alone at his request and latter part at luncheon and after with Ambassadors Wailes and Zahedi. How much permanent value will result is hard to estimate, but Wailes agrees, and statement last night of Prime Minister indicates, Shah was highly pleased by discussion and message from you indicating your interest in supporting Iran as essential corridor to block Soviets' advance into Middle East. Of course, I made no commitments as to amount of military and economic aid. I was able, however, to allay his fears that your statements about a new policy towards neutrals did not mean an encouragement to Iran to return to neutralism but referred only to countries which were unwilling to make issue and join military alliance. I fully agreed with his statement that he believes Iran would be lost if it attempted to adopt policy of neutralism. The Communists would infiltrate and eventually take over; whereas Iran's role as strong partner of the West gives only hope for continued independence and prosperity for Iranian people. He explained his belief that Iran was only country in this part of world (with the possible exception of Iraq) that had economic potential to develop European standard of living, since it is underpopulated and has great potential with natural resources including enormous expandable irrigated lands. Iran could be example of what West could do against Communist claims. All of these developments, of course, require large investments. The Shah asks that we give him a helping hand in three areas: (1) his well-known request for military aid; (2) economic and technical aid including Shiraz University (Shah is committed to continue expansion education which has made great progress since my last visit); (3) influence on oil companies for greater percentage of market (Kuwait's sale 50 percent greater than Iran's burns him up).

He told me British Foreign Secretary Home had last week promised to help induce oil companies to recognize political importance of Iran. He insists that we should do the same. He maintains that if oil sales are increased, it would, thereby, reduce his needs to beg aid from us. He is unhappy that most all our allies belong to pacts of which we are member and are thus directly guaranteed. He is not fully satisfied with Eisenhower Doctrine guarantee in bilateral agreement. He feels that if we were serious about CENTO, we would insist upon strategic defense plan which he claims decision has been constantly postponed by U.S. He states emphatically Iran would be better off if U.S. would make up its mind what its long-term aid policy would be and he could adjust his economic and military program to it. Wailes and I told him that his position in this regard made sense to us. I laid at rest his fears that you might be making some special deal with Khrushchev which would leave him out on a limb and I gave him definite assurances that you would never do this without prior consultation. I explained your general attitude towards negotiations with Khrushchev.

Almost every part of the world came up for discussion and he seemed to be pleased to be able to discuss his views with us. He explained why it had been necessary for him to have a cabinet of technicians but expressed a desire to work towards political ministers with more responsibility towards Majlis. In recent new shuffle of Cabinet, he stated that he had given orders to his new Ministers to fight corruption and specifically to the Finance Minister to be tough in collecting more income taxes and to live up to stabilization agreement. He explained that the Prime Minister's visit to Moscow, to take place in late April or early May, was purely gesture of good will. The Foreign Minister would not accompany him in order to avoid discussion of political commitments. The Trade Minister would probably accompany him. He asked me to assure you that you could count on his complete loyalty to the West and the Iranian hope to play an increasingly important role in strengthening the West against Kremlin and Peking aggression.

I am impressed with progress that has been made in ten years since I have been here both in economic progress and in administration in which, however, there remains much to be desired. Will discuss further details on return.<sup>3</sup>

Wailes

<sup>1</sup> Source: Department of State, Central Files, 888.00/3-1461. Secret.

<sup>2</sup> On February 24, the Department of State instructed the Embassy in Tehran to inform the Shah that Harriman would be able to visit Tehran between March 12 and 14 following stops in several European countries, if the Shah wished to issue an invitation. The Department explained: "Highest levels in Washington have been concerned by the flagging morale of Shah in recent months and we believe it would be useful for Harriman to proceed to Tehran with personal greetings of President and to have general exchange of views with Shah without, of course, making any definite program commitments. Harriman has had close association with Shah in past." (Ibid., 123-Harriman, W. Averell)

<sup>3</sup> The Embassy in Tehran reported to the Department of State on March 15 that Harriman's visit had been very successful. Members of the Iranian Government were very pleased and media coverage was favorable. National front and dissident elements had delivered several unsigned letters highly critical of the regime, which the Embassy had returned because, "in our opinion, any alleged contact which could be used by these people would materially weaken desired effect of visit." (Ibid.)