

[Released July 9, 1953. Dated June 29, 1953]

- Dear Mr. Prime Minister:

I have received your letter of May 28 in which you described the present difficult situation in Iran and expressed the hope that the United States might be able to assist Iran in overcoming some of its difficulties. In writing my reply which has been delayed until I could have an opportunity to consult with Mr. Dulles and Ambassador Henderson, I am motivated by the same spirit of friendly frankness as that which I find reflected in your letter.

The Government and people of the United States historically have cherished and still have deep feelings of friendliness for Iran and the Iranian people. They sincerely hope that Iran will be able to maintain its independence and that the Iranian people will be successful in realizing their national aspirations and in developing a contented and free nation which will contribute to world prosperity and peace.

It was primarily because of that hope that the United States Government during the last two years has made earnest efforts to assist in eliminating certain differences between Iran and the United Kingdom which have arisen as a result of the nationalization of the Iranian oil industry. It has been the belief of the United States that the reaching of an agreement in the matter of compensation would strengthen confidence throughout the world in the determination of Iran fully to adhere to the principles which render possible a harmonious community of free nations; that it would contribute to the strengthening of the international credit standing of Iran; and that it would lead to the solution of some of the financial and economic problems at present facing Iran.

The failure of Iran and of the United Kingdom to reach an agreement with regard to compensation has handicapped the Government of the United States in its efforts to help Iran. There is a strong feeling in the United States, even among American citizens most sympathetic to Iran and friendly to the Iranian people, that it would not be fair to the American taxpayers for the United States Government to extend any considerable amount of economic aid to Iran so long as Iran could have access to funds derived from the sale of its oil and oil products if a reasonable agreement were reached with regard to compensation whereby the large-scale marketing of Iranian oil would be resumed. Similarly, many American citizens would be deeply opposed to the purchase by the United States Government of Iranian oil in the absence of an oil settlement.

There is also considerable sentiment in the United States to the effect that a settlement based on the payment of compensation merely for losses of the physical assets of a firm which has been nationalized would not be what might be called a reasonable settlement and that an agreement to such a settlement might tend to weaken mutual trust between free nations engaged in friendly economic intercourse. Furthermore, many of my countrymen who have kept themselves informed regarding developments in this unfortunate dispute believe that, in view of the emotions which have been aroused both in Iran and the United Kingdom, efforts to determine by direct negotiation the amount of compensation due are more likely to increase friction than to promote understanding. They continue to adhere to the opinion that the most practicable and the fairest means of settling the question of compensation would be for that question to be referred to some neutral international body which could consider on the basis of merit all claims and counter-claims.

I fully understand that the Government of Iran must determine for itself which foreign and domestic policies are likely to be most advantageous to Iran and to the Iranian people. In what I have written, I am not trying to advise the Iranian Government on its best interests. I am merely trying to explain why, in the circumstances, the Government

of the United States is not presently in a position to extend more aid to Iran or to purchase Iranian oil.

In case Iran should so desire, the United States Government hopes to be able to continue to extend technical assistance and military aid on a basis comparable to that given during the past year.

I note the concern reflected in your letter at the present dangerous situation in Iran and sincerely hope that before it is too late, the Government of Iran will take such steps as are in its power to prevent a further deterioration of that situation.

Please accept, Mr. Prime Minister, the renewed assurances of my highest consideration.

DWIGHT D. EISENHOWER