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Interview with Loy W. Henderson

Career in the US Department of State, 1922-60.
Director, Near Eastern and African Affairs, 1946-48;
Ambassador to India, 1948-51; and
Ambassador to Iran, 1951-55.

Washington, D.C. June 14, 1973, July 5, 1973 by Richard D. McKinzie

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MCKINZIE: I read the other day a master's thesis, I think at American University, about Iran. The author of this master's thesis contended that Iran at the end of the war had wished a rather substantial American loan, and that, indeed, an American consulting firm--Knudson, I believe, from Iowa or some place--had gone over at the cost of \$650,000, had drawn up a considerable plan of development for Iran; and that the loans that Iran thought should be forthcoming, weren't. And, they argued that they would either have to get additional money from royalties of the Anglo American Oil Company or they'd have to make this

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development through American loans. When American loans were not forthcoming, then they began to agitate for the increased royalties. And the author of this thesis then said, "Well, if the American Government had granted a substantial postwar loan to Iran, then the whole business with the Anglo-Iranian Oil Company would never have arisen"

HENDERSON: That sounds to me like a thesis from one of the pro-Mossadegh Iranian students in the United States, who almost uniformly followed the line that all of Iran's troubles stem from the attitudes and activities of the wicked imperialists. I do not recall this particular plan of the Knudson firm, which I believe did engage in some tremendous operations in that area, particularly in Afghanistan. The United States was engaging in extensive technical aid programs in Iran when I arrived there and we were pouring considerable sums into the country.

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The dispute between the Anglo-Iranian Company and Mossadegh was not a mere financial affair. It was much more than that. He wanted by hook or crook to get the British out of Iran. His insistence on increases in royalties was only the opening gun of a planned war. Allied with Mossadegh was a group of Iranian politicians, some of whom would have liked for the Soviet Union to replace the United Kingdom as the most influential foreign power in Iran.

MCKINZIE: Well, might I go back? I don't know what kind of attitude the State Department took on money that the United States might provide Iran, but in the studies that were made of the Iranian system there were recommendations for a considerable number of reforms, that development capital wouldn't be effective unless there were some changes in various ways. Did you ever discuss that in the very early part, about the American loan?

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HENDERSON: No, I didn't. Not that I recall. I think that I have already told you that back in 1947 when we granted aid to Turkey and Greece on a large scale, I personally was in favor of including Iran. But that proved too difficult. The British, for instance, had not asked us to assume any financial responsibilities for Iran. The United States had so many requests for aid at the time that it was not searching for new areas to spend money. My office in the State Department did, however, try unsuccessfully to obtain some loans for Iran shortly after the Soviet troops withdrew from the country. Considering the situation in Iran, I am sure that the EX-IM Bank would have replied to requests for large loans to Iran for purposes of development that such loans could not be granted without special legislation.

MCKINZIE: Did you discuss this whole problem of the nationalization of the oil industry with the Shah

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at the time that you presented your credentials?

HENDERSON: No, not when I presented my credentials. We merely had a rather formal exchange of good wishes for the strengthening of friendly relations between our countries, etc. As a rule specific problems are not discussed at the time of the presentation of credentials. Furthermore, the British Embassy in Iran was carrying on the discussions with regard to oil and the United States was not a party to the dispute.

MCKINZIE: When I said that, I meant did you allude to hoping that there would be some help in the resolution of this problem?

HENDERSON: No.

MCKINZIE: That would not have been appropriate?

HENDERSON: No, the fact is that it would not have been appropriate for me to discuss the subject

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unless the Iranians would bring it up. This they eventually did, and I tried to the best of my ability to prevail on each side not to take an extreme attitude.

MCKINZIE: Did you have conversations both with the Shah and Mossadegh in 1951?

HENDERSON: Yes, I had numerous conversations with both. I suppose that during the years 1951 to 1953, I had perhaps fifty or sixty conversations with Mossadegh and a somewhat less number with the Shah.

MCKINZIE: Mossadegh must have been an interesting personality.

HENDERSON: Yes, he certainly was.

MCKINZIE: As well as a forceful kind of politician.

HENDERSON: That's right.

MCKINZIE: Would you discuss the Prime Minister as a

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personality and your relationships with him as this issue developed?

HENDERSON: Mossadegh was an attractive man although he was neither handsome nor elegant. He was tall and lanky; his long horse like face topped with rather disheveled gray hair was expressive like that of an actor. He had a large mouth and when he smiled, his whole face lit up and one felt drawn toward him. He liked jokes and liked to laugh at them--a trait which is always helpful, particularly when one is engaged in serious conversation. He was troubled with dizzy spells so he would remain in bed much of the time. In general I found our conversations interesting and even agreeable. During most of them he was in bed and I was sitting beside him. He was quite frank, at times, without being offensive in criticizing our policies, and I was equally frank with him. So we got along quite well, each pointing out where he felt the other was wrong.

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Mossadegh's weakness, in my opinion, was that he still felt that he was living in an era of about 1910-1912, when Iran's basic foreign policy consisted of playing the Russian Empire off against the British Empire. He did not seem to realize that the Soviet Empire was quite a different entity from that of the Czars, and was using different tactics and different methods in its endeavor to extend its power and its territories, and that the British Empire was gradually evaporating. The British were no longer the threat to Iran that they were when they controlled South Asia and much of the Middle East.

Mossadegh was not a Communist, and I was convinced that he was opposed to communism as an ideology. Nevertheless, he was willing to accept Communists and their fellow-travelers as allies. He had, I understood, a princely background and was related to the ruling family of the regime which had been overthrown by the father of the Shah. I thought that one of his ambitions was to

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be the Regent or a member of a Board of Regents which would replace the Shah and rule the country until an appropriate successor could be found. He did not understand that the Communists and their allies had no use for him and that they would get rid of him just as soon as he had served their purpose.

One of his ambitions was to make Iran completely independent. He had been one of the leaders in opposing the Soviet efforts in the middle 1940s to obtain oil concessions in Iran, and at that time he had intimated that the British concessions should also get out of the southern part of the country. He hoped to be able to play the Americans as well as the Russians off against the British. For that reason he tried hard to get my personal support. I tried to make him understand

that in the Middle East it was important for the Americans, so far as possible, to cooperate with the British; that unless we could cooperate the Soviet Union would

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take advantage of our disunity and that could be disastrous to Iran.

MCKINZIE: What about the British position? It has been argued that had Great Britain not been in a declining phase, that British policy toward Iran might have been somewhat more accommodating than it was. That Britain had found herself in a period of decline and, therefore, to make any kind of concession was especially painful.

HENDERSON: I think that that argument has some merit. With their waning power many British took the position that the making of concessions would be considered in Iran and elsewhere as signs of weakness. But it should be borne in mind that Iranian ambitions, and particularly those of Mossadegh, were not to be satisfied by a yielding to the original demands. An agreement on the part of the British to begin making changes in the terms of its oil concession contract, in the opinion of the Anglo-Iranian Oil Company, would

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weaken the sanctity of the whole contract. If one change can be made, why not still stronger pressures to make others? If the Iranians were to be placated, there would be a steady retreat until the concession was completely lost. The loss of that concession would result in a weakening of the British position in the whole Persian Gulf and in the creation of a situation of which the Soviet Union with: its own ambitions would try to take advantage.

MCKINZIE: There were obvious differences between the Shah and the Prime Minister.

HENDERSON: Oh, yes, of course!

MCKINZIE: Could you tell us how you had to handle that? Was this a test of all your skills in diplomacy to be able to speak to each of them without alienating them?

HENDERSON: Well, there were, of course, some problems

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in this connection. I took care to make it clear to Mossadegh that I was accredited to the Shah and that when I talked with the Shah, I was talking with the Chief of State; and that when I talked with Mossadegh it was with the head of the Government. That was the demarcation line that I tried to draw; sometimes, however, it did not prevent me from running into difficulties. For instance, in the early part of 1943, or it might have been in the latter part of 1942, the Shah, apparently surfeited with the humiliations that he was suffering at the hands of Mossadegh, announced that he was going on a temporary sojourn abroad. I understood that Mossadegh was delighted. With the Shah out of the country, he could proceed to carry out some of his plans for strengthening his own power.

When I heard of the Shah's intentions, I was deeply concerned. I did not know what might happen. I was not sure that Mossadegh would be able to

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control the group of ambitious politicians around him, some of whom might well take advantage of the Shah's absence to bring about a leftist coup. I, therefore, made a call on the Shah and urged him not to leave. He insisted that it would be better for him to be away for a time and let things

take their course. Several days later I made a second call on him and during our talk he said that perhaps it would be better for him not to leave for a time at least.

I felt that I should tell Mossadegh frankly of my conversation with the Shah, and although I had no appointment with him, I went at once to his residence, which was almost across the street from the Shah's palace, and asked to see him. When I told him that I had had a talk with the Shah and that during the course of our conversation the Shah had told me that he had decided not to go abroad in the immediate future, Mossadegh became furious. He charged me with interfering in the affairs of Iran; he said that I

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had no business to advise the Shah not to leave the country. I said that I was sorry that he, Mossadegh, felt that way, "but since I am accredited by the President of the United States to His Majesty I consider that I have the right to talk with him, particularly about his personal plans."

MCKINZIE: This one time Mossadegh was most upset.

HENDERSON: But Mossadegh was also upset the last time I saw him.

MCKINZIE: Perhaps you could describe that.

HENDERSON: In June 1953 I was ordered back to the United States for consultation, and since I had had no leave, the Department suggested that I take some on the way back. The situation in Iran had become so complicated that the Department felt it might be better that I delay my return. Iran was in a desperate financial situation.

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Mossadegh had even spent the funds that had been set aside to pay pensions to the retiring civil servants and army personnel. Dissatisfaction with his administration had increased and there was tension. The Department apparently felt that if I should appear in Tehran, Mossadegh would ask me to see him, would have photographs taken of our chatting together, and would try to convince the public that the United States was supporting him. I spent a couple of weeks as a guest of our High Commissioner to Austria in the Austrian Alps, then I went to Beirut for some sea bathing. On the evening of Saturday, August 15, I heard from the radio in my hotel room that the Shah, who had been resting in his palace on the Caspian Sea north of Iran, had sent a messenger to Mossadegh, informing him that he had accepted the latter's resignation and had appointed General Zahedi as Prime Minister; that Mossadegh had refused to resign and had arrested the army officer

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who had served as a messenger; and that the Shah had flown to Baghdad.

I was so upset by this news that I could not sleep during the night, and I reproached myself for not having been on my job in Tehran. The next morning I called the Embassy by telephone and asked that it send our Naval Attaché's plane for me. I arrived in Tehran in the afternoon of Monday, August 17, and was met at the airport by Mossadegh's son, members of the Embassy, and a detachment of soldiers to accompany me to the Embassy. On my way to the Embassy, I found the city in confusion. Mobs with red flags were tearing down statues, destroying street signs which bore the name of the Shah or his father, pillaging shops, and beating up some of the shopkeepers.

I asked Mossadegh's son to arrange an interview for me with his father, and that evening I had a meeting with the Embassy staff, at which I

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learned that during the last two days many attacks had been made upon Europeans in the city and the suburbs; that the -chauffeur of our Naval Attaché had been stabbed while trying to defend the automobile; and that many Americans were being threatened.

On Tuesday morning I received a telegram from our consulate in Isfahan stating that several thousand persons bearing Communist flags and shouting in Persian "Yankees, go home" had been parading in front of the consulate.

I met with Mossadegh late Tuesday evening. I found him fully dressed and neatly groomed sitting in his reception room, an indication that he was planning a formal conversation. He began at once to upbraid me for the Shah's attempt to dismiss him. He said that there could be no doubt that the United States was responsible for the Shah's action, and it would now be held responsible for the aftermath.

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I said that I had not come to argue about who was responsible for what had taken place but to discuss the danger in which American citizens in Iran now found themselves. I said, "Communist mobs seem to be in control of the streets; and the police, apparently under orders, are not attempting to control them; foreigners are being attacked; one of our Embassy chauffeurs has been stabbed. In Isfahan thousands of demonstrators, carrying Communist flags and using threatening language, are demonstrating in front of our consulate. Unless you can give me assurance that this violence and threats of violence will be stopped and American citizens and property will be given protection, I shall immediately order all American women and children and all the official American citizens whose presence here is not urgently needed to leave the country."

"If you pull out all the Americans, it will look to the whole world," said Mossadegh, "that

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the United States is entirely deserting Iran."

I answered, "We would not be deserting Iran; I would be here and all the Americans who are needed would still be here, but as long as the police do not give them proper protection I do not want those who are not really needed to remain. If they do, incidents can take place which could seriously injure the relations between our countries."

Mossadegh picked up his telephone and talked for a few minutes with the chief of the police. It was apparent to me that he had previously given orders that they were not to interfere with the demonstrators unless they should get completely out of hand, and since he rarely left his residence he had not been fully aware of what was going on. Over the phone in my presence he gave orders that a stop should be put immediately to rowdyism and violence. When I left Mossadegh about an hour later the police, apparently with

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pleasure, were busy dispersing the gangs in the streets and trying to restore order. I understood later that the Communists were furious at the interference of the police and returned to their homes feeling that Mossadegh was double-crossing them.

Early on the following morning, Wednesday, August 19, 1953, an important date, I received word while I was having breakfast that an uprising was taking place in the lower part of the city. I hurried across the Embassy garden to the chancery where I learned that a group of members of a well-known athletic club had suddenly emerged from the club with various kinds of arms calling

upon the people to help them overthrow the Mossadegh regime and restore the Shah. In this club its members were accustomed to work hard developing their torsos in accordance with certain Iranian traditional exercises, which included the swinging of heavy clubs. The leaders of the

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demonstration, therefore, were men with almost frightening physiques, and they were rapidly joined by people on the street. Members of my staff whom I had sent out to find what was going on kept us informed by telephone. Within an hour the demonstrators reached the building which houses one of the leading pro-Mossadegh newspapers and destroyed the plant. I was confident that when the crowd would come into contact with the military, it would disperse, but to my surprise the military joined it. By noon the demonstrators had taken over the Foreign Office and a little later the area surrounding our Embassy compound was full of cheering people. General Zahedi, whom the Shah had appointed to succeed Mossadegh, and who had been in hiding, came out and seated on a tank moved through the applauding, waving crowds.

Late in the evening Ardeshir Zahedi, the son of the new Prime Minister, came to see me. He said that the leading cities of the country and most of

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the countryside were now under the control of the army, which had come out for the Shah and his father. He added that his father had asked him to inquire if I had any suggestions to offer. After a minute's thought I said, "Yes, I have three suggestions. In the first place, I think every effort should be made to prevent Mossadegh from being harmed or killed. If he is taken prisoner, care should be exercised to make sure he is not physically abused. The question of his punishment, if any, should be left to the courts. In the second place, a circular telegram might be sent out at once to all the Iranian diplomatic missions and consular offices informing them that the new Prime Minister appointed by the Shah has taken over and they should continue to transact their business as usual. No revolution has taken place, merely a change in government. My third suggestion is that a similar announcement might be made for the benefit of the civil

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servants. They should be told by radio that they should report to work tomorrow as usual."

During the next twenty-four hours, Mossadegh was captured and imprisoned pending a trial. Most of the Iranian diplomatic and consular offices carried on as usual. On the following day the governmental machinery was for the most part functioning. Zahedi proceeded to set up a new cabinet for the Shah's approval. The Shah, who was in Rome on the day that Zahedi took office, returned to Tehran on August 22. I have never seen Tehran so happy as it was when it greeted him back.

MCKINZIE: Okay. Shortly after that there was an article in the American press, that you may know about, contending that Allen Dulles and Norman Schwarzkopf and a sister of the Shah . . .

HENDERSON: To my knowledge Allen Dulles was not in Tehran at all during that period. I am quite

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sure that Schwarzkopf had nothing to do with the affair. I am not prepared, however, to say that the CIA had nothing to do with some of these developments. It has been charged that the CIA inspired the uprising that started with the march of the members of the athletic club in Tehran. Whether it did or did not, I honestly don't know. When I returned to Tehran, I was under the impression that Mossadegh, at least for a time, had won his long conflict with the Shah. When I talked with Mossadegh on the evening of August 18, I had no idea that an attempt would be

made to overthrow him by force. I was surprised by the events that took place the next day, and I think that if they are ever published, my telegrams to the Department will support what I am saying. I am sure of one thing, however. No matter how skilled the CIA might be, it could not have engineered the overthrow of Mossadegh if the people of Iran had not overwhelmingly been in favor of the return of the Shah.

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MCKINZIE: What about the special Averell Harriman mission?

HENDERSON: While I was in Washington in June 1951, I had a talk with Ambassador Harriman about his mission to Iran, but my knowledge of the results of his mission is so incomplete and even my memory of the purposes of it so vague, that I hesitate to discuss it.

MCKINZIE: Could you address yourself a little bit to the point of what, I guess, was formerly called the Middle East Defense Organization, and the attempts to get something like that going? Of course there were all of these serious problems in Iran at the time, but the Middle East Defense Organization was something the United States . . .

HENDERSON: Again, I hesitate to discuss this organization. My knowledge and memory of it are too poor for me to be able to make any helpful comments with respect to it.

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MCKINZIE: You've talked a bit about Mossadegh as a personality, you might tell a little about his philosophy, his alliances often with the Tudeh, as I understand.

HENDERSON: Yes, he had a sort of alliance with the Tudeh Party. The deputies from Iran, who were his stalwart supporters, had close and cooperative relations with the Tudeh Party, which in effect was Communist-controlled. Mossadegh was at his best in speaking to enormous crowds. He was the kind of spellbinder who could win the support of the masses. Sometimes he was so overcome by his own eloquence that he would join his audience with sobs. As I think I have already indicated to you, he was really a strong nationalist, but strangely enough a nationalist who looked to the Communists for support.

MCKINZIE: Could you then turn to talk about the Shah, both as a personality and as a political leader during the time that you knew him? Was

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he acutely aware of the problems of a country like Iran or to what extent was he not aware because of the royalty involved?

HENDERSON: I think that without doubt he was aware of many of the problems facing his country. He had been educated in a preponderantly British private school in Switzerland, where he had liberal-minded British tutors. There he had been exposed to much discussion about absolute and limited monarchies, the advantages of a country where a king reigned rather than ruled, and so forth.

I believe that when he first became Shah he hoped to be able to maintain law and order and to promote prosperity and enlightened progress by playing a much less absolute role than that played by his father. He tried to remain more in the background and not to interfere too much with his Prime Ministers.

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Over the years, it seemed to me, the Shah gradually came to the opinion that unless he played a much stronger role the country could not make the kind of progress that was necessary if it was to preserve its independence and territorial integrity. He realized that a giant power to the north had ambitions to take control of the country and that various Western powers were exercising undue influence over its internal and international policies. Furthermore, there existed in the country certain tribal, religious, and feudal traditions and practices which compounded the difficulties in bringing about the social and organizational reforms that were required if Iran was to become a modern state. Most of the Prime Ministers who paraded across the political scene were not particularly interested in instituting reforms, did not have the stamina to incur the hostility of the fanatical mullahs, the haughty and defiant tribal chiefs, and the great landowners who were determined to

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defend their prerogatives, or were more concerned in strengthening their own personal power than in changing the character of the State.

The Shah was handicapped during his early years on the throne by the fact that he had been shown little consideration by the British and Soviet military leaders who controlled the country during the Second World War, and by the fact that he had not come from a long line of rulers. Iranians of the upper classes, particularly those who had in their veins the blood of former royal dynasties, were inclined to look upon him as an upstart. This handicap weakened him to an extent in dealing with his Prime Minister and was a factor in the attitude of the old aristocrat, Mossadegh, toward him.

Although earlier Prime Ministers had treated the Shah with a certain lack of deference, they had not displayed Mossadegh's attitude of disdain. It seemed to me that the years suffered under

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Mossadegh resulted in his decision to rule in the future rather than just to reign.

Even with Mossadegh in power the Shah had endeavored to bring about a land reform, to make an end to a system in which great families could own and control scores of villages, the denizens of which were little more than serfs. Mossadegh himself was the owner of quite a number of villages.

To encourage other landowners to follow his example he began to turn over the villages which he had inherited from his father, the so-called "crown lands," to the villagers. He set up commissions which divided the land as equitably as possible among the members of each village. The new owners did not pay for the piece of land that they acquired but over the years they did pay certain amounts in the form of special taxes. Facilities not subject to division became the communal property of the village. These included,

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in some instances, irrigation systems, dams, pasture lands, and various kinds of agricultural and mechanical equipment. Since 1953 thousands of villages in Iran have changed ownership by this method or similar methods.

MCKINZIE: A non-specialist in Middle Eastern affairs viewing that period, sometimes gets the impression that every time the Shah spoke to an American representative he asked for money. Did that seem to you to be a preoccupation of his?

HENDERSON: Yes, the Shah had visions of ways to improve the lot of his people, to promote the security of Iran, and to strengthen his own hand. Funds were not available so whenever occasion offered he made suggestions for grants or loans from a rich country which was pouring millions

into Europe, Greece, and his neighbor, Turkey. Mossadegh was also pleading for financial assistance. Following Mossadegh's removal from

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office, the Shah's requests for funds increased in number and size. I remember that one of his hobbies was to improve the life and raise the status of the non-commissioned officer corps of Iran. He wanted funds to build for them decent housing, to furnish them attractive uniforms, and otherwise to make the service more congenial. He believed that without a contented corps of sergeants and corporals, the army could not be dependable.

MCKINZIE: That's an interesting point. I think about the time you arrived the Tudeh Party had been putting some pressure on Mossadegh to rid Iran of the American military missions there. Do you recall that?

HENDERSON: Yes, the Tudeh Party did not like the presence of American military personnel in Iran. It was also unhappy at the presence of so many aid people in the country.

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I think that it was in January 1953, that the Department after weeks of discussion with various American oil companies and with the British, instructed me to make a proposal for the solving of the oil problem to Mossadegh that was more liberal than any arrangement that had been made up to that time between a foreign oil company and an oil-rich Near Eastern country. I have never worked harder than I did during the next ten days to persuade Mossadegh to accept this proposal. The Department under Dean Acheson as Secretary of State had tried so earnestly and so long to find a solution of the stubborn oil problem that was gradually ruining Iran both financially and politically that I wanted the problem solved before the change in administration, which was due on January 20.

I sat by the side of Mossadegh's bed one day for eight consecutive hours going over the proposal point by point and explaining to him the significance and advantages to Iran of each

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paragraph. Mossadegh seemed interested and even grateful and promised to give me an answer within the next few days after discussions with his advisers. When I left I was tired but somewhat encouraged and immediately sent a telegram to the Department summarizing our conversation. I said that Mossadegh seemed to be pleased with our proposal but I was concerned about what his advisers would say. Mossadegh was like a rubber band which one could stretch but would go back to its original position when it was let go. Mossadegh's answer, as I feared, was in the friendly negative, and the new administration with General Eisenhower as President and Mr. Dulles as Secretary of State took over a troublesome unsolved problem.

MCKINZIE: This is outside the Truman administration, but it is still a part of the same thing? What kind of conversation did you have with the Shah after the overthrow of Mossadegh?

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HENDERSON: The Shah returned to Iran, as I believe I have already told you, on August 22, three days after the overthrow of Mossadegh, in a blaze of glory. The whole diplomatic corps was at the airfield to meet him and Tehran had a day of rejoicing. He asked me to call upon him a couple of days after his arrival and I found him rather downcast. He was not particularly pleased with the list of Cabinet ministers that the new Prime Minister had proposed. He took exception, as I recall, especially to one of them who, he had been given to understand, had been put on the list at the suggestion of "the Americans," and asked why the Americans should be interested in this appointment. I told him that I had not suggested the inclusion of the man in question and if any

other United States citizen had made such a suggestion, it had been without my knowledge. Nevertheless, I said that the man in question had so much prestige throughout the country as an

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able and honest public official, that in my opinion his inclusion would strengthen the Cabinet. The Shah finally approved the list.

His chief concern seemed to be with the financial situation of the country. It was, in effect, bankrupt and since the oil fields and refinery were not in operation, the situation was becoming worse daily. The Shah mentioned a number of projects which were sorely in need of financial support and expressed the hope that the United States would extend assistance pending the settlement of the oil problem. I may add that in my opinion Iran was in need of additional funds at the time that Mossadegh became Prime Minister in order to carry out certain projects in which the Shah was interested, and the Shah was hoping that Mossadegh could bring enough pressure on the Anglo-Iranian Oil Company to increase its royalties at least up to the level that the American oil companies were paying the Saudi-Arabian Government.

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He felt, however, that Mossadegh was going too far in his pressures and that it was unwise for Iran to take over the refinery and the oil-fields and to nationalize the concessions. Mossadegh's moves were so popular, however, that the Shah refrained from interceding.

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