



DEPARTMENT OF STATE
BRIEFING MEMORANDUM

SS
May 7, 1980

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TO: The Acting Secretary

FROM: S/P - Anthony Lake
NEA - Harold H. Saunders *AS*

SUBJECT: PRC Meeting on Iran: Thursday, May 8

Attached is the strategy paper on Iran which has been circulated to the participants in the PRC. Your objective in the meeting will be to get a PRC consensus on a diplomatic effort which would seek to move the Iranian leadership to agree on an acceptable settlement to present to the Parliament when it meets. The paper spells out: our near-term objectives, a strategy that combines continued pressures and diplomatic overtures, a variety of approaches we propose to pursue, and a low-key public affairs strategy for the months ahead.

In outlining the paper to the PRC, you may wish to make the following points:

-- The continued confusion in Iran and the continuing leadership struggle makes it difficult to predict how and under what circumstances we may be able to achieve a breakthrough on the hostage crisis. In our paper we recommend an approach of continued pressure and diplomatic efforts to engineer the release.

-- In examining the problem, we have rejected approaches based solely on pressures or solely on negotiation. The former by themselves will only cause Khomeini and the clerics to resist a solution more strongly. The latter, without accompanying pressures, will encourage the Iranians to believe we will make concessions that we are not prepared to make.

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-- The first opportunity for a break could come with the convening of the Parliament, which the Iranian authorities have all said must make the decision on the hostages. With the completion of elections scheduled for May 9, the Parliament could meet in late May or early June. It is unlikely that the Parliament will take a decision without clear guidance from the government and the support of Khomeini.

-- It is therefore important to determine whether Bani-Sadr, the clerics, Khomeini and other power centers can agree on a formula for the release of the hostages that is acceptable to us, before the Parliament meets and adopts extreme demands.

-- To do this we will need to reach not only those leaders whom we know want a solution but those others, such as Beheshti and the clerics, who undermined the last effort at negotiations. We would enlist various Europeans and others to convey points of view, depending on the target.

-- In dealing with the clerics, for example, the message we want conveyed will emphasize the threat to the revolution and to their leadership role from the continued holding of the hostages. With Bani-Sadr and Ghotzbadeh we could concentrate on the kind of post-hostage U.S.-Iranian relationship we can look forward to.

-- A key element with all groups may be to make it clear at some later point that the U.S. will forego retaliation against Iran if the hostages are released safely under honorable circumstances.

-- Our near-term objectives would be three:

- (1) to encourage through our allies and others progressive improvements in the conditions of the hostages to increase official Iranian involvement in their welfare and control;
- (2) to increase the pressures that our allies impose on Iran through their sanctions and diplomatic efforts; and
- (3) to engage key Iranians in discussions leading to an understanding for favorable action by the Parliament on the release of the hostages.

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-- The paper sets out the arguments for and against additional U.S. sanctions. The issue is basically whether to use the additional steps now or hold them out as steps we would take if the Parliament fails to act. A second issue relates to the desirability of covert action. The question of military options such as mining or blockade is left open for the time being.

-- A variety of channels to various leaders in Iran are open to us. We believe we should put a number of them in play early on with the kinds of approaches outlined in the paper tailored for different recipients.

-- The process will involve close consultations with our allies both to engage them in our diplomatic efforts, also to keep them on board with the sanctions and other pressures we want them to impose.

-- Finally, we need a public affairs strategy that is consistent with an approach which may take some time to produce results. The strategy would be designed to calm public frustration and avoid public expectation of new or dramatic initiatives. Our strategy should convey the sense that the steps underway can be effective over time but that we need to be patient and firm while the effects of sanctions are felt.

-- We have circulated a list of recommendations (attached) that we suggest as the basis for PRC discussion. It is cast in the form of recommendations to the President in order to focus our discussion. Perhaps the best way to proceed in this meeting is to take those recommendations one at a time and to discuss them.

The Present Tactical Situation

Once the general direction of our approach is agreed, we need at least to acquaint the PRC with the tactical situation we face in dealing with the various Iranian invitations to international meetings. We do not want to engage the PRC in a discussion of tactics but it might be well to introduce the issue along the following lines:

-- In the current situation, we have two concepts of international conferences which are described as possibly contributing to a resolution of the crisis:

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-- Bani-Sadr's idea of a meeting of non-aligned, Islamic, European, and various private groups to examine the evidence of "U.S. aggression." Meeting scheduled possibly for May 15-17 or 15-22.

-- The idea attributed to Ghotbzadeh for a 7-nation conference which would invite the U.S. and Iran to Switzerland to discuss the full range of problems. Announcement could be made before May 17.

-- Some private Americans, Waldheim, and friendly governments (e.g. Germany) have received invitations.

-- At this stage we have asked friends who have sought our advice simply to seek more information through probing questions.

-- On the one hand, if the Iranians are trying in their way to organize a forum for airing their grievances and to set the stage for a parliamentary discussion, we do not want to stand in the way.

-- On the other hand, a propaganda show with no positive outcome on the hostages would do our interests no good.

In the course of discussion, you could draw on the following questions which we have put in various forms to friends who have inquired. We do not recommend that you get the PRC into detailed discussion of these tactical questions:

1. The Switzerland conference limited to U.S.-Iranian problems seems less likely to be a propaganda show than the Bani-Sadr affair. It is doubtful that Bani-Sadr's conference can be derailed, however, and it is not clear that Khomeini, Bani-Sadr or the Revolutionary Council support Ghotbzadeh's idea. (We may know somewhat more after Ghotbzadeh talks to the Swiss May 8 or 9.) Should the U.S. attempt to influence the kind of conference that will be held?

2. An unknown number of private Americans are being invited and will probably attend the Bani-Sadr conference. These will include academics, possibly some clergy or family members. What position should the U.S. take on permitting travel to Iran by these people?

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3. Should the U.S. actively and publicly oppose the Bani-Sadr conference? Whether or not we take a public position against it, should we seek to have friends who may attend use their influence to achieve a positive result, i.e., a call for the release of the hostages?

4. Should we attempt through conversations with Bani-Sadr to reach an understanding on the outcome of his conference that would contribute to an end of the crisis?

5. Is there a useful role that the UN can play in the conference?

6. Should we suggest any actions by members of Congress, e.g. statements to the conference that could have a helpful impact?

In addition to the strategy paper, Gary Sick has suggested that the PRC take up questions on allied sanctions and claims legislation, left over from previous SCC discussions. The issues are:

Allied Sanctions:

(a) Do we wish to press for cancellation of existing contracts?

(b) Should we be prepared to agree to postponement of the effective date of the sanctions on May 17, so that they do not coincide with the meeting of the Islamic Conference Foreign Ministers?

Claims Legislation:

Should stand-by vesting authority be included?

Brief papers on these issues are in your book under appropriate tabs.

Attachment:

As stated.

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Recommendation to the President

-- That we begin to work on the development of a diplomatic strategy, looking toward a late May or early June meeting of the Iranian parliament, when there may be an opportunity for a settlement of the crisis.

-- That we continue with our strategy of multilateral economic sanctions and diplomatic pressures on Iran, keeping ambiguous in the minds of the Iranians what additional steps we might take, while making clear that we plan no retaliation or intervention in Iran once the hostages are released.

-- That we reopen contact with Bani Sadr and Ghotzbadah to explore how Bani Sadr might present a program to the new parliament that would subsume the release of the hostages.

-- That in our initial explorations, we elicit Bani Sadr's ideas rather than presenting our own, while making clear that we will not relax our pressures or make concessions until the hostages are released.

-- That we ask selected allies to seek contacts with leading clerics to persuade them toward a consensus on release of the hostages. The allies could point out to the clerics that: Soviet and leftist ambitions for Iran are furthered by the continued holding of the hostages; that the European and Japanese want to have good relations with Iran but can't so long as the hostages are held; and that the US now is dangerous

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and unpredictable but would not take retaliatory measures after the hostages are released.

-- That we explore with selected non-aligned such as Algeria and Yugoslavia, and possibly the French, the prospects for their undertaking an exploratory role with the Iranians. We would elicit their ideas for the framework of a settlement without at this stage committing ourselves to any specific steps.

-- That we pursue a public affairs strategy which keeps all options open, but emphasizes the requirement for patient determination while the lessons of sanctions sink in with the Iranian leadership.

-- That we examine closely what emerges from the Islamic Conference and from Bani Sadr's plans for a Tehran conference of non-aligned and others, to see if there are opportunities for constructive exploitation. At the same time we will continue to discourage participants in the Islamic Conference or the Tehran meeting from taking unbalanced positions that ignore the basic issue of the seizure and holding of the hostages.

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