

For Aug. 1, 1980

Continued.

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STRATEGY FOR IRAN - THE NEXT TWO MONTHS

Background

On May 8 the President approved a strategy for dealing with the Iranian crisis between then and the selection of a prime minister and a new cabinet. The objectives were (1) to increase the number of those willing to argue with the Iranians that the time had come to release the hostages, (2) to try to determine what the Iranian plan was for presenting the hostage issue to the newly organized parliament, and (3) to establish several channels to select from when Iranian authorities seemed ready to negotiate again. That strategy combined a mix of multilateral economic pressures designed to tie up the Iranian economy further and diplomatic approaches--both mainly by our European allies.

As anticipated, our efforts during those past two months produced increased activity by the Europeans, but results were limited by the Iranians' preoccupation with their own power struggle. They were not ready to respond to our feelers. The value of what was done is mainly that we have broadened the range of channels since our January-March effort in preparation for more decisive activity when a new government is in place, although we still need an effective channel to Beheshti. Results include:

-- Our approaches to European countries produced a number of useful discussions and reporting in late May and June.

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Exchanges took place with Ghotbzadeh, Sanjabi (Bani-Sadr's foreign policy aide), several meetings with Bani-Sadr, Tabatabai (a Khomeini relative), Beheshti, Habibi, Bazargan, Madani, and Nobari (Central Bank head). The Secretary's talk with German Ambassador Ritzel in Vienna seems in particular to have made a strong impression in Tehran. This activity has diminished substantially in July with the withdrawal of virtually all European ambassadors on transfer orders or summer leave.

-- During that period we have sought to turn off among Iran's secular leadership a sudden rash of talk about trials, and it diminished. That talk has increased recently among the religious leadership and among members of the new parliament, so the problem is back with us again, although important religious figures like Beheshti and Khalkhali seem ambivalent on the subject of trials. Khomeini's position, which is unpredictable, will be crucial. He could well yield to popular pressure for a trial if the debate in parliament seems to lead toward a consensus for a trial of some sort.

-- The Iranian economy has declined markedly from its level under the Shah, mainly as a result of revolutionary turmoil and mismanagement. But with a fairly good harvest in prospect and foreign exchange still in the bank, the regime does not yet feel itself under severe economic pressure. Nonetheless, the application of U.S. and European sanctions is having a weakening effect--especially in psychological terms. We are

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asking the Europeans to tighten administration of their sanctions.

-- The most effective sanction, the refusal of Japan and some Europeans to buy Iranian oil, was imposed because of high Iranian prices. It has created a revenue squeeze which will mean an austerity budget and increased inflationary pressure. The Iranians may be willing to drop their prices somewhat and begin conversations again with the buyers.

-- Our conscious public downplaying of the hostage crisis after the rescue mission has allowed the atmosphere in Iran to cool in some respects, lessening the external reasons for Iranians to react defensively to U.S. threats. The increased fear of outside efforts to topple the regime after the rescue mission have, however, introduced an intensified cause for suspicion of the U.S.

On the other hand, our efforts continue to be plagued by serious problems:

-- The bitter struggle between the secular groups around Bani-Sadr and the religious Islamic Republic Party has consumed the energies of the leadership, slowing progress towards the formation of a new cabinet and resulting in a purge of bureaucrats and intimidation of leaders who might have been voices for moderation. The political influence of Bani-Sadr and "the moderates" has been seriously weakened in recent months and made our job of establishing a dialogue even more difficult because those who are coming out on top are the hardest to

communicate with.

-- The fanfare surrounding the alleged Bakhtiar-backed coup has again increased hostility towards the U.S. as the main enemy of Iran's revolution. The Iranians believe they have detailed and convincing evidence of our support for Oveissi and Bakhtiar.

-- The ability of the "Government" to assert its authority over the left is increasing. Yet within the Islamic camp the struggle for secondary predominance is growing more intense, and there is little prospect for a return to stable conditions.

Against this background, we have the following situation:

-- We are told by moderates like Ghotbzadeh and Sanjabi that a hostage solution is anticipated through action of the parliament. The views of the dominant clerics will be decisive, however, and they may well impose their own solution, e.g., a trial.

-- It seems probable that no definite scheme for managing the necessary parliamentary decision has yet been devised. The Bani-Sadr government, we are told, may submit a detailed report of the complex Iran-U.S. issues to the parliament, but it is not known whether there will be a recommendation.

-- The Iranian demands--never authoritatively formulated--have undergone a gradual change since November. Now that the Shah has died the most important current demands are:

- No retribution after release;
- Guarantees of non-interference in Iran's affairs, probably linked to an apology for past intervention which is seen in Iran as responsible for the human rights violations of the Shah's regime;
- Unfreezing of Iran's blocked assets;
- Return of the Shah's assets;
- Removal of trade sanctions, especially on civilian and military spare parts.

-- The new institutions of the Revolution could soon be finally in place. The six secular lawyers on the twelve-man Council of Guardians (which will review all laws and decrees for Islamic purity) were chosen and approved by the parliament with a high percentage of the votes cast. A president has been elected for the parliament, and the legislature is now officially established. Although we know little of the six new Guardians, the president of the parliament is Hashemi Rafsanjani, one of the most extreme of the religious hard-liners and strongly anti-American. His election by a very large majority does not promise easy parliamentary action and increased the threat of a trial.

-- Mostafa Mir-Salim was nominated as prime minister; he has still to be confirmed by parliament and a cabinet selected. That process could stretch on as competing factions battle for dominance. Indeed, Mir-Salim could be withdrawn or

defeated and a clerical candidate named.

Possible Scenarios

Over the next two months there seem to be five possible ways in which the situation could develop:

1. The parliament might debate the hostage issue and vote to authorize the government or a special commission to resolve the crisis by satisfying Iran's demands against the U.S. This outcome has been sought by Ghotbzadeh and, we think, the other secularists, but we have no evidence this would have any appeal to the religious party. It would be a satisfactory outcome for us unless the parliament were to attach specific conditions which we would be unable to handle, e.g., return of the Shah's assets, or if we were required to settle all claims before release. Ghotbzadeh and his associates are said to want a conference (possibly chaired by the Swiss and Algerians) for the Iranians and U.S. to resolve in principle the bilateral issues.

2. A trial of some or all of the hostages by the parliament or a revolutionary court. This could take two forms-- either a trial of the U.S. with or without some hostages as witnesses or in attendance, or a trial of the hostages themselves for espionage. If there is any sort of trial, it seems almost certain that a description of the work and statements from some of the hostages will be used as evidence.

3. A decision on humanitarian grounds to release the hostages with negotiations with the U.S. to follow to resolve bilateral problems. This scenario, an extension of the decision on Richard Queen, seems improbable, but it could occur if the Iranian leadership felt that there was no other way of successfully ending the crisis and a face-saving formula were available, such as an appeal from the hostage families or some other private American group. The end of Ramadan about August 12 would provide an occasion for amnesty.

4. A humanitarian release of 40-45 hostages followed by trial of the rest, who are identified as spies. This is judged by many--if not most--analysts to be the most likely course as prospects look today. The release could be an amnesty as described in #3 above, or after the first phase of a trial. The trial could take either of the forms described in #2 above, and could be followed by pardon or by imprisonment of some hostages to guarantee against U.S. retaliation.

5. A prolonged parliamentary debate on the hostage crisis in order to hold them until after the U.S. elections. A variant would be an Alphonse-Gaston act between the new cabinet and parliament until after the U.S. elections. This kind of scenario is increasingly heard from foreign diplomats who believe that the enmity of the hard-liners toward President Carter will drive them to seek his defeat at the polls despite their distaste for Mr. Reagan. As the crisis is prolonged,



there is an increasing danger that the hostages will be caught in the cross-fire of a complete collapse of order in Iran.

Channels of Communication with Iran

-- European Ambassadors. None with any influence is presently in Tehran. If a significant situation developed we could urge Swiss Ambassador Lang or perhaps German Ambassador Ritzel to return. The EC-9 has not been willing to act because of political uncertainty in Tehran but is willing to reconsider if the situation clarifies.

-- The Algerian government, as Iran's protecting power here, could be used for conveying messages. The Algerian Ambassador in Tehran is well connected, although the Algerian government does not seem eager to initiate an active role on its own.

-- Waldheim and individual members of the UN Commission. They have been quiet since Daoudi returned, and most analysts do not see an immediate role. It is possible, however, that release of the Commission's report might still play a role.

-- Kreisky, Palme, Gonzales and the Socialist International. Inactive at the moment.

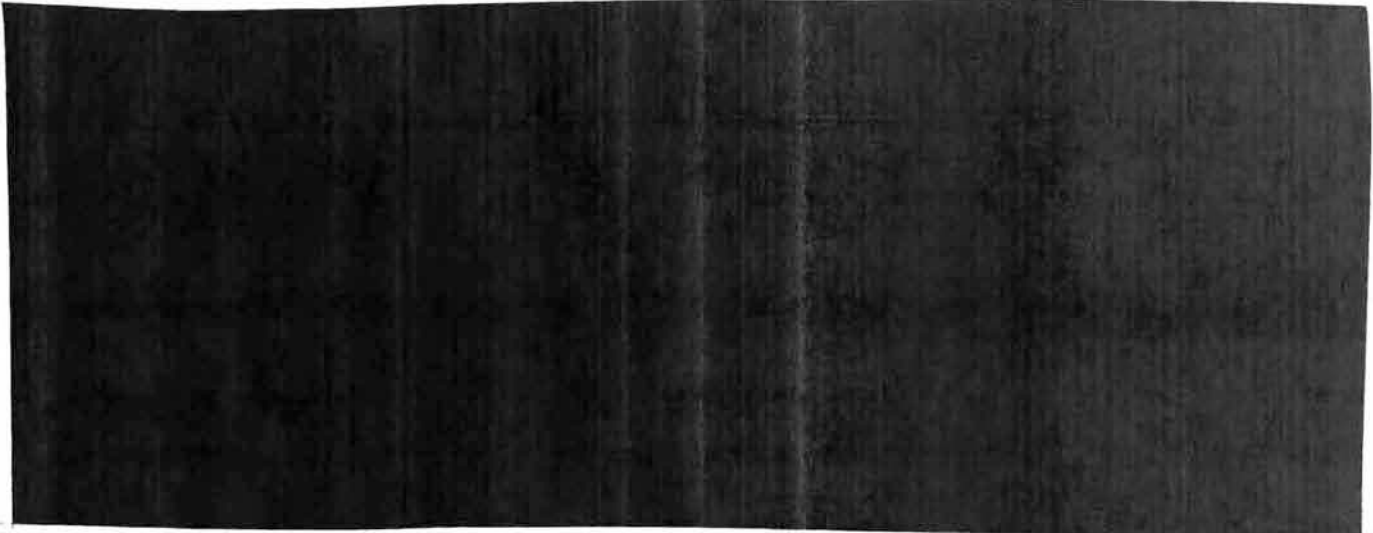
-- Richard Cottam. Still in frequent contact with Ghotbzadeh who may not survive in a new government and who has not been active on the hostage issue recently. He will try to open new contacts. He has, for instance, known Beheshti for seven years.

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-- The French lawyers, Bourguet and Villalon. They say they are working for release but have become rather secretive and do not involve us in their planning.

-- Capucci, Sadik el Maadi, Palestinians and other intermediaries. Inactive in recent weeks, generally feeling that the political situation was too chaotic for an initiative to succeed.



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Options

Until we have a clearer idea of how the power structure shakes down over the next days and how the Iranians intend to proceed to handle the hostage issue, it would be advisable not to commit ourselves to decisive actions for release. It is highly probable that no US action, whether pressure or persuasion, will have a strong positive influence on Iranian decisions. Rather, it is likely that the Iranian decision will be made essentially on the basis of interests of the leadership group. If we are not able to force a decision on the Iranians, we should take care not to make any move at this stage which could set back a decision.

The following options cover the general range of choice that can be considered:

1. Intensified support of opposition groups in order to destabilize the regime and produce new leadership which might be responsive to us on the hostage crisis.

-- Dissent is growing in Iran among key elements of society: the middle class, professionals, government workers, and probably within the military.

-- Nevertheless, the mass of the people, many of whom are armed, revere Khomeini and, as long as he lives, will give strong support to him and to the clerics.

-- The strongest armed military groups in Iran are probably the Revolutionary Guards which may number as many as 80,000 men.

Although the guards lack cohesion, discipline and military capability, they are relatively stronger than any other group in Iran and probably capable of defeating either mutiny in the armed forces or insurrection in the cities.

-- It will take some months yet for relationships to crystallize among the individuals and groups who might one day form the nucleus of an alternative government.

-- Thus, while this option deserves serious consideration for the longer term, there do not appear to be any groups at the moment inside or outside of Iran able to bring about a change of government -- with or without our support -- in time to have any early effect on release of the hostages. Iranian fears that this is our immediate purpose lead some of them to believe they should keep at least some of the hostages as guarantees against U.S. intervention.

2. A blockade or mining of Iranian ports and efforts to block air transport links -- possibly preceded by a warning that these actions would be taken by a stated deadline if the hostages were not released.


-- Some such step may be necessary if all other efforts to persuade the Iranians fail or if hostages are harmed. It would be a move of last recourse because it would rely on Iranian fear rather than on specific U.S. action to release the hostages.

-- The potential dangers are substantial. Loss of Iranian life through accident or intentional clashes with our forces or with mines could spark an emotional response that

would endanger the hostages.

-- It could have serious regional implications, possibly including riots and attacks on American installations. It would put us at odds with our allies. Despite these serious problems a cutoff in Iranian oil sales would be the most effective form of pressure we could place on the country. We might be able to engineer that without taking military measures, but we lack the legal authority to be helpful on alternate supplies, which European and Japanese purchasers would expect in return for a tight boycott.

3. Intensified negotiations targeted, above all, at religious leaders but also at the new prime minister, the foreign minister and, if possible, the Ayatollah and Ahmad Khomeini. This would involve an offer to resolve problems along the lines of the position the President approved in November and again in January and would probably have to include some formulation about our past role in Iran. We have examined the possibility of the apology -



-- The moment we have been preparing for since the last diplomatic effort faded at the end of March may shortly come with the full establishment of the revolutionary government. There may be reasons why the new government does not want to move quickly, but there is every reason to try to work with the new situation as far as possible.

-- Iranians are unlikely to be persuaded by even the most cogent and compelling arguments alone until they have their own reasons for releasing the hostages. However, we would make the effort to coordinate our actions, e.g., public statements, or other initiatives, with Iranian plans for dealing with the hostage issue.

-- We would use the maximum range of effective channels, including the new ones offered by formation of the new governmental institutions. As a new set of leaders emerges, e.g., Prime Minister Mir-Salim, who are unfamiliar with our positions on the hostage question and related issues, we will have a fresh opportunity to repackage those positions and put them forward as soon as possible. We can particularly try through Mir-Salim to get to the religious leadership which must have agreed to his appointment.

-- It is also possible in addition to the private approaches described above to make a substantive public statement at an appropriate moment. A written message to an individual may not be sufficiently dramatic or may not be politically useful in the Tehran context to catch the attention of the Iranians or to develop a situation in which those who want to resolve the crisis can proceed. We have hesitated to make public statements which would fall on deaf ears in Tehran, but if we thought the time was right we might say something

about the blocked assets and about our policies toward Iran after the release of the hostages. Now that the Shah is dead, even a statement that we will not stand in the way of Iranians who wish to seek assets in this country might have an political impact.

4. Humanitarian appeal for release. It would be possible to pursue this approach by itself, but it is more likely that we would want to put it into play alongside a diplomatic initiative and adjust to responses on each front.

-- Although the Iranians have been seemingly impervious to the humanitarian factor, the release of Richard Queen suggests a new approach that we can build on. Figures like Beheshti have said on several occasions that the hostages should be released to the American people.

-- Efforts to secure a release on humanitarian grounds e.g., by the families, religious leaders or representatives of the American people (possibly members of Congress), would not necessarily conflict with non-military actions taken by the U.S. Government.

-- The presence in Tehran of a Congressional delegation, a group of hostage family members or American academics could divert the attention of parliamentarians away from the only face-saving exit they can contrive--a trial.

5. Managing trials to our advantage. We will continue to argue against trials. If a trial is scheduled, however,

we will have first to determine the degree of danger that will concern the hostages, i.e., whether they will be placed in personal jeopardy or whether they will be used in a trial only in a symbolic sense while U.S. policy is the main target. In either of the circumstances we will have to decide whether to adopt a threatening public line, or one of continued patience, pending the outcome of the trial. We will also want to consider whether to threaten or take specific actions, e.g., a blockade or mining.

Thus, our reaction could be carried out in several phases:

-- A period of inquiry probably very brief before commencement of a trial in which we will attempt to learn with precision the nature of the trial and, if possible, the likely outcome. It is even conceivable that there might be a trial/pardon scenario planned in advance.

-- A phase of examination of the actions taken during the first day or so of a trial to determine whether the progress conforms to our initial judgment. During this period our



statements would be guarded but calculated to impress the Iranians with the seriousness of the steps they were taking.

-- A phase of specific actions where we would initiate. This phase would begin when the Iranians had reached a decision on the fate of the hostages, i.e., imprisonment, for example, could be followed swiftly by action to clockade or mine Iranian borders.

In the meantime we should prepare the arguments we can use publicly and privately in Iran to mobilize opinion against a trial.

6. Put U.S. initiatives on hold and wait for the Iranians to make the next move. We would not stop our diplomatic probing, but we would not take any concerted initiative.

-- The principal argument for this approach is that there will be no movement on the hostages in any case until an effective element of the Iranian leadership is ready to move for its own reasons. Any U.S. moves before that moment arrives will be wated. This may, however, be as much an argument for picking the right time for any move we make as an argument for holding all action.

-- Another argument for this approach is that the Iranians may regard it as a sign of weakness if we appear too obvious in pursuing a settlement.

-- The counter argument is that the Iranians are inexperienced and all but paralyzed by their own power struggle, so if we want to see movement, we will have to stimulate it ourselves and give the Iranians a package they can work with.

#### Hostage Families

There has been discussion that leaders of the hostage family organization might propose a meeting with some Iranians. There are reasons for their not going to Iran themselves, although this may be the only realistic way to arrange direct contact. Separate work is being done on ways for them to conduct their own appeals and probes for possible contact which might open the door to the hostages being turned over to their families.

#### Congressional Initiative

We know that some Iranians have been interested for some time in the possibility of a meeting involving members of our Congress and the Iranian parliament. We could approach members whom we know interest the Iranians and encourage them to try to arrange such a meeting. We would have to tell them that we would publicly distance ourselves from their effort to increase the likelihood of its acceptability in Tehran and its independence of the Executive. Their first objective might be to arrange a meeting with counterparts simply to explore how issues between Iran and the United States might be worked out. They might go prepared to agree--in the context of an understanding on a scenario for the

release of the hostages--that hearings would be held in the US examining Iran's grievances and past US involvement in Iran. From our perspective, it would be more desirable for them to trade the commitment to hearings for release of the hostages than to agree that the report on the hearings would be issued concurrent with the release.

The advantage of both the Congressional and the hostage family initiatives is that both provide independent mechanisms for dealing with the hostage situation which would be available should Khomeini decide the time is right for release. They could be complemented by exchanges between our two governments to the extent that would be necessary to lend credibility to these non-Executive initiatives and to provide a channel for working out arrangements for such steps as unfreezing blocked assets.

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US POSITION

1). The safe and immediate departure from Iran of all US employees of the Embassy in Tehran and other Americans held hostage is essential to a resolution of other issues.

2). The US understands and sympathizes with the grievances felt by many Iranian citizens concerning the practices of the former regime. The US is prepared to work out in advance firm understandings on a forum in which those grievances may subsequently be aired, so that the hostages could be released with confidence that those grievances will be heard in an appropriate forum after the release has taken place. The US will not concur in any hearing that involves the hostages. The US is prepared to cooperate in seeking through the auspices of the UN to establish such a forum or commission to hear Iran's grievances and to produce a report on them. The USG will cooperate with such a group in accordance with its laws, international law and the Charter of the UN.

3). The US Government will facilitate any legal action brought by the Government of Iran in courts of the United States to account for assets within the custody or control of the former Shah that may be judged to belong to the national treasury of Iran by advising the courts, and other interested parties, that the US Government recognizes the right of the Government of Iran to bring such claims before the courts and to request the courts' assistance in obtaining information about such assets from financial institutions and other parties.

4). Once the hostages are safely released, the US is prepared to lift the freeze of Iranian assets and to facilitate normal commercial relations between the two countries, on the understanding that Iran will meet its financial obligations to US nationals and that the arrangements to be worked out will protect the legitimate interests of US banks and other claimants. The US is prepared to appoint members of a working group to reach agreement on those arrangements.

5). The United States is prepared to appoint a representative to discuss with Iranian representatives the current threat posed by the Soviet invasion of Afghanistan and to recommend to their government steps that the US and Iran might take in order to enhance the security of Iran,

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including the resumption of the supply of military spare parts by the United States to Iran.

6). The US Administration is prepared to make a statement at an appropriate moment that it understands the grievances felt by the people of Iran, and that it respects the integrity of Iran, and the right of the people of Iran to choose their own form of government. The United States Government recognizes the Government of the Islamic Republic of Iran as the legal government of Iran. The US reaffirms that the people of Iran have the right to determine their own form of government.

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NLSC-2006-069  
per 8/3/06 NLSC/HF  
BY W NARA, DATE 8/5/06

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July 29, 1980

SHORT

STATEMENT

We regret the action announced by the Israeli Government yesterday; it will not be helpful in moving forward the peace process in the Middle East.

United States policy on the issue of Jerusalem is of long standing, beginning with statements by our permanent representatives to the United Nations in 1967 and 1969. It has been restated on a number of occasions since then. Our view has been, and remains, that the final status of Jerusalem should be determined through negotiations among the parties concerned; that the settlement which is worked out should leave the city undivided; that it should provide free access for people of all faiths to the holy places; and that it should include administrative arrangements which take into account the interests of all the city's inhabitants. As President Carter stated on March 3: "We strongly believe that Jerusalem should be undivided with free access to the holy places for all faiths."

Pending such negotiations, the United States does not believe that any party should take unilateral measures which alter the status of Jerusalem. We made clear to the Prime Minister and other Israeli officials that we would view the move of the Prime Minister's office to East Jerusalem to be contrary to the principles we believe will be most helpful to the current negotiations and to the broader effort to bring about a comprehensive and lasting peace in the Middle East.

We hope that the Government of Israel will suspend implementation of this decision and will reconsider it in the larger interest of the success of the effort undertaken by Israel, in common with Egypt and the United States, to bring about a negotiated settlement of the Middle East conflict.

Rec'd from  
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7-31-80

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DRAFT STATEMENT

We deeply regret the decision announced today by the Government of Israel to move the office of the Prime Minister of Israel to East Jerusalem. It is a step that can only impede the search for a comprehensive Middle East peace settlement of which the current negotiations are the first stage. The United States does not accept or recognize this action as altering the status of Jerusalem or as determining the future of the city.

Since the June War of 1967, the policy of the United States under four Presidents has been clear, consistent, and unchanging in the view that the future of Jerusalem was to be settled, not unilaterally, but through the process of reaching an agreed settlement of the Middle East conflict. This was set out in Ambassador Goldberg's statement of July 14, 1967, and in Ambassador Yost's statement of July 1, 1969, which remain the United States' position on Jerusalem. As Ambassador Scranton put it, on March 23, 1976, "the future of Jerusalem will be determined only through the instruments and processes of negotiation, agreement and accommodation. Unilateral attempts to predetermine that future have no standing."

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We believe that, because Jerusalem is sacred to three religions, its future status should reflect this unique reality. It should be an undivided city, with free access for people of all faiths to their holy places and with arrangements reflecting full respect for the interests of all its people. A durable and just reconciliation of these requirements cannot be imposed. It can only be achieved by negotiation and agreement among the interested parties.

The United States is committed to no specific detailed blueprint for such a settlement, which might legitimately involve agreed changes affecting various parts of the city and its environs in differing manner and degree. Pending such a settlement, however, a clear distinction must be drawn between the eastern and western sectors of the city in terms of the changes which may properly be introduced by Israel. East Jerusalem, because of its history, religious significance and population, is the focus of highly sensitive issues requiring resolution as part of the settlement of the Middle East conflict. Actions affecting East Jerusalem therefore have an immediate and sensitive impact on the course of negotiations upon which we are embarked.

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Further, as the United States and others have consistently maintained, the part of Jerusalem that came under the control of Israel in the June 1967 war, like other areas occupied at that time by Israel, is subject to the provisions of international law governing the rights and obligations of an occupying power. Among these obligations is that the occupying power may not assume sovereignty, make changes in laws or administration, or make other important changes not justified by the welfare of the inhabitants or temporarily necessitated by its security requirements. Clearly the decision announced by the Government of Israel is in contradiction to that obligation.

We made it clear to the Prime Minister and to other Israeli officials some time ago that we would view the move of the Prime Minister's office to East Jerusalem as undercutting efforts to negotiate a solution which would take account of the interests of all relevant parties and make Jerusalem a city where people of all faiths have agreed on how to live at peace with each other. In particular, it is obvious that this action cannot be helpful to the current negotiations or to the broader effort to bring about a comprehensive and lasting peace in the Middle East.

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STATEMENT

The legislation on Jerusalem announced by the Israeli Government on July 30, 1980 is not in keeping with the vital international efforts flowing from the Camp David Accords to achieve a just and lasting peace settlement in the Middle East.

United States policy on the issue of Jerusalem is of long standing, beginning with statements by our permanent representatives to the United Nations in 1967 and 1969. It has been restated on a number of occasions since then. Our view has been, and remains, that the final status of Jerusalem should be determined through negotiations among the parties concerned; that the settlement which is worked out should leave the city undivided; that it should provide free access for people of all faiths to the holy places; and that it should include administrative arrangements which take into account the interests of all the city's inhabitants. As President Carter stated on March 3, 1980: "We strongly believe that Jerusalem should be undivided with free access to the holy places for all faiths."

Pending such negotiations, the United States does not believe that any party should take unilateral measures which alter the status of Jerusalem. We do not regard the action taken by the Knesset as precluding those future negotiations. We made clear to the Prime Minister and other Israeli officials that we would view the move of the Prime Minister's office to East Jerusalem to be contrary to the principles we believe will be most helpful to the current negotiations and to the broader effort to bring about a comprehensive and lasting peace in the Middle East.

We believe that the Government of Israel should suspend implementation of this decision and reconsider it in the larger

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interest of the success of the effort undertaken by Israel, together with Egypt and the United States, to bring about a negotiated settlement of the Middle East conflict. It is important that this effort be pursued in the Autonomy Talks implementing the next phase of the Camp David Accords.

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For Aug. 8, 1980

Future: 80's  
 Counterintelligence Strategy  
 Office of the Vice President  
 WASHINGTON  
 Magnifico's Special

Memo No. 555-80

SECRET/SENSITIVE

August 7, 1980

## MEMORANDUM FOR THE VICE PRESIDENT

FROM: Denis Clift

SUBJECT: Foreign Policy Breakfast, Friday, August 8, 1980

Iran

Condoleezza  
 NATO  
 C.I.F. 80s  
 Israel

The President has reviewed the PRC recommendations on a strategy for the new phase in Iran, and has approved Secretary Muskie's recommendations, instructing him to expedite implementation. The Secretary's recommendations and the President's guidance are at Tab A.

Middle East

Capitol Hill  
 Speech  
 Linowitz

Sol Linowitz has distributed a memorandum of his talks this week with Sam Lewis and Roy Atherton which calls for an analysis of Begin's response to Soviet consultations at the ambassadorial level with the Egyptians, care not to try to rush resumed negotiations prematurely and a possible Linowitz mission to the Middle East in early September. While I concur in the view that it will be difficult if not impossible to have any progress in the Autonomy Talks in the near future, I do see merit in keeping the U.S. in the public international eye in a constructive way. As you know, I believe that consideration should be given to the option of having Linowitz go to the region this month for bilateral conversations with the Israelis and Egyptians (not resumption of the Autonomy Talks per se), with a strategy that would give us the option of having Muskie go to the region in September or October should it be possible to resume some form of the Autonomy Talks. The Linowitz paper is at Tab B.

Int. Security Committee

At the UN, the Islamic Group has tentatively scheduled a meeting for Thursday, August 7, to discuss a UN Security Council meeting on Jerusalem, addressing the wording of a draft resolution and the timing of the meeting. UN diplomats have advised our mission that the tentative Islamic Group

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thinking would be to schedule the Security Council meeting either before or after the Democratic Convention, not during it. Secretary Muskie's July 30 statement on the Middle East (Tab C) continues, in my view, to provide a good basis for the U.S. position in the next Security Council meeting.

#### U.S.-Canadian Fisheries Agreement

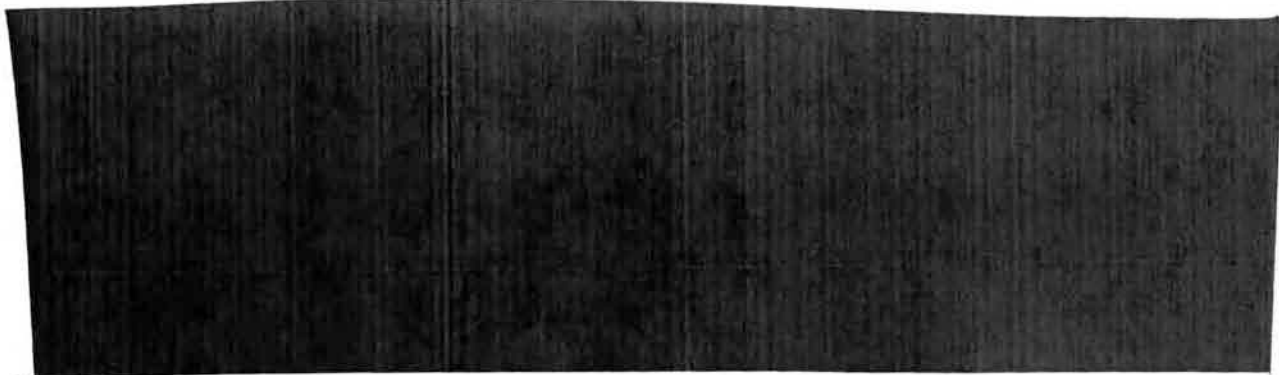
Bill Smith and I have taken soundings on the Hill, with Lloyd Cutler and at State and have found that the U.S.-Canadian fisheries issue is currently dormant. You have noted the recent Washington Post editorial (Tab D) criticizing the Administration for its inability to move the agreement through the Congress, and you have indicated that the President might wish to call Claiborne Pell to the White House for a discussion or to send a strong message to the SFRC calling for action. It is Bill Smith's view that neither of these steps would in fact move the SFRC. At the breakfast, Christopher will have background from State's viewpoint of where we stand, and you may wish to ask Lloyd Cutler to speak to the question of how we get the Senate Foreign Relations Committee to act.

#### Greece/Cyprus

You may wish to note the very favorable reaction Greek-American leaders had to their luncheon with Secretary Muskie. This has been followed by the announcement from the UN that the Cyprus Intercommunal Talks will resume this month. You may wish to stress the importance of our succeeding in getting Greece reintegrated into NATO and to ask Warren Christopher for his views on progress being realized by Bernie Rogers in this regard.

#### Zimbabwe

You have noted the New York Times editorial calling on the Administration to capitalize on its foreign policy success in Zimbabwe (Tab E) by providing more assistance to that nation. State is still working to get the FY 81 foreign assistance bill through the House -- that bill contains the \$25 million aid for Zimbabwe which has already been dismissed as not enough in the press. If there is to be more assistance, it will have to be in the form of a supplemental. If the occasion arises, you may wish to discuss our policy toward Zimbabwe, its importance to our African policy, and the benefit we could expect to realize from additional assistance.



THE WHITE HOUSE  
WASHINGTON

SECRET

August 5, 1980

MEMORANDUM FOR

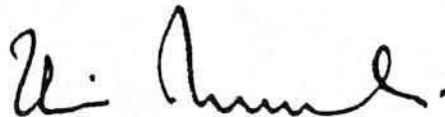
THE SECRETARY OF STATE

SUBJECT: PRC Meeting on Iran (U)

I return your memorandum on the new phase in Iran, with the President's comments. They involve marginal notes on almost every page, and they convey the President's feeling that we should be moving more aggressively in implementing the various elements of the diplomatic strategy. (S)

Moreover, the President feels that the various initiatives proposed are not mutually incompatible and that we should move on a wide front. In addition to initiatives focused on the Iranians themselves, the President wants an active PR campaign on hostage mistreatment and initiatives directed at the UN and our various friends designed to deter the trials. He concludes his notes by saying, "Put this now into action. Give me a plan ... with dates for implementation." (S)

Please let me know if we can be helpful at our end in meeting the President's requests. (U)



Zbigniew Brzezinski

Enclosures

SECRET

Review August 1, 2010  
Classified & Extended by Z. Brzezinski  
Reason: NSC 1.13(a)

DECLASSIFIED

NKJC-2000-069  
per 8/3/06 NSC/Tr  
BY: 5 NARA, DATE 8/15/06



~~SECRET~~PRC Meeting - August 1, 1980

TIME AND PLACE: 9:10 a.m. - 10:36 a.m.  
White House Situation Room

SUBJECT: Minutes of PRC Meeting on Iran (S)

PARTICIPANTS:

State

Secretary Edmund Muskie  
Deputy Secretary Warren Christopher  
Under Secretary David Newsom  
Assistant Secretary Harold Saunders  
Ambassador Vanden Heuvel

Treasury

Robert Mundheim  
William Anawaty

OSD

Secretary Harold Brown  
Frank Kramer

Justice

John Shenefield  
John Harmon

JCS

General David Jones  
General John Pustay

DCI

Bruce Clarke  
Robert Ames

White House

Zbigniew Brzezinski  
David Aaron  
Hedley Donovan  
Lloyd Cutler

NSC

Gary Sick

DECLASSIFIED

ALLTC-2006-069  
per 8/3/06 NSC/HR  
BY SP NARA, DATE 8/15/06

~~SECRET~~

Classified by Z. Brzezinski  
Review August 1, 2010  
Reason for extension: NSC 1.13(a)

~~SECRET~~

~~SECRET~~SUMMARY OF CONCLUSIONS

Secretary Muskie opened the meeting by reviewing for the PRC an options paper for an Iran strategy over the next two months (Tab B) and a proposed memorandum to the President reporting the recommendations of the PRC. Some participants expressed doubt that the course of action would succeed in achieving the release of the hostages; however, all agreed that the strategy proposed was necessary as a first step toward developing the contacts and channels of communication required for further progress. After some minor revisions, the PRC unanimously recommended approval of the memorandum at Tab A. (C)

✓ Approve \_\_\_\_\_ As Amended

*See  
notes*

The bulk of the discussion related to the question of possible trials of the hostages. Dr. Brzezinski suggested that it may be useful to have a trusted intermediary on his own raise with or suggest to the Iranians a possible resclution of the crisis involving a swift trial and immediate expulsion of the hostages in no more than 48 hours. Although we should continue to stand by our public and private position of November 1979 that we would respond to trials by an interruption of Iranian commerce, we should also recognize that some form of trials may prove unavoidable. We should provide a scenario which offers an alternative to an automatic U.S. military response and which provides the basis for a prior understanding that we could restrain our reaction for a brief period in order to resolve the crisis if there were assurances that a trial will be followed by release. (S)

Secretary Brown noted that prearrangements in the past had always come apart, and this kind of scenario would be no different. In his view, the most realistic course would be to leave our position of opposing all trials as it is. He felt that Behesti and Khomeini are determined to bring down the U.S. government, and they would use the situation against us. Bruce Clarke commented that the Iranians would be able to agree on having real trials more easily and more quickly than they could agree on such a scenario. (S)

Mr. Cutler commented that the ICJ ruling forbids all trials involving the hostages, and he did not accept that the U.S. could sit still for trials of any nature. Since we would have to misrepresent our position, it was not an honorable course. The United States should never lie. (C)

Mr. Christopher also disagreed with the proposal on the grounds that it would suggest U.S. acquiescence in trials, thereby opening that issue to negotiation. It is also possible that the

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Iranians would lose control of the process and the scenario would get out of hand. Secretary Muskie commented that the Iranians would probably take our proposal and then escalate to a discussion of additional concessions they may want. If we have to offer some bait in advance to the Iranians, he would prefer consideration of monetary inducements or a carefully drafted apology of some sort rather than accepting trials. In any event, we lack a credible interlocutor in Tehran. (S)

Mr. Donovan disagreed with the notion of trials or an apology, on the grounds that it would promote hostage-taking elsewhere around the world. (S)

All agreed that this should be regarded as a preliminary discussion of possible alternate courses of action. The issues had not been examined sufficiently to permit any decision or recommendation. The nature of the discussion should be reported to the President for his information, and a small working group should examine in more detail the kinds of contingencies we may face suddenly and how we might deal with them. (S)

Mr. Cutler noted that we are progressively losing control of any ability to return the frozen assets. The court cases are proceeding and he believes we will not be able to stop a judgment. Mr. Shenefield commented that this issue was really a lawyers' discussion that had to be worked out among Cutler, Treasury and Justice. Dr. Brzezinski noted that it also affected our negotiating position on the hostages. (S)

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