

For Aug. 8, 1980

Continued.

THE SECRETARY OF STATE  
WASHINGTON~~SECRET~~

August 1, 1980

SENSITIVE

MEMORANDUM FOR: THE PRESIDENT

From: Edmund S. Muskie *E.S.M.*

Subject: A Strategy for the New Phase in Iran

The Issue

The purpose of this memorandum is to report to you as Chairman of the PRC the views and recommendations from the PRC meeting on Iran. A draft of this memo and the attached options paper ("Strategy for Iran--The Next Two Months") were circulated before the PRC as a basis for discussion.

The purpose of this exercise is to establish a strategy for approaching the new situation in Iran which you have described--the functioning of the new parliament, the formation of a government, the focus of the parliament's attention on the hostage issue, Queen's release and the end of Ramadan. Some elements of this new situation already exist; others may come fully into play in a couple of weeks; still others may not jell for a month or more. The strategy discussed incorporates the steps you have already directed as well as other possible initiatives.

The attached options paper analyzes what we have done since you approved the last strategy paper early in May (pp. 1-5), the present trends in Iran (pp. 6-8), and the full range of options available to us (pp. 10-17). Each of those options is argued in that paper and was considered by the PRC.

This memorandum explains my recommendation to the PRC that we broaden the immediate effort already begun with your telegram to friends around the world to probe

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RDS-2, 3 8/1/2000

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*NLJC-2006-069*  
*per 8/3/06 NSC/H*  
BY *W* NARA, DATE *8/15/06*

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*Why wait?*  
the Iranian situation from every angle and generate approaches in light of this new situation urging the Iranians to resolve the crisis. As the results of those initial probes begin coming in, we will sharpen specific initiatives of our own, such as hostage family and Congressional contacts with the Iranians. Even before the results of those probes are in we can begin laying the foundation with possible family and Congressional groups while avoiding immediate public identification with them.

*Expedite*  
The discussion in the PRC, as you will see from the minutes, produced general agreement that we should begin by pursuing the course outlined in this memo. There was detailed discussion of such issues as how we might handle a trial situation as it arose, and it was agreed that this should be the subject--along with other specific ideas--of some follow-on work which will be done by a very small group for the next PRC meeting on this subject. The course of action outlined in this paper, in addition to introducing the new ideas mentioned above, is designed to develop a range of active approaches on which we could call as the situation in Tehran clarifies. It was agreed in the PRC that the work that we will next be doing will focus on refining further the ideas which we may have to put into such exchanges.

#### The Last Three Months and Where We Stand Now

The strategy you approved on May 8 was designed to broaden our channels and range of contacts in Tehran in preparation for the moment when the top Iranian authorities would be devising their approach to the parliament on the hostage issue. A number of exchanges took place with new contacts, but the internal power struggle so preoccupied the key figures that no one in Tehran in the end was able to give systematic thought to how they would manage the decision on the hostage issue with the new Iranian parliament.

The power struggle is now approaching one of its climaxes over the selection of the Prime Minister and his cabinet. Whatever the outcome, it is expected to signal

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a further weakening of Bani-Sadr and the moderates, and at least the temporary ascendancy of the clerics. The latter may well be even more intransigent on the hostage issue than the moderates; there is however at least a chance that their victory in this key phase of the ongoing struggle and their assumption of responsibility for the functioning of the government will lead them to want a final resolution of the hostage issue.

I agree -  
Move on  
it ->

We believe there is an opportunity for new efforts to resolve the crisis. We have concluded that--after reviewing the six options identified in the attached study--we should put together a new diplomatic effort, combined with family and Congressional initiatives. There is no assurance of success by this route, but given the fact that Khomeini has said the parliament would decide, it seems wise to act for the moment on the assumption that we have something new to work with and that we should pick the Iranians up on Khomeini's prescribed approach. We will be refining approaches for the specific further steps that we may want to consider in the next few weeks.

#### Elements of a Proposed Strategy

The main objective of the proposed strategy would be to try to encourage the new government to take control of the hostage issue as it is put before the Iranian parliament so as to assure to the extent possible that the parliament's decisions on the issue do not preclude a reasonable settlement.

In pursuing this objective, we would work on two parallel tracks:

- encouragement of private and Congressional initiatives to test the potential for a people-to-people approach such as you discussed with hostage wives and
- a series of approaches through diplomatic and private channels to key Iranians to establish a negotiating channel with the most powerful elements in the new government.

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At the same time, we would try to generate renewed support from enough other quarters outside Iran to keep the Iranians alert to their stakes in resolving the crisis. During this period, we would continue--and would press our allies to continue--the economic and psychological pressures on Iran.

*All of this should be pursued aggressively & without delay*

Hostage Families. As you instructed, I am discussing with the leaders of the hostage family organization ways in which they might propose a meeting with some Iranians. As they said to you, they are hesitant about going to Iran themselves, although it has to be recognized that this may be the only realistic way to arrange direct contact. We will be working out separately possible 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 understand that Senators Stevenson and Bellmon have been considering the idea, and they might be an appropriate nucleus for a small group. 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 U.S. examining Iran's grievances and past U.S. 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

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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.

#### A Proposed Scenario

We have divided our proposed scenario, somewhat arbitrarily, into three steps. The further approaches under Step #1--some of which have already begun at your direction--would be taken at an early date, once it becomes more probable that the formation of a new government is underway. This is a stage of probing and exploration designed to give us a wide and immediate picture of what is possible in Tehran. We will assess the results of those probes as they come in to determine how to shape follow-on approaches. Those approaches under Steps 2 and 3--outlined below as illustrative of the kinds of moves we could make--would likely follow the actual formation of the government and our assessment, as the information from the first probes becomes available, of the best way to approach key individual leaders in the government and the new parliament.

Step #1. As a first step, we would continue immediately to encourage a new series of approaches to key Iranian officials, i.e., the new Prime Minister, the Foreign Minister, Beheshti and other leaders of the religious party, and Bani-Sadr. Specifically, we would instruct the following approaches:

- The telegram that you have already directed instructs approaches to EC-9 members to ask them, now that the formation of a new government may be near, to reconsider a statement of their own along the lines of their Middle East statement and sending an emissary or a message to Tehran. We laid the groundwork for this approach in June by asking the EC to study such an approach. They replied that they were prepared to consider such an

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approach but did not feel the time was ripe in early July. We agreed. The advantage of our June approach is that they have now done their homework and should be prepared to move quickly at the right moment.

- Also via the telegram you directed, we would approach key governments represented in Tehran, important members of the Islamic Conference, and other Europeans and ask them either to make direct approaches in Tehran or to make public statements appealing to the authorities in Tehran. The substance of these approaches would be an appeal to the Iranian government to take advantage of the convergence of the formation of the new government, the end of Ramadan, the death of the Shah, humanitarian concerns generated by Richard Queen's illness and release to bring an end to the hostage crisis.
- Ask Kreisky and his Socialist International group to consider an approach of their own either by going back to Tehran to visit the new leadership or by sending a message to the new leadership.
- Urge both Waldheim and the President of the UNGA (if we can manage this without offending Waldheim) to establish either direct or indirect contact with both the new Foreign Minister and Beheshti (Waldheim) and the leadership of the parliament (UNGA President). The substance of the approach would be much the same as that described above. The appeal might not have all that much effect, but it might have some freshness for officials who have not been previously involved with the UN. Waldheim might explore whether the return to Iran of a member of the UN Commission or some other unpublicized emissary from him might be useful.
- We might again approach Agha Shahi and Habib Chatti as leaders in the Islamic Conference and

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members of the Standing Committee on Afghanistan, urging them to make a special approach urging the Iranians to put the hostage crisis behind them in order to be able to concentrate on the Soviet threat from Afghanistan.

- Ask the Algerian Government to instruct its Ambassador in Tehran to make his own probes, particularly among the religious leadership, to provide us with analysis of what the demands and objectives of that leadership are with regard to resolving the hostage crisis. In asking the Algerians to make this approach, we would probably have to provide them with a short statement of our own position so that they could have that to draw on in their conversations. Such a statement would be drawn from the position paper which you approved in November and reconfirmed in January. The Algerians might even raise the question of whether the Conference earlier discussed by them with the Swiss chaired by the two of them or other neutrals might be useful in bringing Iranians and Americans together to resolve bilateral issues which will have to be dealt with when the hostage issue is resolved.
- We would crank up private individuals such as Richard Cottam here in the U.S. or Bourguet and Villalon in Paris to make whatever contacts they could. We would particularly ask Cottam to try to open a channel to Beheshti.
- We would inform the Swiss of what we are doing but reserve them for the next step.

Step #2. Following relatively soon after we have some feedback from the above approaches, we would launch approaches of our own by sending direct messages to key figures in Iran. These messages would as much as possible take advantage of the efforts of intermediaries during Step #1 to determine how a resolution of the crisis might be shaped. These messages might include:

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*There is no reason for these  
delays in doing all of these  
things. They are not  
mutually incompatible*



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- A letter from me to the new Foreign Minister through the Swiss stating readiness for discreet exchanges or discussions through an agreed channel in order to manage an acceptable conclusion to the crisis. This could include our positions on key issues.
- The hostage families have just sent via a visiting minister a letter to Ahmed Khomeini. They could send a follow-on message either to Ahmed Khomeini or to Beheshti or perhaps copies to both introducing the idea of contact between the hostage families and an appropriate Iranian group, and possibly a visit by a family delegation to Iran. This would follow through on your conversation with Mrs. Keough and Mrs. Kennedy, which I am further exploring with them.
- We might work out a direct message to Beheshti from a private or Congressional group to be delivered by the Algerian Ambassador or through their own contacts. One purpose of approaching Beheshti through the Algerian Ambassador would be to try to determine the basis for Beheshti's participation in an agreed final solution.
- A letter from Members of our Congress has been delivered to the new President of the Iranian parliament by the Swiss Charge, and he has reacted substantively. There might be a role for a more pointed Congressional message to him or to other members of the Iranian parliament. Once we have gauged Iranian receptivity, we might consider proposing to the Congressional leadership a bipartisan Congressional delegation to visit Tehran to seek the release of the hostages from the parliament. The delegation, as noted above, would presumably be in a position to assure an appropriate Congressional investigation of U.S.-Iranian relations once the hostages are released.
- It is also possible in addition to the private approaches described above to make a substantive

*Draft these now -  
Have them ready*

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

*de - but fill  
& Lloyd to  
help*

Step #3. As these various approaches progress, our purpose would be to narrow the field and to identify a target in Tehran for a negotiating effort and to identify the best channel for communicating with that individual or group. Depending on responses to our more general approaches, our purpose at this stage would be to introduce a specific package on which the Iranians could focus and which could become the basis of a negotiation. We would try to design the approach and the package in such a way as to include a suggestion for the Iranians on how the hostage issue might be presented to the parliament. Our staff work will continue in a very small group to develop short papers on each of the main elements of a possible package so we will be ready to move promptly.

In proceeding through these steps, we would start with the position paper which you approved early in the crisis and which we have used repeatedly throughout (attached). We will weave that into messages we send ourselves as well as trying certain language which might encourage the Iranians to open a dialogue.

#### Hostage Trials

In addition to the above, we will have to prepare ourselves to deal with what may be the increasing likelihood that there will be trials of some kind.

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We are on record as telling the Iranians in November privately and in December through the press that we will interrupt their commerce if any of the hostages are tried. We have also gained the ruling of the International Court of Justice that the hostages may not be subjected to trial. There is the grave danger that we have worried about continuously that even a trial which started out as a show trial could turn into one which would jeopardize the safety or even the lives of some of the hostages.

Against that background, we will continue to do everything we can to discourage trials of any kind, but it is possible that we will at some point have to consider the possibility of accepting a scenario in which some sort of trial/pardon element is introduced. Clearly there would be risks in any such situation, but we will be developing a separate paper in order to help think through ways in which we might manage such a situation so as to build in the maximum number of safeguards.

#### The Hostages

We have used every opportunity to keep open the possibility of a medical or humanitarian visit to the hostages, but these approaches have been flatly rebuffed since the rescue mission. At the moment of a new diplomatic initiative, it seems to me that we should concentrate our energies and those of the Iranians on release of the hostages rather than settling for a visit to them.

Meanwhile, extensive efforts by the Agency and our Iran Working Group continue in an effort to locate the hostages. As you know, Richard Queen's account tended to confirm both that some of the hostages remain in the Embassy and that a number of them had been moved away from the compound, either elsewhere in Tehran or outside. While we have indications of where some of them might be, we still cannot be sure where they are at any given moment since we suspect they may be moved around periodically.

#### Public Affairs Strategy

It will be crucial for the Administration to enlist

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*We should remind US, Western friends & others of our earlier statements. Don't wait until we face the trials. The presentation is what we want.*

*PR Keep up re hostage abuse & lack of accountability for them.*

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the support of the American people for its strategy.

I believe that it will be possible to mount an effective defense of this strategy in the weeks to come, but we need an agreed and consistent position that will be used by all members of your administration who speak about it publicly. It will be important to stress that our overriding objective in dealing with Iran remains the release of the hostages while protecting this nation's honor. There is a new situation in Iran (formation of a new government, death of the Shah, release of Queen, establishment of the parliament, end of Ramadan) which should be analyzed and explained by Administration spokesmen. It should then be possible for us to outline in general terms our strategy for pursuing the matter without holding out false hopes for an early resolution-- and without identifying ourselves with family and Congressional initiatives which depend for their success on remaining independent of us. The problems in dealing with the Iranian authorities and terrorists should also be frankly stated.

The rescue attempt has, I believe, made it less likely that you will be criticized for not taking further military action to try to free the hostages. If you are criticized for failing to take strong enough measures to obtain the hostages' release, I believe that we are in a strong position to challenge the detractors of our policy to come up with alternatives that will produce safe and early release of the hostages. We can emphasize that our purpose is the return of the hostages with honor. We will not act in irresponsible ways. Any attempt to use this issue for partisan advantage would be irresponsible.

I believe that you will continue to enjoy the private and public support of the hostage families if you adopt the strategy that I outlined.

Recommendation:

That you approve the strategy outlined above as the framework within which we will work in the weeks ahead

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with the understanding that we will continue to refine each of the steps on a contingency basis and as we begin to hear responses to our approaches.

Approve ✓ Other                     

Attachments:

Strategy Paper.  
U.S. Position Paper.

*Put this now into  
action. Give me a plan --  
step-by-step with dates, for  
implementation.*

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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

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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:

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- 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

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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.

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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,

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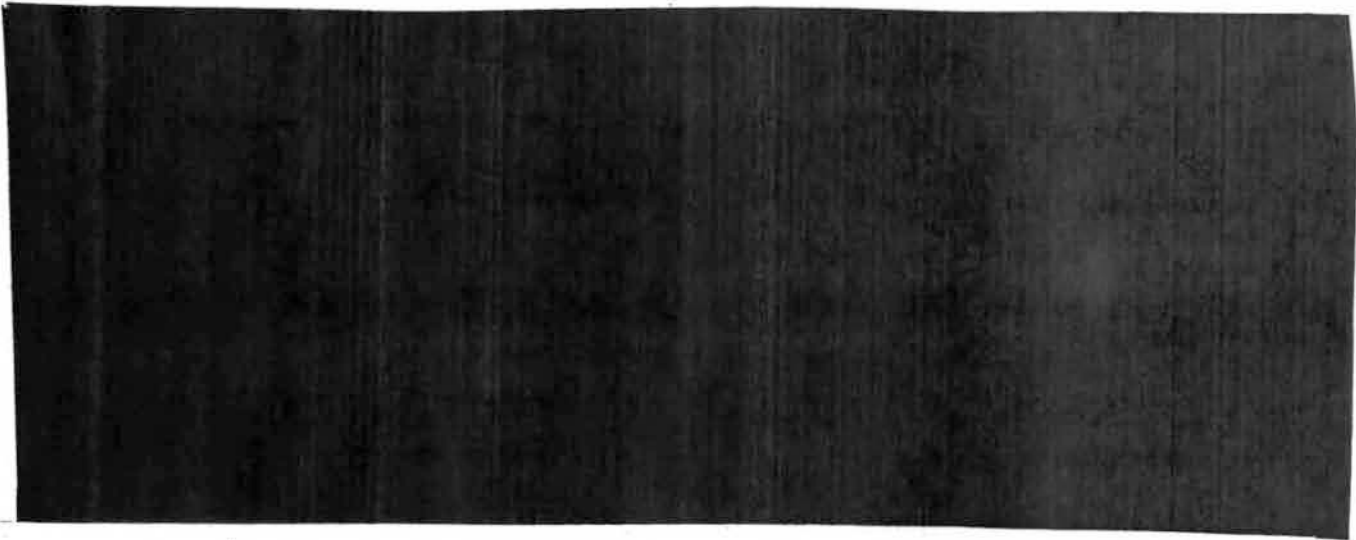
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-- The French lawyers, Bourguet and Villalon. They say they are working for release but have become rather secretive and do not involve us in their planning.

-- 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.

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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

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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.

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-- 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

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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 a 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. Trials as part of a release scenario. We will

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continue to argue against trials. We said privately in November and through the press in December that there would be grave consequences (we will interrupt Iran's commerce) if any of the hostages were tried. We gained an ICJ decision that the hostages may not be subjected to trial. We are concerned that any trial could get out of control and the hostages would be endangered.

However, we must be prepared for the likelihood that the parliament may decide on a trial of some sort. If a trial is scheduled, we will have first to determine the degree of danger for 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 want to learn as much as possible of Iranian intentions and 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

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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 wasted. 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.

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-- 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

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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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MEMORANDUM TO THE FILE

August 5, 1980

Subject: Autonomy Negotiations

Atmosphere:

I have discussed the current state of the talks with Sam Lewis and Roy Atherton. Both agree that we should let the dust settle for one or two weeks before contemplating moves we might make to reengage the negotiations. Roy points out that Sadat seems to have decided that his interests are best served now by not engaging in formal negotiations and that this consideration is beginning to outweigh his concern for conforming to the President's wish that the talks continue. Sam points out that Begin believes Sadat does not want serious discussions at least until November and therefore sees nothing to be gained by seeking an early resumption of the talks. Sam adds that the focus in Israel will be on internal politics over the next few months and that this will not be an environment which is conducive to progress in the negotiations. He senses that we may be facing a protracted period, possibly until next July, in which progress is all but impossible and we should plan accordingly.

Timing:

Both Roy and Sam agree that while it may be in our interests to get the parties talking again in the negotiations, efforts on our part to reinitiate discussions should not precede Begin's office move and resolution of the issue of where we will do business with him or the inevitable Security Council resolution on Jerusalem. We should get these two events behind us before initiating any efforts to resume the talks. Both Ambassadors anticipate that the actions and reactions between the parties will need some time to play themselves out, probably through the end of August. They anticipate that this process might put us in position to take some kind of effective action at the beginning of September, possibly using a trip to the area by Sol Linowitz as the catalyst, provided we are reasonably certain the results will be productive. After the beginning of September, the Israelis will enter their holiday season lasting until October 10th during which time we should not anticipate major Israeli efforts to move the process forward.

Strategy:

Both Roy and Sam believe that if we rush into the current breach we probably will not be able to change the status quo and our ineffectual efforts will be read in the U.S. and elsewhere as signs of ineptitude and weakness. Roy does not discount the possibility of a gradual return to the negotiations, first through

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bilateral discussions on the Heads of Agreement, and then through resumption of technical-level talks. Sam, however, suspects that Begin will not be a party to such an approach and will not agree to parallel bilateral negotiations or even trilateral technical discussions in the absence of a formal resumption of the negotiations. Begin will not see it to be in his interest to accommodate Sadat by engaging in negotiations under the table.

It is the consensus of our Ambassadors that we should:

1. Wait for Begin's response to Sadat's letter to see if it offers any openings
2. Consult with the Egyptians on Begin's response and the appropriate Egyptian reaction
3. Avoid pressing for resumption of the talks until the Begin office move and the Security Council resolution are behind us
4. See if there is any room for resumed bilateral negotiations on the Heads of Agreement with either or both sides
5. Try to set the stage with Begin and Sadat for a Linowitz trip to the area at the beginning of September which could revive the trilateral talks and project a public sense of recommitment on the part of Begin and Sadat.

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RW

-MUSKIE

BY JIM ADAMS

WASHINGTON (AP) -- SECRETARY OF STATE EDMUND S. MUSKIE WEDNESDAY DENOUNCED THE U.N. ENDORSEMENT OF AN INDEPENDENT SOVEREIGN PALESTINIAN STATE AS "MISCHIEF MAKING."

"THESE ARE DIVERSIONARY TACTICS IN THE UNITED NATIONS," MUSKIE TOLD THE HOUSE FOREIGN AFFAIRS COMMITTEE. "THEY WILL SOLVE NOTHING. IT IS JUST MISCHIEF, DIVERSIONARY TACTICS."

HE WAS REFERRING TO THE RESOLUTION APPROVED 112-7 BY THE U.N. GENERAL ASSEMBLY TUESDAY CALLING FOR THE PALESTINIAN STATE AND FOR ISRAEL TO WITHDRAW FROM ALL OCCUPIED ARAB TERRITORY STARTING NOV. 15.

MUSKIE SAID SUCH ONE-SIDED DECLARATIONS "WILL NOT BRING US ANY CLOSER TO PEACE."

HE SAID SUCH U.N. RESOLUTIONS ARE INTRODUCED ALMOST EVERY WEEK BY "THOSE WHO SEEK TO UNDERMINE THE CAMP DAVID" FORMULA FOR MIDEAST PEACE NEGOTIATIONS.

ASKED IF THE U.N. RESOLUTION AFFECTS THE PRESENT TALKS BETWEEN EGYPT AND ISRAEL ON PALESTINIAN AUTONOMY, MUSKIE SAID "WELL, IT COULD HAVE A NIBBLING EFFECT."

HOWEVER, HE SAID THOSE TALKS ARE GOING SO WELL NOW THAT U.S. AMBASSADOR SOL LINOWITZ MAY MEET WITH THE NEGOTIATORS AGAIN IN MID-AUGUST.

MUSKIE ALSO DESCRIBED ISRAEL'S ACTIONS TOWARD MOVING PRIME MINISTER MENACHEM BEGIN'S OFFICE INTO OCCUPIED JERUSALEM AS "DIVERSIONARY."

"UNILATERAL ACTIONS THAT APPEAR TO FORECLOSE NEGOTIATIONS ARE DIVERSIONARY," HE SAID. "THE FACT IS THAT IF CAMP DAVID LASTS THAT LONG, THE ISSUE OF JERUSALEM WILL BE NEGOTIATED IN THE FUTURE."

ASKED IF U.S. DIPLOMATS WOULD VISIT BEGIN IN A JERUSALEM OFFICE, MUSKIE SAID "WE HAVE NOT MADE THAT DECISION."

ON OTHER ISSUES, MUSKIE SAID THE CARTER ADMINISTRATION HAS EXPRESSED CONCERN IN CABLE TRAFFIC TO SOUTH KOREA'S NEW MILITARY RULERS THAT THEY RISK DESTABILIZING THAT COUNTRY.

"THEIR OBJECTIVE IS STABILITY," MUSKIE SAID. "WE BELIEVE THEY MAY REAP THE REVERSE."

MUSKIE ALSO REPEATED PRESIDENT CARTER'S OFFER TO "EXPLORE TRANSITIONAL ARRANGEMENTS" FOR SOVIET WITHDRAWAL FROM AFGHANISTAN.

BUT MUSKIE SAID "WE SEE NO INDICATION THAT THE SOVIET UNION IS INTERESTED IN ANYTHING OTHER THAN IMPOSING ITS MILITARY GRIP UPON THAT COUNTRY."

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# *The Scallop Fiasco*

**T**HE ISSUE is access to food. The setting is an ugly little quarrel between the United States and Canada over the Atlantic fisheries. The politics of it gives the largest influence to the narrowest interests—those of the commercial fisherman. The blame goes mainly to the Carter administration, which has signed a treaty that it now cannot get through the Senate.

As an example of failure to resolve a kind of conflict likely to become more common, the case is instructive. It began with an earlier failure of the world's maritime nations to work out orderly rules allocating yields of ocean fish—yields that apparently have reached, within the past decade, their natural limit. To protect their accustomed fishing grounds, governments began to assert national jurisdiction over 200-mile zones off their shores. But the seas within 200 miles of the New England fishing ports are also within 200 miles of Newfoundland. The conventional solution would be a line running an equal distance from the two countries' shores. But that line cuts across the rich Georges Bank.

Eventually the United States and Canada signed two treaties—one to establish the offshore boundary, the other to set up a joint commission to regulate the fishing. So far, so good. Then the State Department sent the treaties to the Senate.

That was 16 months ago. Absolutely nothing has happened. Sens. Claiborne Pell and Edward Kennedy are leading a bloc of New Englanders that has relegated the treaties to the deep freeze. The senators have proposed several amendments that, in turn, the Canadians have denounced as unacceptable. The only people who care much about the outcome are the New England fishermen—who are vehemently against the treaties. The administration's interest seems to have faded.

Last spring, the American side began gloomily telling the Canadians that, at best, they could not reasonably expect ratification before the election. In June, the Canadians accused the U.S. government of permitting the American boats to increase their catches of scallops well beyond the agreed limits. In retaliation, the Canadian government has now greatly increased the Canadian fishermen's quotas for cod, haddock and flounder. This back and forth promises systematic overfishing and, if it goes on long, damage to the fisheries.

At one level, this is simply the political failure of an administration that signed a treaty and then couldn't get it through the Senate. But there is also the degrading spectacle of two of the richest, best-fed and happiest of nations spitting at each other in frustration at their inability to govern a vast common resource, for their own benefit and the world's.



# How to Betray Zimbabwe's Success

Two major problems trouble Zimbabwe in its first months as an independent multiracial state. The most obvious has been the formidable task of rebuilding after a civil war, compounded by bitter rivalries among parties, races and tribes. To a remarkable degree, Prime Minister Robert Mugabe has wrested a nervous harmony from the discord. He has reassured some whites while containing impatient radicals in his own party. His one major setback has been the resignation of General Walls, who tried to integrate two black guerrilla forces with his white-led Rhodesian army.

The related problem is the uncertain state of Zimbabwe's economy. Though strong enough to survive boycotts and other international sanctions, it is strained now by the quickened expectations of the new nation's black citizens. Mr. Mugabe cannot be blamed much for the stress; he has, pragmatically, tempered his Marxism to avoid a ruinous flight of white skills and capital. But Zimbabwe's Western godparents have not kept their part of the independence bargain. They have withheld the kind of assistance that might make the country a showcase for multiracialism and the development of a mixed economy.

By far the most penurious of those godparents has been the United States, which is neglecting an obvious and significant strategic interest in a stable and democratic Zimbabwe.

Henry Kissinger, as Secretary of State, used to speak grandly, and seriously, of a \$1-billion "Zimbabwe Rescue Fund" to induce Rhodesian whites to accept

multiracial rule. The Carter Administration, too, promised generous but less specific aid. Those offers have proved a mirage. The Administration has asked Congress for only \$30 million, barely a sixth of the British contribution of \$175 million, which many Britons fault as inadequate. These sums simply do not square with the fact that Zimbabwe's importance in sub-Saharan Africa compares with Egypt's in the Middle East.

The reasons for America's stinginess are all too plain. Congress has come increasingly to suspect all foreign aid, and help for a country with a leftist leader is doubly suspect to powerful conservatives like Senator Jesse Helms. But there is, at least, a detectable method in the Senator's dogmatism; having branded any regime led by a Marxist as an adversary, he has an interest in seeing his prophecy fulfilled. The Carter Administration, on the other hand, by declining to seek an adequate aid program for Zimbabwe, unforgivably leaves such logic unchallenged.

Aid alone will not assure the success of Zimbabwe's experiment in multiracial democracy. Antagonisms between Mr. Mugabe and his black rivals may yet drive the country back into civil war. But without adequate resources — without a cash fund to meet reasonable new wage demands from blacks and to finance other projects in a newly egalitarian society — the experiment is all the more likely to founder. There is still time for the Administration to reconsider and ask Congress to increase American aid. Is diplomatic success so rare that we no longer even recognize it?





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