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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

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SECRET ATTACHMENT

May 7, 1980

MEMORANDUM FOR:

THE VICE PRESIDENT
THE ACTING SECRETARY OF STATE
THE SECRETARY OF TREASURY
THE SECRETARY OF DEFENSE
THE ATTORNEY GENERAL
THE SENIOR ADVISOR TO THE PRESIDENT
THE COUNSEL TO THE PRESIDENT
CHAIRMAN, JOINT CHIEFS OF STAFF
DIRECTOR, CENTRAL INTELLIGENCE

SUBJECT: Agenda and Revised Decision Paper (

Attached is the agenda for the PRC meeting on Diplon Strategy on Iran and a revised discussion paper. The tabs have not been changed. The meeting will take place at 3:00 on May 8, 1980 in the White House Situation


Christine Dodson
Staff Secretary

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Review on May 7, 1986

DECLASSIFIED
E.O. 12958, SEC. 3.5(b)
WHITE HOUSE GUIDELINES, FEB. 24, 1992
BY  NARS DATE 2

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AGENDA

PRC MEETING ON IRAN

Thursday, May 8, 1980, at 3:00 p.m.

1. Diplomatic Strategy for Iran. State discussion paper previo
to principals.
2. Allied Sanctions.
 - Do we wish to press the allies to cancel existing contr.
addition to prohibiting new contracts?
 - Should we be prepared to alter the effective date of al.
to avoid the dates of the Islamic Conference?
3. Review of Claims Legislation. Should it include standby autl
vest Iranian Assets?

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E.O. 12958, Sec. 3.6
PER slk/7 NKCH RE NIC 97-28
BY [Signature] NARS. DATE 9/2/97

DIPLOMATIC STRATEGY FOR IRAN -- THE PERIOD AHEAD

This paper lays out for discussion, revision, decision certain possible propositions from which strategy for the period until the new Iranian Parliament is formed might be built. It goes on to describe elements from which our strategy will be fashioned suggests for consideration a specific course of action over the next few weeks.

After six months of frustrating dealings with Iranians, it is clear that we are dealing with an entity that differs fundamentally from our own, and a chaotic internal situation. Our character, our society are based on optimism--a long history of strength and the possibility of equality, the protection of institutions enshrined in a constitution, the belief in our ability to control our own destiny. Iran, on the other hand, has a long and painful history of foreign invasions, occupation and domination. Their outlook is a function of this history and the solace most Iranians have found in Shi'ite Islam. They place a premium on survival. They are manipulative, fatalistic, suspicious and xenophobic.

With such fundamental cultural and historical differences, it is easier to understand why most Iranians have remained unmoved by our various actions throughout this crisis. We are not in a classic bargaining position.

If we are to help create a break in the situation recognizing the hard fact that the odds are against a break so long as the internal situation in Iran remains inchoate and the clerics dominant--we need to proceed in a way which takes account of both the complexities of Iranian politics and the complexities of the Iranian outlook. We should combine elements of reasonableness with regard to the future without making the concessions now that would be taken as weakness. We must convey a strong element of threat without implying retribution when the hostages are released. The elements of threat must be both credible and conveyed in a way which does not so challenge their pride that they will posture, blunder, and recall their history of martyrdom.

Some Basic Propositions

1. We can start by eliminating two extreme (

-- We have long since embarked on a policy of posing costs on Iran for prolonging the hostage crisis so no one is proposing a policy of negotiation with some form of pressure.

-- A policy of pressure alone cannot force a solution. For one thing Khomeini and the clerics are susceptible to Western-style pressures, so we have to find a different approach to them. Even then, someone will have to work out a political strategy for engineering the release. We will have to play a role whether we do or not.

2. Within Iran, different leadership groups have different aspirations, vulnerabilities and objectives in this crisis. We must play on these varying hopes and fears. We should mix punitive measures and diplomatic initiatives, to try to help construct a solution which would be politically acceptable both to key groups in Iran, the Iranians and to us. The issues are (a) the mix of pressures and diplomatic steps and (b) timing.

3. Our first opportunity for a breakthrough could come, as the Iranians have said, with the convening of a new parliament. We should keep in mind, however, that the Majlis will be fractionated and unruly and perhaps lack effective leadership. No date has even been set for the opening session. The major purpose of the Majlis must be as a device toward furthering a solution--or rubber-stamping a consensus among lay and religious leaders that it is time to end the crisis. The Majlis is likely to have to assume a leading role in forging a solution. But the period between now, the May 9 elections, and the date the parliament is convened will be a time of political flux in Iran. It seems sensible to focus our immediate attention on this period. There will be relative calm in the political process. Delegates will have been elected, but they will be unsure how to use the new institutions. For some time after the convening of Parliament, there will not be clear lines between parties, personal alliances, or

strategies. At that moment, a determined and effective leadership might be able to push through a well-planned solution to the crisis. It is thus important that we to engage Iranian authorities in a productive dialogue on how the release of the hostages might be presented to win positive support in the new parliament.

4. This time we will want to broaden our approach to work with three separate but related leadership elements: Bani Sadr, who will be responsible for putting before the Majlis a program to end the crisis with the U.S. as part of his overall program; with Ghotbzadeh as our most helpful collaborator; and, more than we have before, with the clerics, who must be prepared to follow Bani Sadr's lead or at least not to resist it and make a solution impossible. The failure of our last effort to achieve a negotiated settlement resulted from rivalry between the lay leadership and the clerics. We need a way, through a combination of carrots and sticks, to persuade the clerics to accept the outlines of a settlement that the government could push through the Majlis when it meets.

5. In designing our approach, there may be adjustments in some of our communications, in broadening it to go beyond the hostage issue. With Bani Sadr and Ghotbzadeh as well as in seeking help from our allies, we could weigh on the consequences of widening the crisis for the people of Iran and for the future of Europe. We could concentrate on the kind of U.S.-Iranian relationship we might achieve. However, with the clerics, who believe that a reasonable U.S.-Iranian relationship is impossible or undesirable, it will be necessary to paint more specifically the consequences for their own leadership if the crisis continues.

6. The U.S. position on the elements of a settlement which might be useful in dealing with the allies and Bani Sadr--remains that described in the six points given to Waldheim in January (Tab 1). It may be desirable to elaborate on these points in our conversations with intermediaries to make clear that we would forego retaliation against Iran if the hostages are released safely under honorable circumstances.

Near-Term Objectives

If these propositions are accepted, three specific objectives should be discussed:

-- To encourage progressive improvements in conditions of the hostages--beginning with regular visitations and messages for families--with the purpose of working for a more active official Iranian involvement in the management of the hostages' welfare and in accounting for their whereabouts.

-- To increase steadily tangible pressure by the U.S. and other states and, where possible, to encourage other states to take more limited measures against Iran; in this connection, to portray Iran's holding of hostages as offensive to the world community, to broaden the confrontation between Iran and the non-communist world.

-- To engage key Iranians in discussions that would lead to an understanding on (1) a scenario for hostage release when the Majlis is convened; (2) the role of the U.S. and other leaders during the Majlis consideration; and (3) actions to be taken by the U.S. or third countries that would facilitate a release decision by the Majlis.

The issues to be decided are the degree and timing of new pressures, if any, and the nature of a broad diplomatic effort.

Maintaining Pressure

We have the following range of choice in maintaining or expanding pressures on Iran:

-- We can maintain the sanctions the U.S. now places and press the Europeans to proceed on their present course by following through on the decisions made at the Paris Conference. This would seem an essential minimum.

-- We could take some additional steps to expand our own sanctions (see Tab 2 for a list of possible steps). In deciding whether we should impose additional sanctions, we face the possibility that a new cycle of growing tensions and then deeper frustration could be stimulated in the U.S. and new divisions with the Allies created, which would weaken the U.S. and the Allies' stand. Another issue is whether such a threat would best complement a diplomatic effort now, or should be reserved as a threat during the Majlis' meetings. Or, if implemented, we would have little left with which to threaten Iran.

-- Additional pressures may be possible through action. A great deal of disruptive activity is always in Iran which has no U.S. involvement but which Iranians assume is American-inspired. These disruptions heighten the assumption of American involvement heighten the feeling that we have important assets that could undermine the revolution. In an Iranian context, the advantage of this option is that although the Iranians will assume we are playing a subversive role--because of their belief in foreign devils and conspiracy theories--we will not be admitted such a role and reactions would be correspondingly muted. Consideration of actions stimulated by the situation should include whether risks of detection and the setbacks to any negotiations or harm to the hostages are outweighed by the advantages to be gained.

-- The options for such military acts as mentioned can be kept open. Indeed, the threat of such actions may be more effective during a Majlis debate than the actual act. See Tab 4.

Diplomatic Approaches

It was one of the propositions set out for discussion at the beginning of this paper that we would not stay on the diplomatic front altogether simply to allow pressures to work but rather use the diplomatic resources at our disposal at least to explore the present situation in Tehran and to determine whether a scenario could be found which might pave the way for release of the hostages when the Majlis is formed.

It was also proposed that we broaden our diplomatic approach to concentrate through a special channel of communication with Bani Sadr and to make an effort to reach the cleric directly.

In pursuing these approaches, we can start by identifying a broader range of diplomatic channels whom we can request to explore the situation in Tehran and report to us so that we can begin to determine whether and how to shape a scenario for coupling Bani Sadr's presentation of his program to the new Majlis with the release of the hostages. We would encourage all those whom we request to participate in this effort (see below) also to make appropriate arguments for the release of the hostages. We would make no proposal at this time but would make clear that the elements of our position are those approved.

January (Tab 1) with the possible addition of a statement that we have no intention of taking punitive military action against Iran once the hostages are released. We will pursue these approaches immediately in an effort to begin opening a broad range of channels as quickly as possible.

The Substance of Diplomatic Approaches

More specifically, the separate approaches to secular and religious principals in Tehran might be outlined below.

-- With Bani Sadr (and Ghotbzadeh) we would take the following line:

-- We recognize the importance to the Iranian people of their convening parliament in completion of the task of putting into effect the Islamic constitution. We support Iran's constitutional process.

-- We expect that Iran-U.S. relations will be viewed by parliament in the context of setting the stage for Iran's foreign relations.

-- We regret difficulties in relations between the U.S. and Iran and believe it is in the interest of both sides to find an early resolution to our problems.

-- We believe it would be helpful for the President and Revolutionary Council to be able to present to the Iranian people a basis for future U.S.-Iranian relations. We are prepared to discuss this with him on the basis of the position we have conveyed to him (Tab 1). But the President should not expect any American concessions, or a reduction of pressures until all the hostages are freed. We are not interested in talking on any other basis.

At the same time, through different intermediaries and others who will not be acting in our name, we will try to develop an understanding by Beheshti and the Iranian leadership that the continued holding of the hostages will not be in their interest. The principal motivations of the Iranian leadership appear to be (1) desire for power and the construction of an Islamic-dominated regime; (2) fear of the power of the U.S. to prevent them from achieving power; and (3) fear of a Soviet-dominated left. We would use themes that address their fears and aspirations.

Much of the work on the fear side is already in train. The rescue mission itself signals U.S. ability to mount significant military operations against Iran. Hostilities with Iraq, the Kurds, the activities of Bakhtiari and Oveissi, and continuing sabotage and disruption in Iran are all assumed to have an American connection. The fears of the revolutionaries that we are out to overthrow them.

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The line we would suggest intermediaries might use in dealing with Beheshti and the clerics could include these points:

-- Continued confrontation with the U.S. creates additional prospects for Soviet influence, contrary to the interests of the Iranian revolution. The left is angry every day in Iran.

-- The Europeans and Japanese wish to have good relations with Iran; they can be helpful to Iran in many ways but this is impossible so long as the hostages are held. They are approaching the Iranians not out of altruism, but because their interests are involved, and they are worried about the future course of events.

-- The U.S. is dangerous, unpredictable, and it is difficult to give full support to the opponents of the revolution unless the crisis is resolved. The anger toward Iran and the U.S. is widespread and deep.

-- The intermediaries would be in a position to suggest that the U.S. would support the following points on which the hostages are released:

- It is for Iranians themselves to decide on the policies of their new government.
- Iran must maintain its integrity.
- Iran must maintain its independence from the Soviet Union.
- Iran must acquire political stability to prevent subversion from within.
- The U.S. would forego retaliation against Iran after all the hostages are released safely under honorable conditions.
- The release of the hostages is a necessary step in the removal of obstacles to such an agreement.

The Channels

1. Ambassador Lang: Now that Switzerland is a neutral protecting power, we might give more emphasis on Lang as our chief negotiator and representative to present official U.S. views, particularly in connection with Bani Sadr.

2. Bourquet and Villalon could continue their concentration on Ghotbzadeh and other secular members of the Revolutionary Council. Despite their contacts with Bani Sadr, they tend to see the situation through Ghotbzadeh's eyes, [REDACTED]

3. Key Islamic states [REDACTED] could explore the possibility, especially with the clerics but also with the lay leaders, that the Islamic Conference could act as an intermediary in resolving the crisis. The Islamic Conference's role would be particularly important in providing the Iranians with credible assurances that the U.S. would not take retaliatory action against them or act against the Revolution once the hostages are released. [REDACTED]

4. Richard Cottam is prepared to go to Iran for intensive discussions with Ghotbzadeh, Beheshti, and other officials.

5. Archbishop Capucci is possibly the single most influential foreigner with the militants, Khomeini, and the Revolutionary Council. He can be especially helpful with the militants and with the leadership.

There are other channels that could be developed. These are the ones that we might start with. These approaches are laid out in the table at Tab 3.

In engaging our allies, the best approach might be to discuss at high level the outlines of our strategy for the next few months on a bilateral basis, asking each government to designate one senior official in its capital with whom we can discuss our plans in detail on a highly restricted basis.

An important element in enlisting overall allied support and specific cooperation of some close allies will be our position on the use of military options. Understandably, allies will not wish to tie our hands completely, but we can reassure the allies that (1) we have no present plan to use force

(2) we are prepared to wait for a reasonable period the Majlis is convened to determine if a peaceful resolution is possible and if our joint diplomatic/political/efforts can bring this about; (3) we will consult with our allies if we subsequently conclude that the use of force is necessary; and (4) for tactical reasons, we will continue publicly to leave the option of using force open during this interim period, and expect the allies not to comment publicly on this point.

Public Affairs Strategy

Because the crisis is likely to continue for some time, it will be important to reduce the level of public expectations and to attempt to calm public frustration. The Administration should avoid the public expectation that there will be major or dramatic initiatives every week or so.

A reduced level of rhetoric is important for the following reasons:

-- The greater are the public expectations that a solution will be found in the near future, the greater is the public frustration and impression of U.S. weakness when the solution is not found. Rather than continuing the cycle by meeting a new wave of public frustration with new measures, it is better to begin to prepare the public for a lingering problem. The less public frustration, the wider are our options and the less likely will the public be driven to action which does not serve our interests.

-- The more we play up the hostages as a public issue, the more the militants are likely to conclude that we will make new concessions and the more the militants will want the limelight by keeping the hostages.

-- With regard to our Allies' actions, our public line should underscore the serious hardships and isolation implied in the sanctions; it is more valuable in Iran to play up what the Allies do, rather than down play our own actions. This is not to imply that we should take a hard line on Iran. Indeed, a less public line should be shaped to emphasize menace rather than compromise. But we should avoid overpromising our public more than we can deliver, thus also build up public opinion in Iran.

Our public theme should emphasize the following:

-- Sanctions have been applied and it is necessary to allow time for full effects to be felt in Iran.

-- The effects on Iran will increase as the E sanctions are implemented.

-- Iran is in conflict with the entire civili not just the United States.

-- We are consulting with our allies and frie further steps they might take.

-- Iran has an obligation to the world to imp condition of the hostages and to report regularly t families. (We should consider family visits as a r of increasing this form of pressure on Iran.)

Where there are diplomatic developments report the press, we should not build these up but portray part of our ongoing efforts. We should avoid threa discussion of military force, except perhaps on bac

Initiatives During the Next Two Weeks

Through May 10

During this period we should attempt to lay ou general scheme for concerted activities by our key rators and get their agreement to this plan of acti This would mean:

-- A Saunders meeting with Ambassadors Brunner Lang in Switzerland for their assessment and our pr tion of strategy.

-- A meeting with Capucci, Bourguet and Villal if possible, Nobari on the same trip.

-- Messages to our allies or meetings with the special roles for them:



[REDACTED]

-- A trip by Richard Cottam for talks with as
as he can arrange, especially Beheshti, whom Cottam
for seven years. We would encourage Cottam to stay
one week and perhaps return to Iran after consulta

May 11-18

-- Continue foregoing actions as appropriate.

-- Messages to the Algerians and Syrians or Be
and Daoudi to explore the mediation effort by those
possibly supplemented by a role for the Swiss and I
possibly a Non-Aligned Movement initiative. The Alge
Swiss, for example, could suggest, as protecting pe
that they constitute a contact group to hold talks
for the Iranians in an effort to resolve specific p
in the dispute between us.

-- Capucci and Bourguet or Villalon return to

-- Messages or possible visits to EC-9 capital
to assure there is no wavering on the May 17 sancti

After May 18 we would try to put ourselves in
position, through the appropriate intermediaries, t
out a scenario that would reflect the political dyn
Tehran and steps that are politically feasible for
might contribute to the decision in Tehran to relea
hostages.

Summary of Decisions

If this general diplomatic strategy is approve
would be moving into a phase of exploring through a
of channels the political situation in Tehran to de
insights necessary to fashion a more precise course
At this stage, the following are the decisions that
be taken:

-- Shall we now reopen diplomatic contact with
Sadr and Ghotbzadeh to begin exploring what steps m
it possible for Bani Sadr to present a program to tl
parliament that would subsume release of the hostag

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-- Shall we undertake a full-scale effort to contact Beheshti and the other clerics through new intermediaries?

-- Should we specifically attempt to involve European nations as intermediaries in a more precise manner than we have in the past?

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