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United Nations, May 79
Visit of
Sec General to UN

Record of a Conversation between the Prime Minister and
the Secretary - General of the United Nations at No 10 on
Tuesday 20 May at 1630hrs

Iran

2. Dr Waldheim said he had wanted to resume direct talks with Iran. It was necessary to revive the negotiating process in order to avoid another military effort: such efforts would not solve the problem. He had telephoned Mr Bani Sadr and Mr Qotbzadeh from New York and talked to the latter in Belgrade. Mr Qotbzadeh was very receptive but wanted the Commission to present its report. When the Iranian Parliament convened, it could act on the basis of this report. Dr Waldheim had explained that the Commission could not present its report until the second part of its mandate had been fulfilled. The plan had been that the Commission would see the hostages and obtain their transfer out of the US Embassy compound to the authority of the Iranian Government, along with the 3 hostages in the Ministry of Foreign Affairs; after that, they would have been sent back to the United States. The plan had failed because the Ayatollah had not supported Mr Bani Sadr.

3. Dr Waldheim had explained that, if the Iranians wanted a report, the Commission would have to return to Iran; he had suggested he should first send a confidential emissary to prepare for their return and had chosen the Syrian member, Mr Adib Daoudi (a Sunni) in whom both sides had confidence. Mr Qotbzadeh had now said in public that Mr Daoudi

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should visit Iran only to deal with the report, not to discuss the hostages issue.

4. Dr Waldheim realised he had to protect himself against criticism from the radicals by not appearing too conciliatory and did not intend to make an issue of this unless it was exploited against him. In reality, it had been agreed that Mr Daoudi could prepare the ground in private with Messrs Bani Sadr and Qotbzadeh and with Ayatollah Beheshti. He had kept closely in touch with Mr. Muskie and agreed the text of his statement with him. Mr. Qotbzadeh had assured him the hostages were fit and healthy; some were still in the compound. But he was afraid of what would happen if even one of them were to come to harm.

5. The Prime Minister assumed that Beheshti was now dominating Khomeini. Dr. Waldheim agreed that the Ayatollah's religious entourage were making the decisions. He would be giving Mr. Daoudi his instructions in Geneva on Saturday and sending a personal message to Beheshti, pleading for his co-operation. After his own experience of Tehran he did not expect too much from this initiative, but it was another effort to break the ice. If no concessions were promised, such as an offer to reassemble the hostages in Tehran under the Iranian Government's authority he would think twice about sending the Commission back.

6. The Prime Minister said that, as a Parliamentarian, she would be surprised if the Majles' first act were to order the release of the hostages. This did not ring true. She would expect them to begin with something very nationalistic. Since Beheshti controlled over 50% of the seats, a decision of the Majles was unlikely to be helpful. What incentive was there for the Iranians to give up the hostages, apart from recovering international respectability? Was this a high priority? The UK had bought no Iranian oil since the beginning of April. BP and Shell had declined to buy at the new price of \$35 per barrel, provided the Federal Republic and Japan did the same. Iran could find alternative markets in Eastern Europe, but this gave them no hard currency. This was hurting most of all. Sanctions were being applied on arms, spare parts and future contracts - this was all the British Parliament would accept - and we were quietly doing quite a bit financially. Sanctions would not

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release the hostages, but solidarity with the United States was important for us. She had no intention of criticising the Americans for their rescue operation. But if the Americans attempted military action, e.g. any mining of the Straits or a blockade, they would not keep the support of Europe, because of the repercussions elsewhere. But it was hard to criticise without offering an alternative. She agreed that Mr. Daoudi should not go to Tehran unless he could do a proper job. It might be easier to solve the problem if it could be forgotten for 6 months. The wives of the hostages, who had visited her 24 hours before the rescue attempt, were a stabilizing force. Their attitude was very sensible. They were prepared to wait, rather than jeopardise their husbands' lives.

7. Dr. Waldheim said that, so long as the power struggle continued in Iran, he expected no solution before the late summer, or even later. Agreeing, the Prime Minister considered the prospect of the internal disintegration of Iran very worrying. The siege of the Iranian Embassy in London had highlighted the bad deal which Arabistan was getting from Khomeini. This fertile ground for subversion was being exploited by Iraq. The hostages might be regarded as a unifying factor: this was one reason why they continued to be held. Hatred unified. We must continue with our diplomatic initiatives, but not so as to court a rebuff. Unless we were seen to be active, the pressures on President Carter to take military action would increase.

8. Sir A. Parsons commented that, in speaking to audiences all over the United States, he had in general encountered an eagerness to settle the affair quietly and peacefully. The pressures in Washington were self-induced. Dr. Waldheim agreed: the American people understood the difficulties and saw that military operations could not solve the problem. If Mr. Daoudi reported no change in the Iranian position, he agreed that the Commission should not go back. The Prime Minister said it would then be necessary to think of something else. Sir D. Maitland commented that the Red Cross and others had played a role, but the Commission looked the best bet. Dr. Waldheim said that Archbishop Capucci and Mr. MacBride had tried, but the latter's idea of a Nuremberg-style tribunal would not solve the problem. He had been disappointed to hear that Mr. MacBride was now being invited by Mr. Bani Sadr, along with other leftist representatives, to a meeting on 2-5 June.

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This was likely to end up with a resolution accusing the US and would produce no results.