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10 DOWNING STREET

2 May 1980

From the Principal Private Secretary

Dear John,

Incident at the Iranian Embassy

The Prime Minister and the Home Secretary met this afternoon to discuss the incident at the Iranian Embassy. Mr Wade Gery was also present.

The Home Secretary said that Sir David McNee wanted to know what view the Government took of the way in which the incident might end. There were a number of options. The best outcome was that the present strategy of exercising patience was rewarded with the surrender of the terrorists and the safe release of the hostages. This was the course we were following now and we should not move from it unless we were compelled to do so. The worst outcome was one where the terrorists began to maim or kill the hostages. In the event of a hostage being deliberately wounded he thought that we should probably not mount an assault on the Embassy. But if one hostage was killed, we would probably have to conduct an assault, and we should certainly have to act in the event of two deaths.

There was a third possible outcome. We might reach the point where although the terrorists did not kill or wound any of the hostages, all negotiations came to an end and patience was exhausted. In that event, we could either let the terrorists go with all the hostages; or let them go with some of the hostages; or let them go with no hostages; or mount a planned assault. He believed that it was unthinkable to let the terrorists go with some or all of the hostages. There were, however, attractions in letting them go with no hostages: this course would get the terrorists out of the United Kingdom with no loss of life and without long term problems that would arise if they were tried and imprisoned here. But there were substantial disadvantages. We should be strongly criticised by our friends and allies and we should be seen to be displaying weakness in the face of terrorism. There would be criticism that the Government had let the terrorists go when the police would not have done. He had, therefore, concluded on grounds of both foreign and home policy that we should not let the terrorists go with no hostages, and FCO Ministers shared his view. This meant that if the strategy of patience did not work, we should be ready to undertake a planned shoot-out. The SAS

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assessed that if they had to carry out an assault today, they had a 60% chance of getting the hostages out alive. With each day that passed our intelligence would increase and the likelihood of success would grow. But he had to warn the Prime Minister that even with the best planning and the best intelligence there was bound to be a risk that an assault would end with casualties.

The Home Secretary added that he would continue to keep the Prime Minister informed of developments. If major decisions had to be taken, he would consult the Prime Minister if there was time. But in an extreme emergency he would have to authorise himself whatever action was necessary. Once the decision to mount an attack on the Embassy was taken, it was important to let the SAS decide how it should be done.

The Prime Minister said that she agreed completely with the Home Secretary's assessment. If it became necessary to mount an assault, it was doubly important, following the failure of the American attempt to rescue their hostages in Teheran, that we were successful.

I am sending a copy of this letter to Sir Robert Armstrong.

Yours ever,

Eric Whitmore.

E. A. WHITMORE

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Home Office

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