



10, DOWNING STREET

From the Principal Private Secretary.

24 April 1980

Dear George,

VISIT OF HERR FRANZ JOSEPH STRAUSS

Herr Franz Joseph Strauss called upon the Prime Minister for 45 minutes this morning before she entertained him to lunch. By far the greater part of the discussion was devoted to Iran, and at the end of their talk the Prime Minister and Herr Strauss watched President Carter's television broadcast on the abortive American attempt to rescue the hostages.

IRAN

The Prime Minister said that all the British Government's efforts over recent weeks had been devoted to the twin objectives of showing solidarity with the United States, who were the ultimate guarantors of European security, and of securing the release of the hostages unharmed. Throughout this period we had been urging the United States Government to continue to show patience and restraint, but they had repeatedly pointed out that this approach was not bringing about the release of the hostages. When they had asked us what we would do to get the hostages out, we really had no answer to give them other than to continue to suggest that the best course was to sit tight. We had thought that we still had some time available for concerted diplomatic activity aimed at securing the release of the hostages, and the Ambassadors of the Nine, who had been recalled for consultation, had been going to see President Bani-Sadr next week. But everything was now in the melting pot following the unsuccessful American attempt to get the hostages out. The failure of the American action had now put the United States in an exceptionally difficult position both internationally and domestically. There was very little which the British Government was able to say publicly at present, but there would be an opportunity to discuss Iran at the meeting of the European Council on Sunday and Monday.

Herr Strauss said that during his recent visit to Washington Mr. Brzezinski had told him that the Americans envisaged three consecutive steps against Iran - first, economic sanctions, then a blockade and finally military action. In his view President Carter should now give a solemn warning to Iran that if any of the hostages were injured or killed, a part of Iran would be smashed to pieces.

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- 2 MAY 1980

But there was no denying the immense risks involved. Any action against, for example, South Iran, would be a signal to the Soviet Union and to Iraq to move into Iran themselves. There was, however, no point, following the rescue attempt, in thinking any more about economic sanctions. Khomeini's position would now be strengthened immensely inside Iran. He would say that he had appealed to Allah and Allah had defeated President Carter. Khomeini's magical reputation with his primitive people would be enhanced still further. As for the position of the European allies, it would be suicidal if we allowed ourselves to be separated from the United States. He was absolutely against President Giscard's anti-American policies.

The Prime Minister said that she agreed that it was unlikely that economic sanctions would work in the aftermath of the American rescue attempt. The British Government were very worried about the possibility of the Americans taking military action, which in her view included a blockade. Even limited action was fraught with danger. For example, what would the United States do if Iranian ships tried to run a blockade? She was also very worried about the possible use of mines. There were the obvious immediate risks to shipping, but even when the crisis was over, not all of the mines that had been laid might be swept and there might well be a catastrophe involving an oil tanker. She was also concerned that if American aircraft were used to attack Iran, the Iranians might ask the Russians to send fighters to defend them.

Herr Strauss said that he believed the Soviet Union would keep out of any fighting in Iran. They did not want to be directly involved in any conflict with the United States. Rather, their objective was to seize part of Iran. The events of the previous night had humiliated the United States to a point where that country was a ridiculous cartoon figure. If this development was not stopped and reversed, the world would be a permanently different place. There would be only one super power - the Soviet Union -, and the repercussions for European security would be vast.

AFGHANISTAN

Herr Strauss said that when he had visited President Carter he had told him that he thought that existing treaties, trade agreements and contracts with the Soviet Union should be observed. Measures against the Soviet Union should not automatically be extended to the Soviet Union's satellites unless those countries were helping the Russians to circumvent the steps taken against them. He believed, however, that the COCOM list should be extended and that the West should reduce and eventually eliminate barter deals with the Soviet Union, since these normally gave the Russians high technology in exchange for basic commodities and allowed them to build up their strategic strength. He had also told President Carter that he thought that NATO, and especially the Federal Republic, must improve its military capability. He thought that Germany should replace its Leopard I tanks with the Leopard II in 1983 rather than 1985 and that they should pass on their Leopard I tanks to Turkey. Germany should also deploy six more anti-

/submarine frigates

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- 3 -

submarine frigates in the Atlantic and improve the arrangements in Germany for receiving US reinforcements. The European allies should also build up a long-range air transport capability which could be used for operations like that in the Congo in 1978. Herr Strauss added that the Federal Government had decided, with total support from the CDU/CSU, that there should be no Government financial support for German athletes who went to the Moscow Olympic Games. In his view there should be no participation whatsoever in the Olympic Games: there should be no ifs and buts about it.

The Prime Minister said that her views on the Olympic Games were well known. There never had been any question of the British Government making money directly available for sportsmen to take part in the Games. Money to support the British participants was being raised privately, but she had now ended her association with the appeal for funds.

I am sending a copy of this letter to David Wright (Cabinet Office).

Yours now,

Sheila Whittam.

G.G.H. Walden, Esq.,
Foreign & Commonwealth Office.

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