

GRIFFITHS  
MP

13th May 1980

IRAN

Thank you very much for your letter of 8th May with which you enclosed copies of two letters which you had sent to Peter Carrington.

I have shown these letters to the Prime Minister. She has asked me to say that she is most grateful to you for having sent these letters on.

Ian Gow MP  
Parliamentary Private Secretary

Eldon Griffiths Esq MP



In Confidence

Thursday

Wesley

IRAN

We spoke about the possible  
connection of Sami Sadat.

Here are the confidential notes  
I have done on this, for  
Peter Carrington: The appropriate  
'watch' has been kept!

Wesley

From Eldon Griffiths MP.



In Barbara

FA

HOUSE OF COMMONS  
LONDON SW1A 0AA

Wes P. 15

IRAN

As Chairman of the British-Iranian Parliamentary Group I try to keep in touch, as far as one can, with events in Tehran. The following note derives at second hand from an Irish economist who is a Governor of the Irish Central Bank. I send it on to you at Maurice Oldfield's request.

1. About six weeks ago this Irish banker, Harry Knott, was invited to Tehran by Bani Sadr who at the time was Minister of Finance. They had met several years ago when Bani Sadr was in exile, working at the University of Paris. Knott and BS, together with Raymond Bawre and a fourth economist - banker who is now Prime Minister of a Latin American country, coincided at a high level conference in South America. It appears that they became close friends.
  2. Subsequently Mr Knott kept in touch with BS. He had him over to Dublin as his guest. The two men got on well and BS, I understand, more than once showed himself to be not a bit averse to the good life; in fact he got tipsy on more than one occasion.
  3. When Knott visited Tehran, as BS's guest, he was made extremely welcome provided with an escort of Revolutionary Guards and invited to comment on a ten page long hand Draft on the future of the Iranian economy in the light of the Revolution. This had been prepared by BS previously.
  4. According to Knott, he was able to amend a number of technical misconceptions in his host's appreciation of the international banking scene. He was also asked by BS if the Irish Central Bank would accept up to 200 million dollars in Iranian deposits - but advised that this would not be possible in the context of American action against Iranian banks.
- It appears that BS told Knott that he would shortly become Prime Minister or President. Soon afterwards he did. BS also suggested:
- a) That Ayatollah Komeini, because of his age and unawareness of what is happening in the world, within limits, could be manipulated by BS and other colleagues who had shared his exile in Paris.
  - b) That for most practical purposes BS and Co. were already running the country.
  - c) That he - Bani Sadr - was deeply alarmed by the Soviet Union's presence in Afghanistan, and
  - d) That once he became Head of the Government he would 'sort out' the American hostages - although he added, jokingly, that Iran might keep hold of them until after the US elections!

...../

*See Conference*



HOUSE OF COMMONS  
LONDON SW1A 0AA

6. I have no personal knowledge of Harry Knott. But he does appear to be worth taking seriously.

For several years he headed the international operations of Allied Irish Banks, a group put together in the 1970's, consisting of the Munster and Leinster, the Royal Bank etc. He had a good war record in the British Army, was wounded in the Royal Tank Regiment and continues to draw, with some pride a small British pension. Knott left the Allied Irish Bank Group to join the Board of the Central Bank about a year ago

7. Given that the Americans are now stymied over the hostages, given too that there seems to be very little direct communication with the Iranian Government, it seems to me that Harry Knott's access to BS could be of some value. It is unlikely he would communicate with the British Ambassador in Dublin or indeed with any overtly British official. He would also, most likely, 'clam up' if approached too directly about his Iranian dimension.

There is, however, one contact to whom I am indebted for the contents of this note - Geoffrey Keating (ex BP and Eighth Army PRO). Knott dined with GK last week and the two were to meet again in Dublin this week. Without revealing my intention of communicating with HMG, I asked Geoffrey Keating, -who himself has an Irish dimension, but who is totally loyal to this country - to find out all he can about Knott's connections with BS and in particular to try to get a copy of BS's ten page original document on the future of the Iranian economy. I will send you a further note if anything worthwhile emerges. A copy of this note goes to Sir Maurice Oldfield.

The Right Hon. Peter Carrington,  
Secretary of State for  
Foreign & Commonwealth Affairs,  
Foreign Office,  
Whitehall,  
London,  
S.W.1.

*John*

*What a splendid deal and helped "Services"  
you did on the Foreign Affairs Committee!*

GRAM

FROM: Eldon Griffiths, M.P.

PRIVATE AND  
CONFIDENTIAL



*In balance*

HOUSE OF COMMONS  
LONDON SW1A 0AA

13th March, 1980.

Further to my letter about Bani Sadr and Mr. Harry Knott of Dublin, the following additional information comes from the same source:

1. HK was invited by BS to visit Teheran shortly before Christmas. As Governor of the Irish Central Bank he sought his Government's approval before accepting. Arrangements were made for him to fly in a private plane laid on, I am told, by the Iranians from Dublin to Frankfurt. There he was met by an envoy of the Iranian Government who provided a visa and accompanied him to Teheran via Istanbul.
2. In Teheran HK and BS had a number of conversations. The highlights were:
  - a) BS's preoccupation with rising unemployment and runaway inflation in Persia.
  - b) His view that the principles of the American economist Hajek should be incorporated into Iran's future planning (as set out in the 10 year document referred to in my previous letter). After much dispute, and the use of a blackboard, HK was able to disentangle a number of misconceptions by the Iranians.
3. BS offered to deposit in the Irish banks Iranian petrocurrencies in the sum of \$ 200 million per month. This corrects my previous information that the total sum was \$200 million: in fact the deposits offered totalled well over \$2 billion per month.
4. After discussion HK advised BS, on behalf of the Irish banks, that these sums could not be accommodated in the Irish banking system, partly because of President Carter's action, mainly because of the adverse effects on the money supply in a relatively small banking system.
5. HK invited BS to visit Dublin. The Iranian accepted in principle - but at this point disclosed that he was about to become Prime Minister. He offered to send two members of the Revolutionary Council.
6. Last month these two men arrived in Dublin. One was Ali Anwar who, I am told, has taken over from BS as Finance Minister of Iran. The name of the other man was Tahir. Both brought their wives and the party was royally entertained at the Hotel on the Shannon. While there they indulged in a good deal of noisy merriment, leading a group of American

W. Lawrence

visitors to protest. This led to an altercation about the U.S. hostages in Teheran.

7. Exactly what was agreed I do not know. A second meeting is now in prospect and will be stage-managed by the Irish Minister of Justice.

I continue to believe that this pipeline into Teheran could prove useful - provided HK is approached in an indirect fashion that will not make him aware of British or American interest. It seems clear that the IRISH banks, and possibly the Irish Government, are playing their "neutral" card to their own benefit in Iran.

The Rt. Hon. The Lord Carrington, KCMG MC,  
Secretary of State,  
Foreign and Commonwealth Office,  
Downing Street,  
LONDON, S.W.1.