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7 July 1980

MEMORANDUM

CURRENT STATUS OF THE HOSTAGE CRISIS AND
THE IMPLICATIONS OF US POLICY OPTIONS

The continuing lack of movement on the hostage issue reflects both the political cost to any Iranian leader of favoring a resolution of the crisis and Ayatollah Khomeini's personal refusal to reverse his position. [Redacted]

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--Bani-Sadr and other moderates on the hostage issue have apparently halted their efforts to have the captives released. The moderates clearly calculate that if they sponsor any new effort to resolve the crisis they will be damaged politically. [Redacted]

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--Movement toward releasing the hostages might begin if Beheshti or another leader could achieve a clearly predominant political position. A resolution of factional conflict seems unlikely, however, any time soon. Khomeini has actively reentered politics, preventing any one leader or faction from making significant gains. [Redacted]

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--Khomeini's policy that the National Assembly must decide the issue--which shifts the moral and political costs of any decision to others--will delay any movement for weeks or possibly months until the Assembly takes up the hostage question. There is no indication that the Assembly will soon complete its initial tasks of establishing procedures and considering the nomination of a prime minister and cabinet. [Redacted]

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---Even when the Assembly does turn to the issue, members are likely to try to avoid reaching a decision. Hardliners will prolong the delay by establishing their revolutionary credentials in lengthy condemnations of the US.

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---One possible outcome is a release of some of the hostages.

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Khomeini's deep antipathy to the US and Western values, and his belief that he can affect domestic US politics as well as US policy toward Iran by holding the hostages, make it likely that he will support continued detention of some of the hostages.

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Implications of a US Low Profile Policy

The current US low profile on the hostage issue has contributed to waning Iranian public interest in the crisis. It has coincided with developments in Iran which have reduced public attention to the hostages. Khomeini's criticism of the government and calls for a "cultural revolution," infighting and compromise between Beheshti and Bani-Sadr, and the renewed crackdown on the left have directed attention toward other issues. The militants holding the hostages have made few public statements.

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Continuing the current US policy could reinforce the low level of Iranian public interest in the hostages and reduce the ability of the militants to capitalize on anti-US themes.

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---US public emphasis on sanctions or discussion of a military option provide Khomeini the opportunities to call for unity against US "imperialism" and might provoke renewed calls for hostage trials.

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--The US low profile allows Bani-Sadr and other moderates to disassociate themselves from the hostage question while they attempt to strengthen their political position against competing groups including both clerical hardliners and leftists. [REDACTED]

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--A continuing low level of public interest in the hostages could contribute to a decline in the political utility of trying or holding them. This might eventually allow moderates to gather more support for resolving the crisis. [REDACTED]

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This approach relies on internal Iranian mechanisms to solve the crisis and recognizes the limitations of any US initiative. It has the flaw that once National Assembly debate on the hostages begins, Iranian public attention will be redirected to the hostages regardless of US policy. Clerical hardliners and the militants probably will renew their calls for trials once the Assembly begins debate. [REDACTED]

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Policy Initiatives Without Renewing Threats

The US could take more active steps but not renew threats to Iran. We could make new expressions of concern for the physical condition of the hostages, continue efforts to orchestrate further diplomatic initiatives by third parties, and initiate covert action to counter the longer term political threat from the Iranian left. [REDACTED]

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--Iranian leaders including Khomeini have been sensitive to any charges concerning the welfare of the hostages. Expressions of humanitarian concern have produced movement in the past--including visits by outside observers and some accounting of the hostages' condition. An approach by an international agency or third party might at least yield information on the location of the hostages. Iranian public opinion could be reminded of the moral costs of continuing to hold the hostages. A flaw in this approach is that it could be rebuffed on grounds of the need for security following the rescue effort. It also revives Iranian interest in the hostages and could present new political problems for Bani-Sadr. [REDACTED]

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[REDACTED]

--Renewed indirect diplomatic initiatives could be targeted on clerical leaders rather than the secular moderates on the hostage issue. Khomeini recently appointed Revolutionary Council member Ayatollah Ghodussi as his personal representative on the hostage issue,

[REDACTED] Rep-
 resentatives of Islamic states or religious organizations could be asked to present a case for the hostages based on Islamic law to Ghodussi, senior ayatollahs such as Shariat-Madari, and other clerics. The Islamic month of Ramadan, which begins in July, presents a timely opportunity for such demarches.

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[REDACTED]

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--Focus on the immediate hostage issue should not distract us from longer term US interests in Iran. A covert action program could be implemented against the left. The Soviet-supported Tudeh party continues to gain politically from its current policy of publicly supporting Khomeini. Following Khomeini's death, the Tudeh party's recruitment efforts among the military, students, and workers could leave it in a strong position relative to the less organized clerical and moderate groups. [REDACTED]

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Policy Options Renewing Threats

The advantages of the low public attention to the hostages in Iran will be reduced when the National Assembly begins debate on the issue. Moreover, the low profile US approach may reinforce an Iranian public perception that there are few costs to continuing to hold the hostages. A renewed high profile US approach to the Iranian crisis, on the other hand, risks heightening pressure for trials of the hostages. New initiatives might also weaken Bani-Sadr by forcing him to respond, making him the target of attacks by clerical hardliners. [REDACTED]

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An opportunity for a shift in US policy may be provided if the National Assembly calls for hostage trials or if the crisis continues after a significant anniversary such as the one year point this November 4th. At that time the US could initiate further major diplomatic efforts to isolate Iran or undertake military moves such as a naval blockade, mining, or violating Iranian airspace. [REDACTED]

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Military action would do little to influence Iranian moderates who are already aware of the costs of holding the hostages. Military moves would also play into the hands of clerical hardliners who have been able to deflect public criticism to the US in the past when we have taken a tough position. The justifications for further military moves would be to punish Iran; to indicate to world opinion the importance we attach to the hostage crisis and the inviolability of diplomatic missions generally; and to demonstrate that although we are capable of being patient, there is a limit to which this superpower can be pushed; and to ward off danger that continued stalemate between the US and Iran will enhance the probability of a takeover in Iran by forces of the left, if not the Soviet Union. Military action would risk the US being charged with overreaction, adding to tensions in the area and setting in motion developments that could have more far-reaching adverse consequences. [REDACTED]

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The dilemma for the US remains that we lack direct leverage to influence decision-makers or public opinion in Iran. [REDACTED]

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SUBJECT: Current Status of the Hostage Crisis and the
Implications of US Policy Options

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