PRIME MINISTER'S

Subject copy filed on: Iron Sixuation 865 PERSONAL MESSAGE

RECORD OF A TELEPHONE CONVERSATION BETWEEN THE PRIME MINISTER 69A 80 SPEAKING FROM CHEQUERS, AND PRESIDENT CARTER AT 0100 ON FRIDAY 28 MARCH

The Prime Minister said that she was telephoning about President Carter's message to her of 25 March in which he had requested support for further US action to secure the release of the hostages in Tehran. She had been discussing the matter with Chancellor Schmidt. It would be helpful to them in deciding the terms of any letter they sent to President Bani Sadr to know more precisely what the Americans had already said in Tehran. Did President Bani Sadr know in detail the action the Americans proposed to take on Monday in the absence of any movement on the hostage issue?

President Carter said that President Bani Sadr had been told in detail what the United States proposed to do. message had been passed "early this morning". It had been stressed that the message did not constitute an ultimatum to his Government or to him personally. The Prime Minister asked whom it was directed against. The President said that he hoped it would be effective in letting the Iranian people knowhow serious the situation had become. He believed that once the Iranians became aware of the diplomatic and economic consequences of continuing to torture fifty innocent people and if they knew that it was going to result. in the loss of the friendship of many nations, they would bring pressure to bear on those concerned. The Prime Minister said that she could see how this related to the position of President Bani Sadr and Mr. Qotbzadeh. But how did it affect the students? President Carter said that the students were part of a struggle for power. If they could continue to successfully defy the Revolutionary Council, they would retain their present influence. The issue of the return of the hostages was now a factor in a power struggle between Mr. Beheshti and President Bani Sadr. The Prime Minister said that she and Chancellor Schmidt were agreed on writing to President Bani Sadr. Was there any particular point the President would wish them to make? President Carter said they should tell President Bani Sadr that the transfer of the hostages to Government control would be very helpful. A

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transfer would lead to the return of the United Nations Commission. It would also enable the United States to hold its proposed action in abeyance.

The Prime Minister asked what had precipitated the American decision to write to President Bani Sadr. President Carter said that it had been the position of the Iranian Government that the new Iranian Parliament would resolve the hostage issue. However the Revolutionary Council had now postponed the second round of the elections. This had been the decisive factor.

President Carter said that he had sent the Prime Minister a message about a possible Summit Meeting of NATO Heads of Government. He had sent the message only to the Prime Minister and Chancellor Schmidt. He wanted to have their views before taking the matter any further. The Prime Minister said that she would study the message with care.

Pms

28 March 1980