



Written by [John F. McManus](#) on September 4, 2014

Remembering the 1979 Iran Hostage Crisis

The death a few weeks ago of former Congressman George Hansen (R-Idaho) brought back memories of Iran's seizure of the U.S. Embassy in Tehran. It also stirred reminders of the power of large U.S. banks.

Early in 1979, the Ayatollah Khomeini seized control of Iran. [Former Iranian leader Shah Reza Pahlevi had already fled the country](#) and eventually made his way to the United States. Khomeini demanded that he be sent back to stand trial. The Carter administration refused and, on November 4, Khomeini unleashed a mob that took control of the American embassy. The Iranians kept 52 Americans hostage for 444 days. Washington's customarily weak response to this kind of indignity included denying Iranian Americans a parade permit!



On November 14, fully 10 days after the seizure of the embassy and the virtual imprisonment of the Americans, President Carter declared a "national emergency" and froze all Iranian assets within the United States. Why wait 10 days and not act immediately when an embassy is seized? What happened to trigger the kind of response that should have been forthcoming within hours of the raid on the embassy? The answer is that Khomeini had just announced his intention to withdraw \$12 billion in Iranian assets from American banks. Embassies can be overrun; American citizens who held diplomatic immunity can be made prisoners; and a pitifully weak protest can be issued. But when mega-banks face a threat, the U.S. government took meaningful action.

Sudden withdrawal of \$12 billion would have left most of those 12 mega-banks in a very shaky position. Hence, the prompt declaration of a "national emergency." Shouldn't it have been labeled a "banking emergency?" In mid-1980, Congressman Hansen went to Iran seeking justice for the hostages. He got nowhere. I met him not long after his return to America and asked him if the Carter administration's 10-days-after-the-fact decision to get tough, declare an emergency, and freeze Iranian assets might have had more to do with protecting the banks than obtaining freedom for the hostages. With no hesitation, he said, "That's it exactly."

After 444 days of being imprisoned in the U.S. embassy compound in Tehran, the 52 American diplomats and military personnel posted there by the U.S. government were granted permission to leave the country. It was now January 20, 1981. Jimmy Carter had been defeated for reelection the previous November and was about to leave for home in Georgia. But incoming President Ronald Reagan arranged for the outgoing president to greet the hostages. They, of course, thanked Carter for his efforts to obtain their release. Whether the bankers sent Carter their own thanks for what he did for them remains a mystery.

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