

CHAPTER 19

THE IRAN-CONTRA AFFAIR

RONALD REAGAN

IN EARLY NOVEMBER 1986, SECRETARY OF STATE GEORGE P. SHULTZ WAS TRAVELING to a conference in Vienna when reporters' questions alerted him that trouble was breaking out from a certain harebrained scheme he'd thought President Ronald Reagan's cabinet had rejected.

An arms-for-hostages deal that had been proposed by "loose cannons" on the National Security Council (NSC) staff the previous year—which he and Defense Secretary Caspar Weinberger had rejected as illegal and outrageous—not only hadn't gone away, but had metastasized into a full-blown scandal. If the president did not act quickly, acknowledge mistakes, and by all means *not* go into "cover-up mode," Reagan's second term could go down in flames, just as Nixon's had self-destructed when Shultz was Treasury secretary from 1972 to 1974. Shultz cabled National Security Advisor John Poindexter that "the only way to contain the damage is to give the essential facts to the public" as quickly as possible. Poindexter's reply was not cooperative.

As Shultz later recounted in his memoir, "A political tidal wave, I felt sure, was bearing down on President Reagan and would, in my opinion, destroy his presidency unless the arms-for-hostages dealings were stopped immediately."

The secret scheme at the heart of the Iran-Contra affair has been summed up by historian Kevin Phillips this way: "To bribe Iran—still locked in a bloody war with Iraq—into pressuring the Lebanese radicals to release their

VICE PRESIDENT GEORGE H.
W. BUSH CONFERS WITH
PRESIDENT RONALD REAGAN
AT THE WHITE HOUSE.
BOTH MEN LATER DENIED
KNOWLEDGE OF THE
ARMS-FOR-HOSTAGES DEALS,
THOUGH ULTIMATELY REAGAN
ACCEPTED (SLIGHTLY) MORE
RESPONSIBILITY FOR THE
MISADVENTURE.



American hostages, a new round of covert U.S. arms sales to Iran was arranged. Then, in order to fund the Contras when Congress would not, some of the profits from the clandestine Iranian deliveries were channeled to Nicaragua.” And the political fallout, complete with congressional investigations, an independent counsel, and convictions and presidential pardons, would continue for some six years, up to President George H. W. Bush’s final days in office. The legacy and political consequences, however, would remain murky and difficult to pinpoint.

HOW DID IT COME TO THIS? In the campaign of 1980, then-Republican vice presidential candidate Bush had warned that President Jimmy Carter might pull an “October surprise” to win the fifty-two U.S. embassy hostages’ release from Tehran before the election and thereby unfairly tilt the vote his way. Quite to the contrary, said members of the Carter campaign after Reagan won, charging that in fact it was the Reagan-Bush team that had reached a secret deal with Iran. If Reagan were elected, then in exchange for delaying the

INDEPENDENT PROSECUTOR
LAWRENCE E. WALSH,
CENTER, INVESTIGATED THE
IRAN-CONTRA AFFAIR FOR
SIX YEARS, SUBMITTING
HIS FINAL REPORT IN 1993.



hostages’ release, Iran would win a resumption of arms sales from the United States. This allegation has never been proved absolutely, but Carter’s CIA director, Admiral Stansfield Turner, believed it was accurate.

A new round of hostage-taking had begun not long after Iran released the embassy captives in January 1981. In retaliation for Israel’s 1982 invasion of Lebanon, supported by U.S.-made warplanes and ships from the U.S. Sixth Fleet, the Shi’ite Islamic group Hezbollah and Islamic Jihad in 1984 had taken hostage seventeen Americans and some seventy-five other Westerners.

After Reagan’s reelection in 1984, the administration undertook a secret effort to secure the release of seven American hostages held in Lebanon by Hezbollah. In the White House’s NSC, Lieutenant Colonel Oliver L. North and associates, with input from contacts in Israel and Iran, were devising a scheme whereby the hostages could be freed and money could be raised for the president’s war against the Sandinistas. It was a brilliant combination of two policy objectives. It also happened to be illegal.

On June 17, 1985, National Security Adviser Robert C. “Bud” McFarlane circulated a draft national security directive that proposed a change in the United States’ posture toward Iran, allowing “provision of selected military equipment as determined on a case-by-case basis.” Secretary of State Shultz immediately opposed the idea as contrary to U.S. interests, and Defense Secretary Weinberger rejected it as “absurd.”

Weinberger told the president that such a sale would be illegal: It would violate the 1979 arms embargo against Iran, even if the arms were sold through a third party. In addition, the Arms Export Control Act (1976) prohibited the sale of weapons from the United States to a third party without the express approval of the president and Congress.

According to independent prosecutor Lawrence E. Walsh’s account in *Firewall: The Iran-Contra Conspiracy and Cover-Up*, Reagan was not bothered by the illegalities, as long as hostages were freed and the Contras supplied. He said he could deal with charges of illegality, if they arose, but he could not accept the accusation that “big strong President Reagan passed up a chance to free hostages.” The president joked that if he went to jail, “visiting hours are on Thursday.”

He might not be the only one going to jail, Weinberger warned.

In a cost-benefit analysis, one of the scheme’s potential benefits was that it might help in healing the strained relations with Iran. The United States did not want oil-rich Iran ever to become friendly with the Soviet Union—preventing that had been a consistent objective of U.S. Middle East policy since the end of World War II and the 1950s, when the United States helped Mohammad Reza Shah Pahlavi, eldest son of former Iranian ruler Reza Shah Pahlavi (1925–41) and later known as “the shah,” replace Mohammad

PRESIDENTIAL BRIEFING

- (1911–2004)
- FORTIETH PRESIDENT OF THE UNITED STATES (1981–89) AND GOVERNOR OF CALIFORNIA (1967–75)
- BORN FEBRUARY 6, 1911, IN TAMPICO, ILLINOIS
- DIED JUNE 5, 2004, IN LOS ANGELES
- ELECTED BY A LANDSLIDE OVER JIMMY CARTER IN 1980 IN HIS THIRD RUN FOR THE PRESIDENCY (AFTER 1968 AND 1976); REELECTED BY A LANDSLIDE IN 1984
- INITIATED MASSIVE CUTS IN TAXES AND DOMESTIC, NONDEFENSE SPENDING; PUSHED LARGEST PEACETIME MILITARY SPENDING INCREASE (\$2.4 TRILLION) IN U.S. HISTORY
- POPULARITY WEAKENED BY REVELATIONS OF SECRET ARMS-FOR-HOSTAGES DEALS IN THE IRAN-CONTRA AFFAIR (1986–87)
- MET WITH REFORMIST SOVIET LEADER MIKHAIL GORBACHEV FOUR TIMES BETWEEN 1985 AND 1988 AND CONCLUDED INF TREATY THAT SHARPLY REDUCED INTERMEDIATE NUCLEAR FORCES



NICARAGUAN SANDINISTA SOLDIERS STAND OVER A GROUP OF CAPTURED CONTRAS. THE CONTRAREVOLUCIONARIOS, MOSTLY DISGRUNTLED, DISPLACED FORMER MEMBERS OF THE NICARAGUAN NATIONAL GUARD, WERE PRAISED BY PRESIDENT REAGAN AS "THE MORAL EQUIVALENT OF THE FOUNDING FATHERS."

Mosaddeq, the premier of Iran from 1951 to 1953. In 1979 the shah was overthrown in an Islamic revolution led by the Ayatollah Khomeini, an eminent and fiery Shi'ite cleric who became Iran's supreme political and religious leader for the next ten years. By the mid-1980s, the Ayatollah was very old, and amid uncertainty about a succession crisis that might follow his death, it was prudent to "keep your friends close, but your enemies closer."

What was in it for Israel? At the same time that it was in Israel's strategic interest to see its two enemies weaken each other in the Iran-Iraq War (1980–88), Israel and Iran had a common enemy in Baghdad, Saddam Hussein; Israel could help Iran with the weapons it needed to fight Hussein. The U.S. embargo had cut off the bounty of weaponry the shah used to buy to his heart's content, but there was still a way Tehran could get good American arms. And how much better it would be if, in the bargain, Israel could dump its outdated stockpiles and get newer, better weapons.

Secretaries Shultz and Weinberger argued against the scheme from many angles besides the U.S. laws that would be broken. Washington had been urging its allies to keep a united front and hold back from dealing with terrorists or shipping supplies to either Iran or Iraq, in hopes that the Iran-Iraq War would die for lack of weapons. Despite official protestations of neutrality, however, the United States was not very secretly backing Iraq in the war Hussein had started against Iran in 1980. In one such overture, Reagan sent former (and future)

RONALD REAGAN

defense secretary Donald Rumsfeld as a special envoy to meet with Hussein in 1983. The administration's public posture was that Iran was an enemy. About the same time McFarlane was circulating his draft proposal in July 1985, Reagan told the American Bar Association that Iran was part of a "confederation of terrorist states ... A new, international version of Murder, Inc." A further contradiction was that the administration had publicly spoken out against dealing with or arming terrorists—and in this case the weapons intended for Iran would, or might, be passed on to Hezbollah in Lebanon. There was no telling where they might end up. In the scheme proposed by the NSC, Washington would be arming terrorists on both ends of the deal, in the Middle East *and* in Central America. Further, the scheme would also break a 1982 law prohibiting the United States from aiding the Contras.

Every time the arms-for-hostages idea was brought up, Secretaries Shultz and Weinberger would argue against it. In his memoir, Shultz recalled, "In four major battles between mid-1985 and fall 1986, I had fought to stop such a deal, and each time I felt—or had been assured—that my view had prevailed. But this snake never died, no matter how many times I hacked at it."

FIDEL CASTRO OF CUBA WITH DANIEL ORTEGA, PRESIDENT OF NICARAGUA. IN THE 1970S ORTEGA WAS EXILED TO CUBA WHERE HE WAS TRAINED IN GUERRILLA TACTICS, THEN RETURNED TO LEAD THE SANDINISTA NATIONAL LIBERATION FRONT IN THE NICARAGUAN CIVIL WAR. IN 1984 HE WAS NAMED PRESIDENT OF NICARAGUA.



THE WILL TO ARM THE CONTRAS For most of the twentieth century, and especially since the end of World War II, it had been an enduring stance in American foreign policy that the United States would not tolerate a leftward drift by Central American and South American governments. Washington discouraged Latin American nations from even thinking about turning socialist, redistributing land, or nationalizing private corporations' assets, such as the United Fruit Company's in Guatemala. Nothing like the disaster, as Washington saw it, that Fidel Castro had brought upon Cuba in the 1959 revolution could be permitted to happen again. To discourage leftward leanings, the CIA had sponsored coups that overthrew the democratically elected government of Guatemalan agrarian reformer Jacobo Árbenz in 1953–54 and Chilean president Salvador Allende on September 11, 1973, and others before and after.

DEFENSE SECRETARY CASPAR WEINBERGER TESTIFYING BEFORE CONGRESS. WEINBERGER AND SECRETARY OF STATE GEORGE SHULTZ CONSISTENTLY OPPOSED THE ARMS-FOR-HOSTAGES SCHEME, DENOUNCING IT AS ILLEGAL AND "ABSURD." WEINBERGER WAS LATER PARDONED BY PRESIDENT GEORGE H. W. BUSH.



Within days of taking office in January 1981, Reagan administration officials reversed Jimmy Carter's openness to the new revolutionary, Marxist Sandinista government of Nicaragua by cutting off aid. They began working to isolate the Sandinistas (the Sandinista National Liberation Front), led by leftist president and former guerrilla Daniel Ortega. American dollars went instead to the Contra rebel forces in Nicaragua, a CIA-sponsored paramilitary cadre ("Contra" derived from the Spanish *contrarevolucionario*). The soldiers, whom Reagan affectionately regarded as "freedom fighters" and described in 1985 as "the moral equivalent of the Founding Fathers," were mostly disgruntled, displaced former members of the Nicaraguan National Guard who had fled to Honduras after the Nicaraguan dictator Anastasio Somoza Debayle was forced out by the Sandinista guerrilla movement in June 1979.

REAGAN SIGNED THE BILL, BUT HE AND HIS NSC HAD NO INTENTION OF LETTING THE BOLAND AMENDMENT OR ANY OTHER PIECE OF PAPER STOP THE FIGHT AGAINST COMMUNISM.

When evidence surfaced that illegal covert operations in Central America were being funded by American taxpayers, public opinion and Congress turned against support of the Contras. In 1982, followed by revisions in 1983 and 1984, Congress passed a bill, known as the Boland Amendment after sponsoring congressman Edward Patrick Boland of Massachusetts, that banned the CIA and Defense Department from using taxpayers' money to overthrow the Sandinistas and prohibited any U.S. intelligence agency from assisting the Contras. Reagan signed the bill, but he and his NSC had no intention of letting the Boland Amendment or any other piece of paper stop the fight against Communism. This was a personal commitment of Reagan's since his Hollywood days when he cooperated with the House Committee on Un-American Activities in identifying potential or alleged Communists in the film industry.

In 1984, with congressional funds cut off, National Security Adviser McFarlane turned to Saudi Arabia, which agreed to supply about \$1 million per month in military aid to the Contras, rising to \$2 million per month in 1985. Then, came an opportunity for a new source of funding for the Contras.

TERMS OF THE ARMS-FOR-HOSTAGES DEAL The terms of the multi-party deal, as worked out by McFarlane and his deputy Oliver North through Israeli and Iranian intermediaries, were that Israel would supply weapons to Iran from its own stockpile, and then Israel would buy replacements from the United States. According to the report of the Tower Commission in 1987, McFarlane discussed the matter several times with Reagan. The president said that if Israel sold arms



NATIONAL SECURITY ADVISER ROBERT C. "BUD" MCFARLANE, ONE OF THE PRIME MOVERS OF THE ARMS-FOR-HOSTAGES DEALS, AND BOSS OF OLIVER NORTH. MCFARLANE ATTEMPTED SUICIDE IN FEBRUARY 1987, BUT SURVIVED TO PLEAD GUILTY TO FOUR COUNTS OF WITHHOLDING INFORMATION FROM CONGRESS.

to Iran, "in modest amounts not enough to change the military balance [of power] and not including major weapons systems," then Israel could buy replacements from the United States. Over the strenuous objections of Secretaries Shultz and Weinberger, and in contradiction of his stated policy of never negotiating with terrorists, Reagan entered an indirect deal with the Hezbollah kidnappers: The United States would sell arms to Iran—a nation then at war with Iraq—and Iran would press the kidnappers to release seven American hostages.

North and retired Air Force major general Richard Secord arranged with Iranian arms dealer Manucher Ghorbanifar the delivery of 1,000 TOW wire-guided antitank missiles to Iran. Deputy National Security Advisor Poindexter (who later succeeded McFarlane as national security advisor in 1985) approved the almost triple markup from \$3.7 million to \$10 million. North and Secord kept the profit in secret Swiss bank accounts and used it to pay for weapons for the Contras and for other uses not authorized by Congress.

Israel shipped ninety-six TOW missiles to Iran in August 1985 and another 408 in September 1985. In November 1985, McFarlane and Poindexter learned from North that Israel was about to sell as many as 500 large Hawk anti-aircraft missiles to Iran, in exchange for which four hostages would be released. The missiles from Israel's arsenal would be replenished by the United States. It was learned in later investigations that not every sale of arms to Iran resulted in a release of hostages.

Reagan authorized Israel's shipment of weapons to Iran, but he deliberately withheld the legally required notification of the transfer from Congress. Reagan noted in his diary for January 17, 1986, "I agreed to sell TOWs to Iran." He authorized the CIA to sell arms directly to Iran, bypassing Israel's role as middleman. North was in charge of these sales.

THE STORY BREAKS The secret Iran-Contra connection began to be revealed on October 5, 1986, when a military cargo plane was shot down over Nicaragua by the Sandinistas. Three Americans on board died. The lone survivor, Eugene Hasenfus, said he worked for a CIA man named "Max Gomez," which was an alias of a former operative with links to North and Vice President Bush. Then, in

early November, after several arms transfers and releases of hostages, the Middle Eastern angle of the scheme was revealed by *Al Shiraa*, a Lebanese periodical. The story was picked up by other news organizations and was confirmed by the speaker of Iran's parliament, Ali Akbar Rafsanjani. It was from these revelations that reporters were quizzing Secretary Shultz on his flight to Vienna.

Soon after the Hasenfus shoot-down, Vice President Bush called a press conference to deny any connection with the plane that had been shot down by the Sandinistas, though he did admit to knowing the man called Max Gomez. This was a curious admission by the usually discreet and secretive Bush, who had been the CIA director from 1976 to 1977. "Max Gomez" was an alias of Felix I. Rodriguez, who was a veteran of the 1961 Bay of Pigs fiasco and the main supply officer for North's Contra pipeline. It was true that Bush and Rodriguez knew each other. In fact, Rodriguez had two autographed photos of himself with the vice president on display at his home.

REAGAN AUTHORIZED ISRAEL'S SHIPMENT OF WEAPONS TO IRAN, BUT HE DELIBERATELY WITHHELD THE LEGALLY REQUIRED NOTIFICATION OF THE TRANSFER FROM CONGRESS.

On November 6, 1986, *Washington Post* reporter Walter Pincus broke a story that linked the release of three hostages over a period of about eighteen months to arms transfers to Iran that had been approved by the Reagan administration. Two days later, the *New York Times* reported with front-page headlines, "Reagan Approved Iranian Contacts, Officials Report; No Mention of Weapons; Secret Approaches Sought to Improve Relations and to Help Free Hostages" and "Shultz Reaffirms His Opposition to Negotiation with Terrorists."

Upon Secretary Shultz's return from Vienna to Washington, he gathered with his staff and reviewed his notes of meetings over the past year and a half to try to piece together the sequence of events and consider how the president might be saved from further damage. According to Shultz's notes from that time:

Our credibility is shot. We have taken refuge in tricky technicalities of language to avoid confronting the reality that we have lied to the American people and misused our friends abroad. We are revealed to have been dealing with some of the sleaziest international characters around. They have played us for suckers. There is a Watergate-like atmosphere around here as the White House staff has become secretive, self-deluding, and vindictive.

At a November 10 staff meeting, Shultz and Weinberger insisted the arms-for-hostages deals must stop. National Security Advisor Poindexter rattled off a

list of arms sales and pointed to improved relations with Iran and some releases of hostages, but he insisted the deals were not quid pro quo. “So if the 500 TOWs [anti-tank missiles] plus other items have been supplied to Iran in the context of hostage releases,” Shultz asked Poindexter, “how can you say this is not an arms-for-hostages deal?” Reagan insisted, “They’re not linked!” but Poindexter undercut the president by demanding, “How else will we get the hostages out?”

As soon as he could, Shultz met privately with the president and urged that the arms transfers cease at once. As Shultz recalled in his memoir, “Clearly this massive, secret White House operation was totally contrary to the long-standing policy that Ronald Reagan and I had constructed to deal with terrorists. The policy could be summed up succinctly by the precept, ‘Make sure that terrorism does not pay.’ If hostage takers find that they can ‘sell’ their hostages, their crimes will never cease.” Shultz tried to convince the president that he had been misled by subordinates, but Reagan did not see it that way. Reagan believed that the United States was not dealing with terrorists, but with Iranian middlemen with connections to moderates in Tehran. Hostages’ lives were at stake.

Shultz walked out of his private meeting with the president thinking that he hadn’t gotten through, but Reagan directed Attorney General Edwin Meese to look into Shultz’s claims. Meese checked the money trail, and when he told the president that North had funneled some \$10 to \$30 million to the Contras through Swiss bank accounts, Reagan turned pale. Chief of Staff Donald T. Regan told reporters that the whole mess had been McFarlane’s idea, Poindexter resigned as national security advisor, and North was fired. When Reagan dismissed North, he remarked, “One day, this will make a great movie.”

INVESTIGATIONS, APOLOGIES, INDICTMENTS, AND PARDONS When news of the arms-for-hostages deal hit the front pages, the public was incredulous. Reagan, bribing terrorists? It couldn’t be true. Republicans and Democrats were outraged. Senator Daniel Patrick Moynihan of New York said the secret Iran negotiations were “the worst handling of an intelligence problem in our history.” Former president Carter observed, “We’ve paid ransom, in effect, to the kidnappers of our hostages. The fact is that every terrorist in the world who reads a newspaper or listens to the radio knows that they’ve taken American hostages, and we’ve paid them to get the hostages back. This is a very serious mistake in how to handle a kidnapping or hostage-taking.”

Reagan’s first response to reporters’ inquiries was to deny the allegations, but the questions only multiplied. On November 13, 1986, the president appeared on national television and admitted he had authorized the sale of arms to Iran. But Reagan insisted, “We did not, repeat, did not trade weapons or anything else for hostages, nor will we.” Only six days later, Reagan had to acknowledge that his

repudiation had been based upon an inaccurate chronology assembled by his White House and NSC staff.

The public wasn’t buying the president’s explanation. Polls showed that 57 percent of Americans believed Reagan had reversed his pledge never to deal with terrorists. It was a rare defeat for the “Great Communicator,” who, when problems arose, was usually able to win the public’s support by explaining the issue in a nationally televised address. The president’s job approval ratings dropped from 67 percent to 46 percent.

Vice President Bush also went on television to defend the administration. He asserted that an arms-for-hostages deal would be “inconceivable.” Shultz telephoned Bush the next day and reminded him that he, Bush, had attended the meeting on January 7, 1986, and that he had been in favor of the plan. Shultz recalls that at that meeting “all the key players were present,” and Bush’s name is first on the list. In July 1986, the vice president had traveled to Israel and, according to arrangements made by North, had met with Israeli counterterrorism deputy Amiram Nir to discuss the arms-for-hostages deal. The officially stated purpose for the meeting was a briefing on counterterrorism.

To assure the public that the White House was taking the matter seriously, Reagan announced on December 1 the formation of a President’s Special Review Board, better known as the Tower Commission, after its leader, Texas Republican senator John Tower, a good friend of the vice president. Also on the board were former Democratic senator and secretary of state Edmund Muskie, and General Brent Scowcroft, national security advisor to President Ford and, later, to his friend George H. W. Bush. The commission interviewed some fifty people, including CIA officials. Poindexter and North declined to appear, and the commission lacked subpoena power to compel them to give testimony.

The Tower Commission’s report, which was issued in February 1987, was expected to be a whitewash job, but it was surprisingly critical of the president for lack of oversight. The report described Reagan as disengaged, uninformed, and manipulated. Because of Reagan’s lax supervision, subordinates had run loose, shaping policy and pursuing initiatives that he was not aware of. More

ADMIRAL JOHN POINDEXTER, MCFARLANE’S SUCCESSOR AS NATIONAL SECURITY ADVISOR AND ANOTHER PRIME INSTIGATOR OF THE WEAPONS-FOR-HOSTAGES SCHEMES. HE LATER RESURFACED IN THE PENTAGON AFTER THE SEPTEMBER 11 ATTACKS AS DIRECTOR OF TOTAL INFORMATION AWARENESS, A DEFENSE DEPARTMENT THREAT-ASSESSMENT AND PREVENTION PROJECT, BUT THEN WAS DISMISSED.



damaging, the report provided confirmation that there had in fact been an arms-for-hostages deal. The report found no administration official guilty of wrongdoing, however, and its findings presented no particular political obstacle for the presidential aspirations of the vice president.

President Reagan appeared on national television in March and, without explicitly apologizing or taking responsibility, described “activities undertaken without my knowledge” as “a mistake.” He added, “As the navy would say, this happened on my watch.” The president explained, “A few months ago, I told the American people I did not trade arms for hostages. My heart and best intentions still tell me that is true, but the facts and the evidence tell me it is not.”

Former national security advisor Poindexter took some of the blame himself, testifying under oath that he had approved the diversion of funds to the Contras and that he had not told the president. “I made a very deliberate decision not to ask the president so I could insulate him ... and provide future deniability.” McFarlane attempted suicide in February 1987, the month the Tower Commission report was released. He survived to plead guilty to four counts of withholding information from Congress.

THE PRESIDENT EXPLAINED, “A FEW MONTHS AGO, I TOLD THE AMERICAN PEOPLE I DID NOT TRADE ARMS FOR HOSTAGES. MY HEART AND BEST INTENTIONS STILL TELL ME THAT IS TRUE, BUT THE FACTS AND THE EVIDENCE TELL ME IT IS NOT.”

The Tower Commission is seen by some historians as having done a more thorough job in a shorter time than the subsequent, televised Senate committee hearings that stretched on for four months in the summer of 1987, featuring North winning some public affection by appearing for testimony in his Marines uniform, and his blond secretary, Fawn Hall, describing how she and her boss shredded important, subpoenaed documents.

An investigation begun by the Justice Department led to the appointment in December 1986 of an independent counsel, Republican Lawrence E. Walsh, to investigate possible criminal aspects of the Iran-Contra affair. Walsh pursued the matter for six years, through the entire presidency of George H. W. Bush. Walsh delivered his final report in August 1993.

Criminal indictments were handed down against former national security advisor Poindexter and McFarlane’s former deputy in national security, Oliver North. On March 16, 1988, a grand jury handed down a twenty-three-count criminal indictment against Poindexter, North, retired Air Force major general Secord, and arms dealer Albert Hakim. Hakim pleaded guilty on two counts, and Secord on one. North was convicted on three counts, and Poindexter on five, but an appeals panel later dismissed the charges against North and



Poindexter on the grounds that an earlier congressional grant of immunity had tainted the trial. On July 5, 1989, Federal District Judge Gerhard A. Gesell sentenced North to a \$150,000 fine and probation. Gesell delivered this stinging rebuke: “I do not think in this area you were a leader at all, but really a low-ranking subordinate working to carry out initiatives of a few cynical superiors.”

THE MYSTERIOUS ROLE OF VICE PRESIDENT BUSH From the time the story broke through 1987, the vice president denied any knowledge of the arms-for-hostages swaps or of the illicit aid to the Contras, though in his memoir *Turmoil and Triumph*, Shultz wrote that Bush was present at every meeting where the arms-for-hostages scheme was raised. On March 13, 1987, Bush said, “I wish with clairvoyant hindsight that I had known we were trading arms for hostages.” And later, Bush said, “If we erred, the president and I, it was on the side of human life. It was an over concern about freeing Americans.”

Bush was also linked to aiding the Contras. The national security advisor to the vice president, veteran CIA agent Donald Gregg, was one of the first people

LT. COL. OLIVER L. NORTH OF THE NATIONAL SECURITY COUNCIL DONNED HIS UNIFORM TO TESTIFY BEFORE CONGRESS IN THE SUMMER OF 1987. HE WAS INSTRUMENTAL IN DIVERTING FUNDS FROM THE SALE OF ARMS TO IRAN THROUGH SWISS BANK ACCOUNTS TO HELP THE NICARAGUAN CONTRAS FIGHT THE LEFTIST SANDINISTAS.



that blocks the release of all presidential documents. Before this executive order, the National Archives had handled the release of White House documents, which automatically became public twelve years after the end of an administration. The new rules, in direct contradiction of the “open government” provisions of the Presidential Records Act of 1978, allow a president to block the National Archives from releasing papers of former presidents from Reagan onward, even long after the former chief executives have died.

Many questions remain. What did the president think they were doing? How did the scheme take form? Did the idea originate in Israel as a way of replenishing weapons and firming up relations with Iran? Who was using whom? What might we have learned from the trials of Weinberger, McFarlane, or George if President Bush had not pardoned them?

Twenty years later, when many of the same people are in power (again) and similar covert dealings with some of the same operators continue to this day, it is difficult to identify precisely what lessons the nation drew from the Iran-Contra affair because despite all the inquiries, not very much was revealed *about* the scheme.

The investigations’ scopes were limited, not all witnesses were cooperative—North, for example, was defiantly unapologetic—and presidential pardons forestalled court cases that might have shown in much greater detail the murky connections between hostage-taking, election-year intrigues, the arms-oil-intelligence nexus, and the United States’ relations with Iran, Iraq, Israel, and other sometime-friends, sometime-adversaries. One thing that is certain is that a close study of the intrigues and relationships of the Iran-Contra affair gives a clearer understanding of the war on terrorism, which has deeper roots than many people realize.

VICE PRESIDENT GEORGE BUSH, PRESIDENT REAGAN, AND SECRETARY OF STATE GEORGE SHULTZ CONFER IN THE OVAL OFFICE. SHULTZ WROTE IN HIS MEMOIRS THAT BUSH WAS PRESENT AT EVERY MEETING WHERE THE ARMS-FOR-HOSTAGES SCHEME WAS RAISED.

contacted when Hasenfus’s plane was shot down by the Sandinistas in October 1986. (The first call was to Gregg’s assistant.) As mentioned previously, Hasenfus said he worked for “Max Gomez.” Gomez was Felix I. Rodriguez, who drafted a plan for air strikes against leftist guerrilla targets in Central America that Gregg had promoted while a member of Bush’s national security staff. (The plan was found in Oliver North’s safe.)

Questions about Bush’s knowledge and involvement persisted through his presidency from 1989 to 1993, but he, too, was ultimately able to elude prosecution. In late 1992, shortly before Bush left office, he pardoned six men indicted or convicted in the Iran-Contra affair, including Weinberger, McFarlane, and Clair George, former deputy director of operations for the CIA. It was said that Weinberger’s diaries would have shown that Bush and Reagan knew about the arms-for-hostages deal at a time when they had claimed they knew nothing.

Further difficulties in substantiating Bush’s complicity have arisen because of an executive order signed by his son, George W. Bush, on November 1, 2001,