

The Lost Opportunity of Iran-Contra

Special Report: A quarter century ago with the breaking of the Iran-Contra scandal, the United States had a chance to step back from its march toward Empire and to demand accountability for White House crimes. But instead a powerful cover-up prevailed, reports Robert Parry.

By Robert Parry

If you want to solve the perplexing mystery of modern-day America and understand what went so terribly wrong an important place to look for clues would be the Iran-Contra scandal, which began a quarter century ago, on Nov. 25, 1986.

The scandal's failure to achieve meaningful accountability for high-level lawbreakers can be seen as a key turning point in modern American history. In effect, it was the moment when the United States veered firmly back onto a path toward Empire after a brief side trip toward again trying to be a functioning Republic.

The U.S. government had been on the imperial path since the end of World War II with the establishment of U.S. military bases around the globe, the use of the CIA to remove troublesome leaders, and waging foreign wars in faraway places like Korea and Vietnam.

In the 1970s, however, the defeat in the Vietnam War presented the United States an opportunity to confront this lengthy national detour from Republic to Empire, and to change direction back toward something closer to what the Founders had in mind.

During the 1970s, the U.S. press corps and Congress undertook serious investigations of the secret history of the post-World War II era and exposed crimes both foreign and domestic, from overthrowing democratic governments to lying about the reasons for war to plotting assassinations of foreign leaders to spying on American citizens.

For a brief period, there even was hope that the Empire might be rolled back and the Republic restored. But that hope was soon dashed by the rise of the angry Right in the late 1970s and particularly the emergence of conservative Republican Ronald Reagan as a popular national politician.

Both before and after Reagan's successful run for president in 1980, the former actor was one who discounted the value of unpleasant truth-telling and, indeed, portrayed anyone who spoke critically of past U.S. foreign policies as unpatriotic. He dubbed the Vietnam War a "noble cause."

In 1984, Reagan's U.N. Ambassador Jeane Kirkpatrick famously summed up this attitude, describing citizens who would engage in national self-criticism as those who would "blame America first." As the 1980s wore on, Congress and the press increasingly bent to these ugly pressures.

But the Iran-Contra scandal, which erupted in November 1986, offered the nation one last chance to repudiate the imperial presidency and its contempt for efforts to limit its powers. Essentially, Iran-Contra – with its arms sales to a terrorist-designated state in Iran and secret funding of the Contra war in Nicaragua – was a case of Ronald Reagan declaring that U.S. law and the Constitution didn't apply to him.

Thus, Iran-Contra was a moment when the press and Congress could have stepped forward and demanded truth and accountability as they had done in the 1970s around Richard Nixon's Watergate scandal and the Pentagon Papers history of the Vietnam War. Or they could choose to bow down to the notion that the president could do pretty much whatever he wanted.

The Front Lines

As a Washington correspondent for the Associated Press, I found myself on the front lines of that historic moment.

In 1985, I had been the first reporter to describe the secret activities of White House aide Oliver North arranging support for Nicaraguan Contra rebels after Congress had shut down CIA funding. Then, my colleague Brian Barger and I wrote the first story about how some Contra units had turned to cocaine trafficking to raise money, with the Reagan administration turning a blind eye to their crimes.

Our stories came under attack from the White House, from the fast-growing conservative news media and perhaps most damaging from mainstream outlets like The New York Times. By summer 1986, our AP editors had begun to lose faith in us and Barger resigned after getting stuck indefinitely on the overnight editing shift, which took him away from our investigation.

Congress also was caving in under intense pressure from the White House and its allies. Having denied the stories about North's secret network, Reagan and his team then bullied the Democratic-controlled House into restoring military support for the Contras.

It looked as if Reagan's cover-up of his secret Contra war and its criminal spin-offs would succeed. However, two unlikely events in fall 1986 intervened to change the short-term course of history.

First, on Oct. 5, 1986, one of North's Contra supply planes on one of its last missions before the CIA's new \$100 million Contra aid program clicked in was shot down over Nicaragua. The surviving crew member, Eugene Hasenfus, began talking about a secret White House/CIA operation. More denials poured forth from President Reagan, Vice President George H.W. Bush and other senior officials.

Then a second shoe dropped, a disclosure from a Beirut weekly describing secret U.S. arms sales to Iran supposedly as part of a scheme for freeing U.S. hostages in Lebanon.

Finally, Reagan's lies couldn't overcome the accumulation of facts; for once, Congress showed some backbone; and an internal White House inquiry turned up another disclosure, that Oliver North had diverted some of the profits from the Iranian arms sales to help finance the Contras.

The Diversion

On Nov. 25, 1986, at a hastily arranged news conference, a stricken-looking Ronald Reagan acknowledged some arms shipments to Iran and announced the removal of his national security adviser, Admiral John Poindexter, and his assistant Marine Lt. Col. Oliver North.

Reagan then turned the podium over to Attorney General Ed Meese, who revealed the cross-wiring of the two secret operations, profits from Iranian arms sales had been diverted to the Contras. With news of the diversion, the Iran-Contra scandal was born.

It was at that moment when the United States could have turned back onto a course toward a restored Republic and a rejection of Empire. As the audacity of Reagan's actions sank in, Congress finally seemed energized to assert its constitutional prerogatives. Meanwhile, the Washington press corps scrambled to catch up on a story that most major outlets had haughtily dismissed.

Suddenly vindicated, I was offered a job at Newsweek magazine which needed to beef up its expertise on a story that it too had neglected. So, in early 1987, I left the AP and accepted the Newsweek offer.

Then, in my first week at Newsweek, I uncovered an important story about how the White House had hastily organized a cover-up to protect Reagan from possible impeachment and even prosecution. Newsweek made my story the cover that week with a stark black-and-white image of Reagan, but the article quickly came under sneering attack from other news organizations that mocked us for going way too far.

Sensitive to this ridicule, Newsweek editors let me know that they were

displeased. I was told that Washington bureau chief Evan Thomas was so chagrined that he collected copies of that one issue from among those scattered around the bureau and tossed them out so visitors wouldn't see them.

It didn't seem to matter that my story was true. As Iran-Contra special prosecutor Lawrence Walsh later described in his book, *Firewall*, the cover-up took formal shape at a meeting of Reagan and his top advisers in the Situation Room at the White House on Nov. 24, 1986.

The meeting's principal point of concern was how to handle the troublesome fact that Reagan had approved illegal arms sales to Iran in fall 1985, before any covert-action finding had been signed. The act was a clear felony – a violation of the Arms Export Control Act – and possibly an impeachable offense.

Though virtually everyone at the meeting knew that Reagan had approved those shipments through Israel, Attorney General Meese announced what would become the administration's cover story.

According to Walsh's narrative, Meese "told the group that although [NSC adviser Robert] McFarlane had informed [Secretary of State George] Shultz of the planned shipment, McFarlane had not informed the president. ...

"[White House chief of staff Don] Regan, who had heard McFarlane inform the president and who had heard the president admit to Shultz that he knew of the shipment of Hawk [anti-aircraft] missiles, said nothing. Shultz and [Defense Secretary Caspar] Weinberger, who had protested the shipment before it took place, said nothing.

"[Vice President George H.W.] Bush, who had been told of the shipment in advance by McFarlane, said nothing. Casey, who [had] requested that the president sign the retroactive finding to authorize the CIA-facilitated delivery, said nothing. [NSC adviser John] Poindexter, who had torn up the finding, said nothing. Meese asked whether anyone knew anything else that hadn't been revealed. No one spoke."

When Shultz returned to the State Department, he dictated a note to his aide, Charles Hill, who wrote down that Reagan's men were "rearranging the record." They were trying to protect the President through a "carefully thought out strategy" that would "blame it on Bud" McFarlane, who had been Poindexter's predecessor as national security adviser.

Investigative Shutdown

By early 1987, what was already becoming evident to me was that it wasn't only the White House that was determined to shut down the Iran-Contra investigation,

but the Washington/New York Establishment, including the major news media and much of Congress, didn't want complete disclosure either.

The thinking was that the United States couldn't stand another failed president and that the ouster of a second Republican after Richard Nixon over the Watergate scandal would deeply antagonize the millions of conservative Americans who loved Reagan.

Inside Newsweek, a sister publication of The Washington Post which had pioneered the Watergate scandal, the new saying was, "we don't want another Watergate." That might seem counterintuitive to some since the Post had ridden its Watergate fame to preeminence in American journalism. But the organization's view of Iran-Contra was different.

Though many outsiders might see Watergate as the Post's shining moment, there wasn't much stomach inside the company to go through it again and the Post couldn't claim ownership of the Iran-Contra story. Indeed, many key Post journalists, including Watergate hero Bob Woodward, had pooh-poohed the early stories about Oliver North's network.

The Post's drift toward neoconservatism and its general support for Reagan's tough-guy foreign policies were another factor. Similar attitudes prevailed at The New York Times and other leading American publications whose top editors shared a fondness for a more muscular U.S. approach toward the world. So, Reagan's Iran-Contra cover-up had the wind of many powerful Washington/New York blowhards at its back.

How quickly the investigative space was closing down hit home to me on March 10, 1987, when I was asked to attend an Iran-Contra-related dinner at Evan Thomas's residence in an exclusive neighborhood in northwest Washington. It was one of a regular series of social affairs in which Newsweek would host a newsmaker for dinner who would chat informally with Newsweek's editors and some selected correspondents.

There were two guests that night, retired Gen. Brent Scowcroft, who was one of three members of the Tower Commission which had been set up by Reagan to conduct an internal investigation of Iran-Contra, and Rep. Dick Cheney, R-Wyoming, who was the ranking House Republican on the newly formed congressional Iran-Contra committee.

At the table also were some of Newsweek's top executives and a few of us correspondents. As the catered dinner progressed and a tuxedoed waiter kept the wine glasses full, the guests were politely questioned. It was all quite clubby.

Scowcroft, a studious-looking man who was sitting to my right, fidgeted as if he

wanted to get something off his chest. "Maybe I shouldn't say this but," he began with a slight hesitation. He then continued, "If I were advising Admiral Poindexter and he had told the president about the diversion, I would advise him to say that he hadn't."

I was surprised by Scowcroft's candor but troubled that a person who had been assigned to uncover the truth about Iran-Contra seemed more interested in protecting the President. Not sure of the etiquette of these dinners, I put down my fork and politely asked, "General, you're not suggesting that the Admiral should commit perjury are you?"

There was an uncomfortable silence around the table and before Scowcroft could respond Newsweek's executive editor Maynard Parker jumped in. Sitting to my left, Parker boomed, "Bob, sometimes you have to do what's good for the country." His comment brought forth some manly guffaws from those at the table, reflecting a jaded worldview that passed for sophistication.

Though the congressional Iran-Contra investigation would grind on for several months with North stealing the show with a bravura performance in his Marine Corps uniform the outcome could have been predicted from that night at Evan Thomas's house. With Cheney listening attentively, it was clear that key parts of the media elite were quite comfortable with a cover-up.

Lying with Zest

So, Reagan's team continued to lie with zest. Virtually all of Reagan's top advisers, including the highly respected Shultz who prefaced his lies with the phrase "trust is the coin of the realm," gave false and misleading testimony to Congress or to prosecutors.

Their accounts essentially blamed the illegalities on North, McFarlane, Poindexter and to the then-deceased Casey. Pretty much everyone else – at the CIA, Defense Department, the Vice President's Office and the White House – claimed ignorance. [For details, see Robert Parry's *Secrecy & Privilege*.]

Even though North testified that he was the "fall guy" in this implausible scenario, pretty much everyone in Official Washington fell for it or at least acted as if they did. The Democrats wilted under the Republican counterattacks, while the press corps convinced itself that the scandal was too complicated for the American people to follow.

At Newsweek, I continued to alienate the top brass with my persistent demands that we explore many of the scandal's dark corners, such as money-laundering and drug trafficking. Instead, Newsweek's senior editors bought into the story line

that North and a few “men of zeal” had run amok before Shultz and other “adults” returned to restore order.

In early fall 1987, as the congressional Iran-Contra inquiry rushed to complete its work so the country could move on Cheney and his aides, including counsel David Addington, penned a minority report that asserted the near-unlimited power of the president to conduct foreign policy as he wished regardless of congressional dictates.

Cheney would later cite that minority report as the seed that would grow into the theories of President George W. Bush’s expansive powers to override federal laws and international treaties after the 9/11 attacks.

Another Iran-Contra investigative no-go zone was the issue of when the Iranian arms sales actually began. The Official Story had Reagan approving the first shipments via Israel in 1985 and continuing them through much of 1986. However, the evidence indicated that Reagan’s team had approved the first Israeli shipments to Iran in 1981, almost immediately after taking office.

That raised the question of whether Reagan’s secret arms dealing with Iran predated his presidency, originating during the 1980 campaign when President Jimmy Carter was desperately seeking a deal with Iran to free 52 American hostages then held by Iranian radicals.

A growing number of witnesses were claiming that Reagan’s emissaries had persuaded Iran’s leaders to hold the hostages until after the U.S. election to block Carter from pulling off what was called an October Surprise. The hostages ultimately weren’t released until after Reagan was sworn in on Jan. 20, 1981.

But the October Surprise case was another Iran-Contra-related controversy cordoned off not only by angry Republican denials but by timid Democrats and by smug journalists. By early 1990, the internal anger against me inside Newsweek’s top editorial offices made it clear that it was time for me to go. I departed in June 1990.

The War on Walsh

After the congressional Democrats and the Washington press corps retreated to the sidelines, Iran-Contra special prosecutor Lawrence Walsh found himself the only institutional force pushing for a fuller and more accurate account of the scandal.

But Walsh, himself a lifelong Republican, was systematically undermined by White House sabotage, which included insisting on keeping silly “secrets” that forced courts to dismiss key criminal charges against North and other defendants. Those

disruptive tactics continued after George H.W. Bush won the presidency in Election 1988.

Still, Walsh pressed ahead, bringing cases on narrower grounds such as perjury and obstruction of justice. Walsh secured guilty pleas from several mid-level officials, including Assistant Secretary of State Elliott Abrams, and won hard-fought convictions of North and Poindexter. However, right-wing federal appeals court judges developed a sudden love for defendants' rights and overturned the North and Poindexter convictions.

In *Firewall*, Walsh described the GOP majority on the U.S. Appeals Court for the District of Columbia as "a powerful band of Republican appointees [who] waited like the strategic reserves of an embattled army, ... a force cloaked in the black robes of those dedicated to defining and preserving the rule of law."

Because of his persistence, Walsh not only became the target of the right-wing media, especially Rev. Sun Myung Moon's Washington Times and the Wall Street Journal's editorial page, but he became the subject of ridicule from the mainstream press and pundits.

Key columnists and editorial writers for The Washington Post and The New York Times – along with television pundits like David Brinkley and Chris Matthews – joined in the Walsh bashings. Walsh was mocked as a modern-day Captain Ahab obsessively pursuing the White Whale of Iran-Contra.

In a Washington Post magazine article, writer Marjorie Williams summed up the Establishment's indictment of Walsh. She wrote: "In the utilitarian political universe of Washington, consistency like Walsh's is distinctly suspect. It began to seem rigid of him to care so much. So un-Washington. Hence the gathering critique of his efforts as vindictive, extreme. Ideological. The truth is that when Walsh finally goes home, he will leave a perceived loser."

Truncated Inquiry

This hostile environment prevented Walsh from pursuing important lines of inquiry. For instance, the Walsh team had strong suspicions that Vice President George H.W. Bush's national security adviser Donald Gregg had lied when he testified that he was unaware of North's Contra resupply operation.

Ex-CIA officer Gregg insisted on his lack of knowledge although Gregg's close friend (and former CIA colleague) Felix Rodriguez was working with North in Central America and called Gregg after each Contra arms delivery.

There already had been problems with Gregg's story, including the discovery of a vice presidential office memo describing a planned meeting with Rodriguez about

“resupply of the contras.” Gregg bizarrely explained the memo away as a typo that should have read, “resupply of the copters.”

In *Firewall*, Walsh disclosed that Gregg’s stonewall suffered another crack when Col. James Steele, U.S. military adviser to El Salvador, flunked a polygraph test when he denied his own role in shipping weapons to the Contras. Confronted with those results and incriminating notes from North’s diaries, “Steele admitted not only his participation in the arms deliveries but also his early discussion of these activities with Donald Gregg,” Walsh wrote.

Gregg also failed his own polygraph when he denied knowledge of the Contra supply operation. (Gregg flunked, too, when he denied participating in the October Surprise operation in 1980, the alleged secret CIA-GOP operation to undermine President Carter’s Iran hostage negotiations and secure Reagan’s election.)

But facing both political pressures and personal attacks from the Washington press corps, Walsh and his staff set aside the Gregg mystery in order to complete work on several perjury cases against active-duty CIA personnel.

In 1991, Walsh also discovered evidence that former Defense Secretary Weinberger had concealed notes from the investigators, leading to Weinberger’s indictment. In December 1992, after Bush lost his reelection bid to Bill Clinton, the White House belatedly disclosed to Walsh that Bush, too, had been withholding his diary entries from investigators.

Bush further sabotaged Walsh’s inquiry by issuing six Iran-Contra pardons on Christmas Eve 1992, including one for Weinberger that killed the planned trial in early 1993 and prevented Walsh from exposing the extent of the Reagan administration’s cover-up.

Walsh hoped to question Bush about his Iran-Contra role and had agreed to postpone any deposition of the then-president until after the election but Bush stiffed the special prosecutor, refusing to sit down for any additional questioning about the scandal.

Walsh’s investigators did question White House associate counsel Lee Liberman who justified the delay in producing Bush’s diaries, in part, for political reasons. “It would have been impossible to deal with in the election campaign because of all the political ramifications, especially since the President’s polling numbers were low, ” Liberman said. [See Peter Kornbluh’s [“The Iran-Contra Scandal 25 Years Later”](#) at Salon.com.]

Facing Bush’s resistance to a deposition, Walsh considered convening a new grand jury in 1993 to compel Bush’s testimony. However, the cumulative impact of the

media/political attacks not just on Walsh but on younger members of his staff led those prosecutors who feared for their career prospects to push back against Walsh. He was in his 80s and wasn't as worried about his future.

Walsh finally relented and agreed to shut down his investigation, meaning that one of the key lessons derived from Iran-Contra was that a determined cover-up of a national security scandal, backed by a powerful media apparatus and aggressive political allies, can work.

In the early 1990s when I interviewed the House Foreign Affairs Committee's longtime Democratic chief counsel Spencer Oliver, he put Iran-Contra in exactly that historical place, as the polar opposite of Watergate when Richard Nixon's abuses of power had real consequences, including Nixon's forced resignation and prison terms for many of his subordinates.

"What [the Republicans] learned from Watergate," Oliver said, "was not 'don't do it,' but 'cover it up more effectively.' They have learned that they have to frustrate congressional oversight and press scrutiny in a way that will avoid another major scandal."

The consequences of the failed Iran-Contra investigations have been long-lasting and profound. Not only did George H.W. Bush manage to get elected president in 1988 under the false claim that he had been "out of the loop" on the scandal, but the failure to hold him accountable in 1993 opened the door to the White House eight years later for his son, George W. Bush.

George W. Bush's imperial presidency (and its costly "war on terror") would have been virtually unthinkable if the full truth had been known about George H.W. Bush regarding Iran-Contra. Nor would it have been likely that the Republicans could have succeeded in elevating Ronald Reagan to his present iconic status.

And the residual impact of Iran-Contra is not over. The prospects for a Republican restoration seem strong for Election 2012, with the contenders (except for Rep. Ron Paul) advocating a Reaganesque, tough-guy, imperial foreign policy.

Though President Barack Obama has pursued more continuity with George W. Bush's presidency than change, the Democrat is still pilloried by Republicans for "apologizing for America." Sometimes, he's labeled "apologist-in-chief," an echo of the Reagan-era demonizing of Americans who looked honestly at the nation's mistakes, as those who would "blame America first."

The quarter century since the Iran-Contra scandal broke (and was then swept under the rug) has turned out to be a lost opportunity for Americans who long for a return to a democratic Republic and an end to a bloody and costly Empire.

[For more on related topics, see Robert Parry's *Lost History, Secrecy & Privilege* and *Neck Deep*, now available in a three-book set for the discount price of only \$29. For details, [click here.](#)]

Robert Parry broke many of the Iran-Contra stories in the 1980s for the Associated Press and Newsweek. His latest book, *Neck Deep: The Disastrous Presidency of George W. Bush*, was written with two of his sons, Sam and Nat, and can be ordered at neckdeepbook.com. His two previous books, *Secrecy & Privilege: The Rise of the Bush Dynasty from Watergate to Iraq* and *Lost History: Contras, Cocaine, the Press & 'Project Truth'* are also available there.
