

An Israeli October Surprise for Obama?

Special Report: A pressing foreign policy question of the U.S. presidential race is whether Israel might exploit this politically delicate time to bomb Iran's nuclear sites and force President Obama to join the attack or face defeat at the polls, a predicament with similarities to one President Carter faced in 1980, writes Robert Parry.

By Robert Parry

There is doubt in some quarters that Israel's Likud government of Prime Minister Benjamin Netanyahu would time an attack on Iran in the weeks before a U.S. election with the goal of dooming the incumbent Democratic president, Barack Obama, or forcing his hand to commit American military might in support of Israel.

But there was a precedent 32 years ago when another Likud government had grown alienated from the Democratic president and found itself in a position where it could help drive him from office by covertly assisting his Republican rivals in another crisis involving Iran.

In that case known as the "October Surprise" mystery President Jimmy Carter was trying to gain the release of 52 Americans then held hostage in Iran. Carter also was pushing the Likud government of Prime Minister Menachem Begin to reach a peace settlement with the Palestinians that would allow them to establish their own state on the West Bank.

Begin, however, was determined to implement a Likud strategy "to change the facts on the ground" by moving Jewish settlers into the Occupied Territories, what Likud called Judea and Samaria, part of historical Israel given to the Jewish people by God. That set up a clash with Carter who was determined to achieve a comprehensive Middle East peace that would establish a Palestinian state on the West Bank.

As Begin maneuvered to block such an arrangement, Carter grew frustrated and then infuriated. In his *White House Diary*, Carter described how heated the confrontation became after Begin insisted on deferring any agreement pending a Knesset debate.

"I couldn't believe it," Carter wrote. "We spent about forty-five minutes on our feet in his study. I asked him if he actually wanted a peace treaty, because my impression was that he did with apparent relish everything he could do to obstruct it. He came right up and looked in my eyes about a foot away and said

that he wanted peace as much as anything else in the world. It was almost midnight when I left. We had an extremely unsatisfactory meeting

“I have rarely been so disgusted in all my life. I was convinced he would do everything possible to stop a treaty, rather than face the full autonomy he had promised in the West Bank.”

The disdain was mutual. Begin was furious over what he regarded as Carter’s high-handed actions at Camp David in 1978, forcing Israel to trade the occupied Sinai to Egypt for a peace deal. Begin feared that Carter would use his second term to bully Israel into accepting a Palestinian state on West Bank lands.

Former Mossad and Foreign Ministry official David Kimche described Begin’s attitude in his 1991 book, *The Last Option*, saying that Israeli officials had gotten wind of “collusion” between Carter and Egyptian President Anwar Sadat “to force Israel to abandon her refusal to withdraw from territories occupied in 1967, including Jerusalem, and to agree to the establishment of a Palestinian state.”

Kimche continued, “This plan prepared behind Israel’s back and without her knowledge must rank as a unique attempt in United States’s diplomatic history of short-changing a friend and ally by deceit and manipulation.”

However, Begin recognized that the scheme required Carter winning a second term in 1980 when, Kimche wrote, “he would be free to compel Israel to accept a settlement of the Palestinian problem on his and Egyptian terms, without having to fear the backlash of the American Jewish lobby.”

In a 1992 memoir, *Profits of War*, Ari Ben-Menashe, an Israeli military intelligence officer who worked with Likud, agreed that Begin and other Likud leaders held Carter in contempt.

“Begin loathed Carter for the peace agreement forced upon him at Camp David,” Ben-Menashe wrote. “As Begin saw it, the agreement took away Sinai from Israel, did not create a comprehensive peace, and left the Palestinian issue hanging on Israel’s back.”

Buying Time

So, to buy time for Israel to build up its West Bank settlements and thus make a Palestinian state impossible, Begin felt Carter’s reelection had to be prevented.

The most inviting way was to cooperate with Republicans both in undermining Carter at home and possibly using Israel’s continuing clandestine influence

inside Iran to obstruct Carter's desperate efforts to win freedom for 52 U.S. hostages held by Islamist radicals there.

Questioned by congressional investigators about this history in 1992, Carter said he realized by April 1980 that "Israel cast their lot with [Ronald] Reagan," according to notes I found among the unpublished documents in the files of a House task force that had looked into the October Surprise case. Carter traced the Israeli opposition to his reelection to a "lingering concern [among] Jewish leaders that I was too friendly with Arabs."

In 1993, a special House task force released a report claiming to have found "no credible evidence" to support various allegations by Iranians, Israelis, Europeans, Arabs and Americans that the Reagan campaign went behind Carter's back to make contacts with Iran that stopped Carter from gaining the hostages' release until after Reagan was inaugurated on Jan. 20, 1981.

The task force stuck to that conclusion despite discovering that the Israelis began shipping U.S. military equipment to Iran in 1981 with what they claimed was approval from the Reagan administration. Those shipments were exposed when one of the Israeli-chartered planes crashed inside the Soviet Union in July 1981.

However, over the past couple of years, the House task force's conclusions crumbled amid discoveries that important evidence was hidden from investigators, that internal doubts on the task force were suppressed, and that George H.W. Bush's administration withheld information in 1991 that would have corroborated a key allegation.

The collapse of those 1993 findings by the House task force left behind a troubling impression – that Israel's Likud hardliners may have teamed up with ambitious Republicans and some disgruntled elements of the CIA to help remove a U.S. president from office. And since the earlier Likud government had gotten away with it, that might encourage the current one to try something similar.

As for the historical mystery, it is far more reassuring to think that no such thing could occur, that Israel's Likud whatever its differences with Washington over Middle East peace policies would never seek to subvert a U.S. president, and that Republicans and CIA dissidents no matter how frustrated by the political direction of an administration would never sabotage their own government.

But the evidence from 1980 points in that disturbing direction, and there are some points that are not in dispute. For instance, there is no doubt that CIA

Old Boys and Likudniks had strong motives for seeking President Carter's defeat in 1980.

Inside the CIA, Carter and his CIA Director Stansfield Turner were blamed for firing many of the free-wheeling covert operatives from the Vietnam era, for ousting legendary spymaster Ted Shackley, and for failing to protect longtime U.S. allies (and friends of the CIA), such as Iran's Shah and Nicaragua's dictator Anastasio Somoza.

Legendary CIA officer Miles Copeland told me in 1990 that "the CIA within the CIA" the inner-most circle of powerful intelligence figures who felt they understood best the strategic needs of the United States believed Carter and his naive faith in American democratic ideals represented a grave threat to the nation.

"Carter really believed in all the principles that we talk about in the West," Copeland said, shaking his mane of white hair. "As smart as Carter is, he did believe in Mom, apple pie and the corner drug store. And those things that are good in America are good everywhere else.

"Carter, I say, was not a stupid man," Copeland said, adding that Carter had an even worse flaw: "He was a principled man."

Reagan's Landslide

Carter's inability to resolve the hostage crisis set the stage for Reagan's landslide victory in November 1980 as American voters reacted to the long-running hostage humiliation by turning to a candidate they believed would be a tougher player on the international stage. Reagan's macho image was reinforced when the Iranians released the hostages immediately after he was inaugurated, ending the 444-day standoff.

The coincidence of timing, which Reagan's supporters cited as proof that foreign enemies feared the new president, gave momentum to Reagan's larger agenda, including sweeping tax cuts tilted toward the wealthy, reduced government regulation of corporations, and renewed reliance on fossil fuels. (Carter's solar panels were later dismantled from the White House roof.)

Reagan's victory also was great news for CIA hard-liners who were rewarded with World War II spymaster (and dedicated cold-warrior) William Casey as CIA director. Casey then purged CIA analysts who were detecting a declining Soviet Union that desired détente and replaced them with people like the young and ambitious Robert Gates, who agreed that the Soviets were on the march and that the United States needed a massive military expansion to counter them.

Casey embraced old-time CIA swashbuckling in Third World countries and took pleasure in misleading or bullying members of Congress when they insisted on the CIA oversight that had been forced on President Gerald Ford and had been accepted by President Carter. To Casey, CIA oversight became a game of hide-and-seek.

As for Israel, Begin was pleased to find the Reagan administration far less demanding about peace deals with the Arabs, giving Israel time to expand its West Bank settlements. Reagan and his team also acquiesced to Israel's invasion of Lebanon in 1982, a drive north that expelled the Palestine Liberation Organization but also led to the slaughters at the Sabra and Shatila refugee camps.

And, behind the scenes, Reagan's administration gave a green light to Israeli weapons shipments to Iran (which was fighting a war with Israel's greater enemy, Iraq). The weapons sales helped Israel rebuild its contacts inside Iran and to turn large profits, some of which were plowed into financing West Bank settlements.

In another important move, Reagan credentialed a new generation of pro-Israeli American ideologues known as the neoconservatives, a move that would pay big dividends for Israel in the future as these bright and articulate operatives fought for Israeli interests both inside the U.S. government and through their opinion-leading roles in the major American news media.

In other words, if the disgruntled CIA Old Boys and the determined Likudniks did participate in an October Surprise scheme to unseat Jimmy Carter, they got much of what they were after.

Yet, while motive is an important element in solving a mystery, it does not constitute proof by itself. What must be examined is whether there is evidence that the motive was acted upon, whether Menachem Begin's government and disgruntled CIA officers covertly assisted the Reagan campaign in contacting Iranian officials to thwart Carter's hostage negotiations.

On that point the evidence is strong though perhaps not ironclad. Still, a well-supported narrative does exist describing how the October Surprise scheme may have gone down with the help of CIA personnel, Begin's government, some right-wing intelligence figures in Europe, and a handful of power-brokers in the United States.

Angry Old Boys

Even before Iran took the American hostages on Nov. 4, 1979, disgruntled CIA veterans had been lining up behind the presidential candidacy of their former

boss, George H.W. Bush. Casting off their traditional cloak of non-partisanship, they were volunteering as foot soldiers in Bush's campaign. One joke about Bush's announcement of his candidacy on May 1, 1979, was that "half the audience was wearing raincoats."

Bill Colby, Bush's predecessor as CIA director, said Bush "had a flood of people from the CIA who joined his supporters. They were retirees devoted to him for what he had done" in defending the spy agency in 1976 when the CIA came under heavy criticism for spying on Americans, assassination plots and other abuses. Reagan's foreign policy adviser Richard Allen described the group working on the Bush campaign as a "plane load of disgruntled former CIA" officers who were "playing cops and robbers."

All told, at least two dozen former CIA officials went to work for Bush. Among them was the CIA's director of security, Robert Gambino, who joined the Bush campaign immediately after leaving the CIA where he oversaw security investigations of senior Carter officials and thus knew about potentially damaging personal information.

Besides the ex-CIA personnel who joined the Bush campaign, other pro-Bush intelligence officers remained inside the CIA while making clear their political preference. "The seventh floor of Langley was plastered with 'Bush for President' signs," said senior CIA analyst George Carver, referring to the floor that housed top CIA officials.

Carter administration officials also grew concerned about the deep personal ties between the former CIA officers in Bush's campaign and active-duty CIA personnel who continued to hold sensitive jobs under Carter.

For instance, Gambino, the 25-year CIA veteran who oversaw personnel security checks, and CIA officer Donald Gregg, who served as a CIA representative on Carter's National Security Council, "are good friends who knew each other from the CIA," according to an unpublished part of a report by a House task force that investigated the October Surprise issue in 1992. [I found this deleted section still marked "secret" in unpublished task force files in 1994.]

'Blond Ghost'

Perhaps most significantly, Bush quietly enlisted Theodore Shackley, the legendary CIA covert operations specialist known as the "blond ghost." During the Cold War, Shackley had run many of the CIA's most controversial paramilitary operations, from Vietnam and Laos to the JMWAVE operations against Fidel Castro's Cuba.

In those operations, Shackley had supervised the work of hundreds of CIA

officers and developed powerful bonds of loyalty with many of his subordinates. For instance, Donald Gregg had served under Shackley's command in Vietnam.

When Bush was CIA director in 1976, he appointed Shackley to a top clandestine job, associate deputy director for operations, laying the foundation for Shackley's possible rise to director and cementing Shackley's loyalty to Bush. When Shackley had a falling out with Carter's CIA Director Turner in 1979, Shackley quit the agency. Privately, Shackley believed that Turner had devastated the agency by pushing out hundreds of covert officers, many of them Shackley's former subordinates.

By early 1980, the Republicans were complaining that they were being kept in the dark about progress on the Iran hostage negotiations. George Cave, then a top CIA specialist on Iran, told me that the "Democrats never briefed the Republicans" on sensitive developments, creating suspicions among the Republicans that Carter might time a hostage release for maximum benefit in the election, a so-called "October Surprise."

So, the Republicans sought out their own sources of information regarding the hostage crisis. Bush's ally Shackley began monitoring Carter's progress on negotiations through his contacts with Iranians in Europe, Cave said. "Ted, I know, had a couple of contacts in Germany," said Cave. "I know he talked to them. I don't know how far it went. Ted was very active on that thing in the winter/spring of 1980."

Author David Corn also got wind of the Shackley-Bush connection when he was researching his biography of Shackley, *Blond Ghost*. "Within the spook world the belief spread that Shackley was close to Bush," Corn wrote. "Rafael Quintero [an anti-Castro Cuban with close ties to the CIA] was saying that Shackley met with Bush every week. He told one associate that should Reagan and Bush triumph, Shackley was considered a potential DCI," the abbreviation for CIA director.

Some of the legendary CIA officers from an even earlier generation, those who had helped overthrow Iran's elected government in 1953 and put the Shah on the Peacock Throne, also injected themselves into the hostage crisis.

Carter, a 'Utopian'

Miles Copeland, one of the agency's old Middle East hands, claimed in his memoir, *The Game Player*, that he and his CIA chums pondered their own hostage rescue plan while organizing an informal support group for the Bush campaign, called "Spooks for Bush."

In the 1990 interview, Copeland told me that "the way we saw Washington at that time was that the struggle was really not between the Left and the Right, the

liberals and the conservatives, as between the Utopians and the realists, the pragmatists. Carter was a Utopian. He believed, honestly, that you must do the right thing and take your chance on the consequences. He told me that. He literally believed that." Copeland's deep Southern accent spit out the words with a mixture of amazement and disgust.

Copeland's contacts at the time included CIA veteran Archibald Roosevelt and former Secretary of State Henry Kissinger both of whom were close to David Rockefeller whose Chase Manhattan Bank handled billions of dollars in the Shah's accounts, a fortune that the Iranian mullahs wanted to lay their hands on.

"There were many of us myself along with Henry Kissinger, David Rockefeller, Archie Roosevelt in the CIA at the time we believed very strongly that we were showing a kind of weakness, which people in Iran and elsewhere in the world hold in great contempt," Copeland said. As Copeland and his friends contemplated what to do regarding the hostage crisis, he reached out to other of his old CIA buddies.

According to *The Game Player*, Copeland turned to ex-CIA counter-intelligence chief James Angleton. The famed spy hunter "brought to lunch a Mossad chap who confided that his service had identified at least half of the [hostage-holding] 'students,' even to the extent of having their home addresses in Tehran," Copeland wrote. "He gave me a rundown on what sort of kids they were. Most of them, he said, were just that, kids."

One of the young Israeli intelligence agents assigned to the task of figuring out who was who in the new Iranian power structure was Ari Ben-Menashe, who was born in Iran but emigrated to Israel as a teen-ager. Not only did he speak fluent Farsi, but he had school friends who were rising within the new revolutionary bureaucracy.

In his memoir, *Profits of War*, Ben-Menashe offered his own depiction of Copeland's initiative. Though Copeland was generally regarded as a CIA "Arabist" who had opposed Israeli interests in the past, he was admired for his analytical skills, Ben-Menashe wrote.

"A meeting between Miles Copeland and Israeli intelligence officers was held at a Georgetown house in Washington, D.C.," Ben-Menashe wrote. "The Israelis were happy to deal with any initiative but Carter's. David Kimche, chief of Tevel, the foreign relations unit of Mossad, was the senior Israeli at the meeting. The Israelis and the Copeland group came up with a two-pronged plan to use quiet diplomacy with the Iranians and to draw up a scheme for military action against Iran that would not jeopardize the lives of the hostages."

Arms Dealing

In late February 1980, Seyed Mehdi Kashani, an Iranian emissary, arrived in Israel to discuss Iran's growing desperation for spare parts for its U.S.-supplied air force, Ben-Menashe wrote.

Kashani, whom Ben-Menashe had known from their school days in Tehran, also revealed that the Copeland initiative was making inroads inside Iran and that approaches from some Republican emissaries had already been received, Ben-Menashe wrote.

"Kashani said that the secret ex-CIA-Miles-Copeland group was aware that any deal cut with the Iranians would have to include the Israelis because they would have to be used as a third party to sell military equipment to Iran," according to Ben-Menashe.

In March 1980, the following month, the Israelis made their first direct military shipment to Iran, 300 tires for Iran's F-4 fighter jets, Ben-Menashe wrote. Ben-Menashe's account of these early Israeli arms shipments was corroborated by Carter's press secretary Jody Powell and Israeli arms dealer William Northrop.

In an interview for a 1991 PBS "Frontline" documentary, Jody Powell told me that "there had been a rather tense discussion between President Carter and Prime Minister Begin in the spring of 1980 in which the President made clear that the Israelis had to stop that [arms dealing], and that we knew that they were doing it, and that we would not allow it to continue, at least not allow it to continue privately and without the knowledge of the American people."

"And it stopped," Powell said. At least, it stopped temporarily.

Closer Enemies

Carter also may have had political enemies who had penetrated his inner circle. Jamshid Hashemi, an Iranian businessman who was recruited by the CIA in January 1980 along with his brother Cyrus, said that in spring 1980, he encountered Donald Gregg, the CIA officer serving on Carter's National Security Council staff, at Cyrus's Manhattan office.

Jamshid Hashemi said his brother Cyrus was playing a double game, officially helping the Carter administration on the hostage crisis but privately collaborating with the Republicans. [For details, see Robert Parry's Secrecy & Privilege.]

The alleged involvement of Gregg is another highly controversial part of the

October Surprise mystery. A tall man with an easy-going manner, Gregg had known George H.W. Bush since 1967 when Bush was a first-term U.S. congressman. Gregg also briefed Bush when he was U.S. envoy to China. Gregg served, too, as the CIA's liaison to the Pike Committee investigation of the CIA when Bush was CIA director in 1976.

"Although Gregg was uniformly regarded as a competent professional, there was a dimension to his background that was entirely unknown to his colleagues at the White House, and that was his acquaintance with one of the Republican frontrunners, George Bush," Sick, the former Carter aide on the National Security Council, wrote in *October Surprise*.

As the Iran crisis dragged on, Copeland and his group of CIA Old Boys forwarded their own plan for freeing the hostages. However, to Copeland's chagrin, his plan fell on deaf ears inside the Carter administration, which was developing its own rescue operation. So, Copeland told me that he distributed his plan outside the administration, to leading Republicans, giving sharper focus to their contempt for Carter's bungled Iranian strategy.

"Officially, the plan went only to people in the government and was top secret and all that," Copeland said. "But as so often happens in government, one wants support, and when it was not being handled by the Carter administration as though it was top secret, it was handled as though it was nothing. Yes, I sent copies to everybody who I thought would be a good ally.

"Now I'm not at liberty to say what reaction, if any, ex-President [Richard] Nixon took, but he certainly had a copy of this. We sent one to Henry Kissinger. So we had these informal relationships where the little closed circle of people who were, a, looking forward to a Republican President within a short while and, b, who were absolutely trustworthy and who understood all these inner workings of the international game board."

Desert One

Encircled by a growing legion of enemies, the Carter administration put the finishing touches on its hostage-rescue operation in April. Code-named "Eagle Claw," the assault involved a force of U.S. helicopters that would swoop down on Tehran, coordinate with some agents on the ground and extract the hostages.

Carter ordered the operation to proceed on April 24, but mechanical problems and the mysterious decision by one of the pilots to turn back forced the operation to be terminated. At a staging area called Desert One, one of the helicopters collided with a refueling plane, causing an explosion that killed eight American crewmen.

Their charred bodies were then displayed by the Iranian government, adding to the fury and humiliation of the United States. After the Desert One fiasco, the Iranians dispersed the hostages to a variety of locations, effectively shutting the door on another rescue attempt.

By summer 1980, Copeland told me, the Republicans in his circle considered a second hostage-rescue attempt not only unfeasible, but unnecessary. They were talking confidently about the hostages being freed after a Republican victory in November, the old CIA man said.

"Nixon, like everybody else, knew that all we had to do was wait until the election came, and they were going to get out," Copeland said. "That was sort of an open secret among people in the intelligence community, that that would happen. The intelligence community certainly had some understanding with somebody in Iran in authority, in a way that they would hardly confide in me."

Copeland said his CIA friends had been told by contacts in Iran that the mullahs would do nothing to help Carter or his reelection. "At that time, we had word back, because you always have informed relations with the devil," Copeland said.

"But we had word that, 'Don't worry.' As long as Carter wouldn't get credit for getting these people out, as soon as Reagan came in, the Iranians would be happy enough to wash their hands of this and move into a new era of Iranian-American relations, whatever that turned out to be."

In the interview, Copeland declined to give more details, beyond his assurance that "the CIA within the CIA," his term for the true protectors of U.S. national security, had an understanding with the Iranians about the hostages. (Copeland died on Jan. 14, 1991.)

A Unified Campaign

In summer 1980, Ronald Reagan wrapped up the Republican nomination and offered the vice presidential slot to his former rival, George H.W. Bush. As Bush's team merged with Reagan's campaign, so too did Bush's contingent of CIA veterans. Reagan's campaign director William Casey a spymaster for the World War II-era Office of Strategic Services also blended in well with the ex-intelligence officers.

Many of the October Surprise allegations have Casey and his longtime business associate John Shaheen, another OSS veteran, meeting with Iranians and other foreigners overseas.

Casey also had secret meetings with Kissinger, according to Casey's chauffeur, and with banker David Rockefeller and ex-CIA officer Archibald Roosevelt, who

had gone to work for Rockefeller, according to the Sept. 11, 1980, visitor log at the Reagan-Bush headquarters in Arlington, Virginia.

On Sept. 16, 1980, five days after the Rockefeller group's visit to Casey's office, Iran's acting foreign minister Sadegh Ghotbzadeh spoke publicly about Republican interference. "Reagan, supported by Kissinger and others, has no intention of resolving the problem" with the hostages, Ghotbzadeh said. "They will do everything in their power to block it."

Iranian President Abolhassan Bani-Sadr held a similar opinion from his position in Tehran. In a 1992 letter to the House task force on the October Surprise case, Bani-Sadr wrote that he learned of the Republican back-channel initiative in summer 1980 and received a message from an emissary of Ayatollah Khomeini: The Reagan campaign was in league with pro-Republican elements of the CIA in an effort to undermine Carter and wanted Iran's help.

Bani-Sadr said the emissary "told me that if I do not accept this proposal they [the Republicans] would make the same offer to my rivals." The emissary added that the Republicans "have enormous influence in the CIA," Bani-Sadr wrote. "Lastly, he told me my refusal of their offer would result in my elimination."

Bani-Sadr said he resisted the GOP scheme, but the plan ultimately was accepted by Ayatollah Khomeini, who appeared to have made up his mind around the time of Iraq's invasion of Iran in mid-September 1980. However, still sensing a political danger if Carter got the Iranians to change their minds, the Republicans opened the final full month of the campaign by trying to make Carter's hostage talks look like a cynical ploy to influence the election's outcome.

On Oct. 2, Republican vice-presidential candidate Bush brought up the issue with a group of reporters: "One thing that's at the back of everybody's mind is, 'What can Carter do that is so sensational and so flamboyant, if you will, on his side to pull off an October Surprise?' And everybody kind of speculates about it, but there's not a darn thing we can do about it, nor is there any strategy we can do except possibly have it discounted."

Multiple Channels

One congressional investigator who was involved in the Iran-Contra and the October Surprise inquiries told me years later that his conclusion was that the Republicans were pursuing every avenue possible to reach the Iranian leadership to make sure Carter's hostage negotiations failed.

Former Israeli intelligence officer Ben-Menashe, in his book and in sworn testimony, said the ultimately successful channel was one involving both former

and current CIA officers, working with French intelligence for the security of a final meeting in Paris, and with Israelis who were given the task of delivering the payoff in weapons shipments and money to Iran.

The key meeting allegedly occurred on the weekend of Oct. 18-19, 1980, between high-level representatives of the Republican team and the Iranians. Ben-Menashe said he was part of a six-member Israeli support delegation for the meeting at the Ritz Hotel in Paris.

In his memoir, Ben-Menashe said he recognized several Americans, including Republican congressional aide Robert McFarlane and CIA officers Robert Gates (who had served on Carter's NSC staff and was then CIA Director Turner's executive assistant), Donald Gregg (another CIA designee to Carter's NSC) and George Cave (the agency's Iran expert).

Ben-Menashe said Iranian cleric Mehdi Karrubi, then a top foreign policy aide to Ayatollah Khomeini, arrived and walked into a conference room. "A few minutes later George Bush, with the wispy-haired William Casey in front of him, stepped out of the elevator. He smiled, said hello to everyone, and, like Karrubi, hurried into the conference room," Ben-Menashe wrote.

Ben-Menashe said the Paris meetings served to finalize a previously outlined agreement calling for release of the 52 hostages in exchange for \$52 million, guarantees of arms sales for Iran, and unfreezing of Iranian monies in U.S. banks. The timing, however, was changed, he said, to coincide with Reagan's expected Inauguration on Jan. 20, 1981.

Though the alleged participants have denied taking part in such a meeting, the alibis cited by the Americans have proved porous. For instance, Gregg produced a photograph of himself in a bathing suit on a beach with the processing date stamped on the back, "October 1980."

There have been others reasons to doubt their innocence. An FBI polygrapher working for Iran-Contra special prosecutor Lawrence Walsh's investigation asked Gregg in 1990, "were you ever involved in a plan to delay the release of the hostages in Iran until after the 1980 Presidential election?" Gregg's negative answer was deemed deceptive. [See the Final Report of the Independent Counsel for Iran/Contra Matters, Vol. I, 501]

Corroboration

Meanwhile, other evidence has surfaced supporting Ben-Menashe's testimony. For instance, Chicago Tribune reporter John Maclean, son of author Norman Maclean who wrote *A River Runs Through It*, confirmed that he was told by a well-placed Republican source on that weekend in October 1980 that Bush was flying to Paris

for a clandestine meeting with a delegation of Iranians about the American hostages.

David Andelman, the biographer for Count Alexandre deMarenches, then head of France's Service de Documentation Exterieur et de Contre-Espionage (SDECE), testified to the House task force that deMarenches told him that he had helped the Reagan-Bush campaign arrange meetings with Iranians on the hostage issue in summer and fall of 1980, with one meeting in Paris in October.

Andelman said deMarenches insisted that the secret meetings be kept out of his memoir because the story could otherwise damage the reputations of his friends, William Casey and George H.W. Bush.

The allegations of a Paris meeting also received support from several other sources, including pilot Heinrich Rupp, who said he flew Casey from Washington's National Airport to Paris on a flight that left very late on a rainy night in mid-October 1980.

Rupp said that after arriving at LeBourget airport outside Paris, he saw a man resembling Bush on the tarmac. The night of Oct. 18 indeed was rainy in the Washington area. Also, sign-in sheets at the Reagan-Bush headquarters in Arlington, Virginia, placed Casey within a five-minute drive of National Airport late that evening.

A French arms dealer, Nicholas Ignatiew, told me in 1990 that he had checked with his government contacts and was told that Republicans did meet with Iranians in Paris in mid-October 1980.

A well-connected French investigative reporter Claude Angeli said his sources inside the French secret service confirmed that the service provided "cover" for a meeting between Republicans and Iranians in France on the weekend of October 18-19. German journalist Martin Kilian had received a similar account from a top aide to intelligence chief deMarenches.

As early as 1987, Iran's ex-President Bani-Sadr had made similar claims about a Paris meeting.

Finally, a classified report from the Russian government regarding what its intelligence files showed about the October Surprise issue stated matter-of-factly that Republicans held a series of meetings with Iranians in Europe, including one in Paris in October 1980. "William Casey, in 1980, met three times with representatives of the Iranian leadership," the Russian report said. "The meetings took place in Madrid and Paris."

At the Paris meeting in October 1980, "R[obert] Gates, at that time a staffer of

the National Security Council in the administration of Jimmy Carter, and former CIA Director George Bush also took part," the Russian report said. "In Madrid and Paris, the representatives of Ronald Reagan and the Iranian leadership discussed the question of possibly delaying the release of 52 hostages from the staff of the U.S. Embassy in Teheran."

(The Russian report had been requested by Rep. Lee Hamilton, D-Indiana, as part of the 1992 task force investigation of the October Surprise case. It arrived on Jan. 11, 1993, just two days before the task force was to release its own report rejecting the October Surprise suspicions.

(According to Hamilton and task force chief counsel Lawrence Barcella, the startling Russian report may never have been shown to Hamilton, until I sent him a copy in spring 2010. In interviews, Hamilton told me, "I don't recall seeing it," and Barcella said in an e-mail that he didn't "recall whether I showed [Hamilton] the Russian report or not." [See Consortiumnews.com's "[Key October Surprise Evidence Hidden](#)."])

Whatever the reasons, Carter failed to get the hostages out. The coincidence that the anniversary of the hostage-taking fell on Election Day 1980 further damaged Carter's hopes as Americans were forced to relive the humiliations of the previous year.

Reagan romped to victory in a landslide, winning 44 states and bringing with him a Republican Senate. Among the Democrat casualties were key figures in efforts to rein in the powers of the imperial presidency and of the CIA including Frank Church of Idaho, Birch Bayh of Indiana and George McGovern of South Dakota.

In retrospect, some of Carter's negotiators felt they should have been much more attentive to the possibility of Republican sabotage. "Looking back, the Carter administration appears to have been far too trusting and particularly blind to the intrigue swirling around it," said former NSC official Gary Sick.

Tough Talk

As the Inauguration neared, Republicans talked tough, making clear that Ronald Reagan wouldn't stand for the humiliation that the nation endured under Jimmy Carter. The Reagan-Bush team intimated that Reagan would deal harshly with Iran if it didn't surrender the hostages.

A joke making the rounds of Washington went: "What's three feet deep and glows in the dark? Tehran ten minutes after Ronald Reagan becomes President."

On Inauguration Day, Jan. 20, 1981, just as Reagan was beginning his inaugural address, word came from Iran that the hostages were freed. The American people

were overjoyed.

Privately, some Reagan insiders laughed about their October Surprise success. For instance, Charles Cogan, a high-ranking CIA officer, told the House task force in 1992 that he attended a 1981 meeting at CIA headquarters between Casey and one of David Rockefeller's top aides, Joseph V. Reed, who had just been appointed to be Ambassador to Morocco.

Cogan testified that Reed joked about having blocked Carter's hostage release. A task force investigator, who spoke with Cogan in a less formal setting, told me that Reed's wording was, "We fucked Carter's October Surprise."

In the months and the years that followed, many of the key figures in the October Surprise mystery saw their career paths veer steeply upward. Casey was appointed to head the CIA; Gregg became Vice President Bush's national security adviser; Robert McFarlane later became Reagan's NSC adviser; though relatively young, Robert Gates vaulted up the CIA's career ladder, becoming head of the analytical division and then deputy director. (He later served as Secretary of Defense for George W. Bush and Barack Obama.)

As for Israel and Iran, the arms network flowed with weapons to Iran and millions of dollars in profits back to Israel, with some of the money going to build new settlements in the West Bank. In summer 1981, this hidden Israeli-Iranian arms pipeline slipped briefly into public view.

On July 18, 1981, an Israeli-chartered plane was shot down after straying over the Soviet Union. In a PBS interview nearly a decade later, Nicholas Veliotos, Reagan's assistant secretary of state for the Middle East, said he looked into the incident by talking to top administration officials.

"It was clear to me after my conversations with people on high that indeed we had agreed that the Israelis could transship to Iran some American-origin military equipment," Veliotos said.

In checking out the Israeli flight, Veliotos came to believe that the Reagan camp's dealings with Iran dated back to before the 1980 election. "It seems to have started in earnest in the period probably prior to the election of 1980, as the Israelis had identified who would become the new players in the national security area in the Reagan administration," Veliotos said. "And I understand some contacts were made at that time."

When I re-interviewed Veliotos on Aug. 8, 2012, he said he couldn't recall who the "people on high" were who had described the informal clearance of the Israeli shipments but he indicated that "the new players" were the young neoconservatives who were working on the Reagan-Bush campaign, many of whom

later joined the administration as senior political appointees.

In the mid-1980s, many of the same October Surprise actors became figures in the Iran-Contra scandal of 1985-86, another secret arms-for-hostages scheme in which Israel served as the middleman in U.S. arms shipments to Iran.

According to official Iran-Contra investigations, the plot to sell U.S. weapons to Iran in 1985-86 for its help in freeing American hostages then held in Lebanon involved Cyrus Hashemi, John Shaheen, Theodore Shackley, William Casey, Donald Gregg, Robert Gates, Robert McFarlane, George Cave, Ronald Reagan and George H.W. Bush not to mention various Israeli officials.

In 1993, I took part in an interview with former Israeli Prime Minister Yitzhak Shamir in Tel Aviv during which he said he had read Gary Sick's 1991 book, *October Surprise*, which made the case for believing that the Republicans had intervened in the 1980 hostage negotiations to disrupt Carter's reelection.

With the topic raised, one interviewer asked, "What do you think? Was there an October Surprise?"

"Of course, it was," Shamir responded without hesitation. "It was." Later in the interview, Shamir, who succeeded Begin as prime minister in the 1980s, seemed to regret his frankness and tried to backpedal on his answer, but his confirmation remained a startling moment.

Carter's Uncertainty

Three decades after leaving office, former President Carter told an interviewer that he still hadn't made up his mind on whether Ronald Reagan's campaign secretly sabotaged his negotiations with Iran to gain release of the American hostages.

In an interview for a book, *Conversations with Power* by Brian Michael Till, Carter expressed uncertainty about the old political mystery, but he said he had discussed the matter with his ex-national security aide Gary Sick, who embraced the suspicions in a 1991 book, *October Surprise*.

"I have never taken a position on that because I don't know the facts," Carter told Till. "I've seen explanations that were made by George H.W. Bush and the Reagan people, and I've read Gary Sick's book and talked to him about it. I don't really know."

Still, Carter said he remains curious as to why the Iranians waited until immediately after Reagan was sworn in on Jan. 20, 1981, to allow the hostages to fly out of Tehran:

"The thing that I do know is that after they [the Iranians] decided to hold the hostages until after the election, I did everything I could to get them extracted, and the last three days I was president, I never went to bed at all. I stayed up the whole time in the Oval Office to negotiate this extremely complex arrangement to get the hostages removed and to deal with \$12 billion in Iranian cash and gold.

"And I completed everything by six o'clock on the morning that I was supposed to go out of office. All the hostages were transferred to airplanes and they were waiting in the airplanes. I knew this, so they were ready to take off, and I went to the reviewing stand when Reagan became president.

"Five minutes after he was president, the planes took off. They could have left three or four hours earlier. But what, if any, influence was used on the Ayatollah [Ruhollah Khomeini] to wait until I was out of office. I don't know."

Yet, for the past three decades, Carter has seemed more concerned about being accused of sour grapes than learning the truth about whether a Republican dirty trick helped sink his presidency.

In 1996, while meeting with Palestine Liberation Organization leader Yasir Arafat, Carter reportedly raised his hands into a physical stop position when Arafat tried to confess his role in the Republican maneuvering to block Carter's Iran-hostage negotiations.

"There is something I want to tell you," Arafat said, addressing Carter at a meeting in Arafat's bunker in Gaza City in the presence of historian Douglas Brinkley. "You should know that in 1980 the Republicans approached me with an arms deal [for the PLO] if I could arrange to keep the hostages in Iran until after the [U.S. presidential] election."

Arafat was apparently prepared to provide additional details and evidence, but Carter raised his hands, indicating that he didn't want to hear anymore.

In the interview with Till, Carter also expressed continued uncertainty as to why a crucial helicopter for the U.S. hostage-rescue operation in April 1980 turned back rather than fly on to Tehran, a decision that forced the surprise assault to be scrubbed, a huge embarrassment for the Carter administration.

To carry out the mission, Carter had ordered eight helicopters to take part, including two as backups. As the mission proceeded, two helicopters developed mechanical troubles, cutting the number to the minimal of six. But one helicopter had turned back "with no reasonable explanation," Carter said, forcing the rescue to be called off when the number of available helicopters dropped to five.

The so-called “Desert One fiasco” raised questions about Carter’s competence and ever since then rumors have persisted regarding possible sabotage of the operation by military and intelligence personnel who were hostile to Carter’s presidency.

While no hard evidence has ever emerged about the sabotage of Carter’s rescue operation, significant evidence does exist that operatives inside Reagan’s campaign with the help of Israeli operatives took steps to frustrate Carter’s attempt to negotiate release of the hostages before the November 1980 election.

In the ensuing decades, the failure of the U.S. political/media structure to get to the bottom of the October Surprise and its sequel the Iran-Contra scandal also makes the prospect for a repeat in 2012 more likely.

Since Israeli’s Likud has never been held accountable for its alleged interference in the U.S. political process in 1980, Menachem Begin’s ideological descendants might feel embolden to try it again.

To read more of Robert Parry’s writings, you can now order his last two books, *Secrecy & Privilege* and *Neck Deep*, at the discount price of only \$16 for both. For details on the special offer, [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.
