

Rethinking Watergate/Iran-Contra

Special Report: New evidence continues to accumulate showing how Official Washington got key elements of the Watergate and Iran-Contra scandals wrong, especially how these two crimes of state originated in treacherous actions to secure the powers of the presidency, writes Robert Parry.

By Robert Parry

A favorite saying of Official Washington is that “the cover-up is worse than the crime.” But that presupposes you accurately understand what the crime was. And, in the case of the two major U.S. government scandals of the last third of the Twentieth Century Watergate and Iran-Contra that doesn’t seem to be the case.

Indeed, newly disclosed documents have put old evidence into a sharply different focus and suggest that history has substantially miswritten the two scandals by failing to understand that they actually were sequels to earlier scandals that were far worse. Watergate and Iran-Contra were, in part at least, extensions of the original crimes, which involved dirty dealings to secure the immense power of the presidency.

In the case of Watergate the foiled Republican break-in at the Democratic National Committee in June 1972 and Richard Nixon’s botched cover-up leading to his resignation in August 1974 the evidence is now clear that Nixon created the Watergate burglars out of his panic that the Democrats might possess a file on his sabotage of Vietnam peace talks in 1968.

Shortly after Nixon took office in 1969, FBI Director J. Edgar Hoover informed him of the existence of the file containing national security wiretaps documenting how Nixon’s emissaries had gone behind President Lyndon Johnson’s back to convince the South Vietnamese government to boycott the Paris Peace Talks, which were close to ending the Vietnam War in fall 1968.

The disruption of Johnson’s peace talks then enabled Nixon to hang on for a narrow victory over Democrat Hubert Humphrey. However, as the new President was taking steps in 1969 to extend the war another four-plus years, he sensed the threat from the wiretap file and ordered two of his top aides, chief of staff H.R. “Bob” Haldeman and National Security Advisor Henry Kissinger, to locate it. But they couldn’t find the file.

We now know that was because President Johnson, who privately had called Nixon’s Vietnam actions “treason,” had ordered the file removed from the White House by his national security aide Walt Rostow.

Rostow labeled the file "The 'X' Envelope" and kept it in his possession, although having left government, he had no legal right to hold onto the highly classified documents, many of which were stamped "Top Secret." Johnson had instructed Rostow to retain the papers as long as he, Johnson, was alive and then afterwards to decide what to do with them.

Nixon, however, had no idea that Johnson and Rostow had taken the missing file or, indeed, who might possess it. Normally, national security documents are passed from the outgoing President to the incoming President to maintain continuity in government.

But Haldeman and Kissinger had come up empty in their search. They were only able to recreate the file's contents, which included incriminating conversations between Nixon's emissaries and South Vietnamese officials regarding Nixon's promise to get them a better deal if they helped him torpedo Johnson's peace talks.

So, the missing file remained a troubling mystery inside Nixon's White House, but Nixon still lived up to his pre-election agreement with South Vietnamese President Nguyen van Thieu to extend U.S. military participation in the war with the goal of getting the South Vietnamese a better outcome than they would have received from Johnson in 1968.

Nixon not only continued the Vietnam War, which had already claimed more than 30,000 American lives and an estimated one million Vietnamese, but he expanded it, with intensified bombing campaigns and a U.S. incursion into Cambodia. At home, the war was bitterly dividing the nation with a massive anti-war movement and an angry backlash from war supporters.

Pentagon Papers

It was in that intense climate in 1971 that Daniel Ellsberg, a former senior Defense Department official, gave the New York Times a copy of the Pentagon Papers, the secret U.S. history of the Vietnam War from 1945 to 1967. The voluminous report documented many of the lies most told by Democrats to draw the American people into the war.

The Times began publishing the Pentagon Papers on June 13, 1971, and the disclosures touched off a public firestorm. Trying to tamp down the blaze, Nixon took extraordinary legal steps to stop dissemination of the secrets, ultimately failing in the U.S. Supreme Court.

But Nixon had an even more acute fear. He knew something that few others did, that there was a sequel to the Pentagon Papers that was arguably more explosive the missing file containing evidence that Nixon had covertly prevented the war

from being brought to a conclusion so he could maintain a political edge in Election 1968.

If anyone thought the Pentagon Papers represented a shocking scandal and clearly millions of Americans did how would people react to a file that revealed Nixon had kept the slaughter going with thousands of additional American soldiers dead and the violence spilling back into the United States just so he could win an election?

A savvy political analyst, Nixon recognized this threat to his reelection in 1972, assuming he would have gotten that far. Given the intensity of the anti-war movement, there would surely have been furious demonstrations around the White House and likely an impeachment effort on Capitol Hill.

So, on June 17, 1971, Nixon summoned Haldeman and Kissinger into the Oval Office and as Nixon's own recording devices whirred softly pleaded with them again to locate the missing file. "Do we have it?" Nixon asked Haldeman. "I've asked for it. You said you didn't have it."

Haldeman: "We can't find it."

Kissinger: "We have nothing here, Mr. President."

Nixon: "Well, damnit, I asked for that because I need it."

Kissinger: "But Bob and I have been trying to put the damn thing together."

Haldeman: "We have a basic history in constructing our own, but there is a file on it."

Nixon: "Where?"

Haldeman: "[Presidential aide Tom Charles] Huston swears to God that there's a file on it and it's at Brookings."

Nixon: "Bob? Bob? Now do you remember Huston's plan [for White House-sponsored break-ins as part of domestic counter-intelligence operations]? Implement it."

Kissinger: "Now Brookings has no right to have classified documents."

Nixon: "I want it implemented. Goddamnit, get in and get those files. Blow the safe and get it."

Haldeman: "They may very well have cleaned them by now, but this thing, you need to "

Kissinger: "I wouldn't be surprised if Brookings had the files."

Haldeman: "My point is Johnson knows that those files are around. He doesn't know for sure that we don't have them around."

But Johnson did know that the file was no longer at the White House because he had ordered Rostow to remove it in the final days of his own presidency.

Forming the Burglars

On June 30, 1971, Nixon again berated Haldeman about the need to break into Brookings and "take it [the file] out." Nixon even suggested using former CIA officer E. Howard Hunt to conduct the Brookings break-in.

"You talk to Hunt," Nixon told Haldeman. "I want the break-in. Hell, they do that. You're to break into the place, rifle the files, and bring them in. Just go in and take it. Go in around 8:00 or 9:00 o'clock."

Haldeman: "Make an inspection of the safe."

Nixon: "That's right. You go in to inspect the safe. I mean, *clean it up.*"

For reasons that remain unclear, it appears that the Brookings break-in never took place, but Nixon's desperation to locate Johnson's peace-talk file was an important link in the chain of events that led to the creation of Nixon's burglary unit under Hunt's supervision. Hunt later oversaw the two Watergate break-ins in May and June of 1972.

While it's possible that Nixon was still searching for the file about his Vietnam-peace sabotage when the Watergate break-ins occurred nearly a year later, it's generally believed that the burglary was more broadly focused, seeking any information that might have an impact on Nixon's re-election, either defensively or offensively.

As it turned out, Nixon's burglars were nabbed inside the Watergate complex on their second break-in on June 17, 1972, exactly one year after Nixon's tirade to Haldeman and Kissinger about the need to blow the safe at the Brookings Institution in pursuit of the missing Vietnam peace-talk file.

Ironically, too, Johnson and Rostow had no intention of exposing Nixon's dirty secret regarding LBJ's Vietnam peace talks, presumably for the same reasons that they kept their mouths shut back in 1968, out of a benighted belief that revealing Nixon's actions might somehow not be "good for the country."

In November 1972, despite the growing scandal over the Watergate break-in, Nixon handily won reelection, crushing Sen. George McGovern, Nixon's preferred opponent. Nixon then reached out to Johnson seeking his help in squelching Democratic-led investigations of the Watergate affair and slyly noting that

Johnson had ordered wiretaps of Nixon's campaign in 1968.

Johnson reacted angrily to the overture, refusing to cooperate. On Jan. 20, 1973, Nixon was sworn in for his second term. On Jan. 22, 1973, Johnson died of a heart attack.

Toward Resignation

In the weeks that followed Nixon's Inauguration and Johnson's death, the scandal over the Watergate cover-up grew more serious, creeping ever closer to the Oval Office. Meanwhile, Rostow struggled to decide what he should do with "The 'X' Envelope."

On May 14, 1973, in a three-page "memorandum for the record," Rostow summarized what was in "The 'X' Envelope" and provided a chronology for the events in fall 1968. Rostow reflected, too, on what effect LBJ's public silence then may have had on the unfolding Watergate scandal.

"I am inclined to believe the Republican operation in 1968 relates in two ways to the Watergate affair of 1972," Rostow wrote. He noted, first, that Nixon's operatives may have judged that their "enterprise with the South Vietnamese" in frustrating Johnson's last-ditch peace initiative had secured Nixon his narrow margin of victory over Hubert Humphrey in 1968.

"Second, they got away with it," Rostow wrote. "Despite considerable press commentary after the election, the matter was never investigated fully. Thus, as the same men faced the election in 1972, there was nothing in their previous experience with an operation of doubtful propriety (or, even, legality) to warn them off, and there were memories of how close an election could get and the possible utility of pressing to the limit and beyond." [To read Rostow's memo, click [here](#), [here](#) and [here](#).]

What Rostow didn't know was that there was a third and more direct connection between the missing file and Watergate. Nixon's fear about the file surfacing as a follow-up to the Pentagon Papers was Nixon's motive for creating Hunt's burglary team in the first place.

Rostow apparently struggled with what to do with the file for the next month as the Watergate scandal expanded. On June 25, 1973, fired White House counsel John Dean delivered his blockbuster Senate testimony, claiming that Nixon got involved in the cover-up within days of the June 1972 burglary at the Democratic National Committee. Dean also asserted that Watergate was just part of a years-long program of political espionage directed by Nixon's White House.

The very next day, as headlines of Dean's testimony filled the nation's

newspapers, Rostow reached his conclusion about what to do with "The 'X' Envelope." In longhand, he wrote a "Top Secret" note which read, "To be opened by the Director, Lyndon Baines Johnson Library, not earlier than fifty (50) years from this date June 26, 1973."

In other words, Rostow intended this missing link of American history to stay missing for another half century. In a typed cover letter to LBJ Library director Harry Middleton, Rostow wrote: "Sealed in the attached envelope is a file President Johnson asked me to hold personally because of its sensitive nature. In case of his death, the material was to be consigned to the LBJ Library under conditions I judged to be appropriate.

"After fifty years the Director of the LBJ Library (or whomever may inherit his responsibilities, should the administrative structure of the National Archives change) may, alone, open this file. If he believes the material it contains should not be opened for research [at that time], I would wish him empowered to re-close the file for another fifty years when the procedure outlined above should be repeated."

Ultimately, however, the LBJ Library didn't wait that long. After a little more than two decades, on July 22, 1994, the envelope was opened and the archivists began the long process of declassifying the contents.

Yet, because Johnson and Rostow chose to withhold the file on Nixon's "treason," a distorted history of Watergate took shape and then hardened into what all the Important People of Washington "knew" to be true. The conventional wisdom was that Nixon was unaware of the Watergate break-in beforehand that it was some harebrained scheme of a few overzealous subordinates and that the President only got involved later in covering it up.

Sure, the Washington groupthink went, Nixon had his "enemies list" and played hardball with his rivals, but he couldn't be blamed for the Watergate break-in, which many insiders regarded as "the third-rate burglary" that Nixon's White House called it.

Even journalists and historians who took a broader view of Watergate didn't pursue the remarkable clue from Nixon's rant about the missing file on June 17, 1971. Though a few other historians did write, sketchily, about the 1968 events, they also didn't put the events together.

So, the beloved saying took shape: "the cover-up is worse than the crime." And Official Washington hates to rethink some history that is considered already settled. In this case, it would make too many important people who have expounded on the "worse" part of Watergate, i.e. the cover-up, look stupid. [For

details, see Robert Parry's *America's Stolen Narrative*.]

The Iran-Contra Cover-up

Similarly, Official Washington and many mainstream historians have tended to dismiss Ronald Reagan's Iran-Contra scandal as another case of some overzealous subordinates intuiting what the President wanted and getting everybody into trouble.

The "Big Question" that insiders were asking after the scandal broke in November 1986 was whether President Reagan knew about the decision by White House aide Oliver North and his boss, National Security Advisor John Poindexter, to divert some profits from secret arms sales to Iran to secretly buy weapons for the Nicaraguan Contra rebels.

Once Poindexter testified that he had no recollection of letting Reagan in on that secret and with Reagan a beloved figure to many in Official Washington the inquiry was relegated to insignificance. The remaining investigation focused on smaller questions, like misleading Congress and a scholarly dispute over whether the President's foreign policy powers overrode Congress' power to appropriate funds).

At the start of the Iran-Contra investigation, Attorney General Edwin Meese had set the time parameters from 1984 to 1986, thus keeping outside of the frame the possibility of a much more serious scandal originating during Campaign 1980, i.e., whether Reagan's campaign undermined President Jimmy Carter's negotiations to free 52 American hostages in Iran and then paid off the Iranians by allowing Israel to ship weapons to Iran for the Iran-Iraq War.

So, while congressional and federal investigators looked only at how the specific 1985-86 arms sales to Iran got started, there was no timely attention paid to evidence that the Reagan administration had quietly approved Israeli arms sales to Iran in 1981 and that those contacts went back to the days before Election 1980 when the hostage crisis destroyed Carter's reelection hopes and ensured Reagan's victory.

The 52 hostages were not released until Reagan was sworn in on Jan. 20, 1981.

Over the years, about two dozen sources including Iranian officials, Israeli insiders, European intelligence operatives, Republican activists and even Palestinian leader Yasser Arafat have provided information about alleged contacts with Iran by the Reagan campaign.

And, there were indications early in the Reagan presidency that something peculiar was afoot. On July 18, 1981, an Israeli-chartered plane crashed or was

shot down after straying over the Soviet Union on a return flight from delivering U.S.-manufactured weapons to Iran.

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 campaign, many of whom later joined the administration as senior political appointees.

Neocon Schemes

Newly discovered documents at the Reagan presidential library reveal that Reagan's neocons at the State Department particularly Robert McFarlane and Paul Wolfowitz initiated a policy review in 1981 to allow Israel to undertake secret military shipments to Iran. McFarlane and Wolfowitz also maneuvered to put McFarlane in charge of U.S. relations toward Iran and to establish a clandestine U.S. back-channel to the Israeli government outside the knowledge of even senior U.S. government officials.

Not only did the documents tend to support the statements by Veliotos but they also fit with comments that former Israeli Prime Minister Yitzhak Shamir made in a 1993 interview in Tel Aviv. Shamir said he had read the 1991 book, *October Surprise*, by Carter's former National Security Council aide Gary Sick, 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."

And, there were plenty of other corroborating statements as well. In 1996, for

instance, while former President Carter was meeting with Palestine Liberation Organization leader Arafat in Gaza City, 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 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 said, according to Brinkley's article in the fall 1996 issue of *Diplomatic Quarterly*.

As recently as this past week, former Iranian President Abolhassan Bani-Sadr reiterated his account of Republican overtures to Iran during the 1980 hostage crisis and how that secret initiative prevented release of the hostages.

In a *Christian Science Monitor* commentary about the movie "Argo," Bani-Sadr wrote that "Ayatollah Khomeini and Ronald Reagan had organized a clandestine negotiation which prevented the attempts by myself and then-U.S. President Jimmy Carter to free the hostages before the 1980 U.S. presidential election took place. The fact that they were not released tipped the results of the election in favor of Reagan."

Though Bani-Sadr had discussed the Reagan-Khomeini collaboration before, he added in his commentary that "two of my advisors, Hussein Navab Safavi and Sadr-al-Hefazi, were executed by Khomeini's regime because they had become aware of this secret relationship between Khomeini, his son Ahmad, ... and the Reagan administration."

In December 1992, when a House Task Force was examining this so-called "October Surprise" controversy and encountering fierce Republican resistance Bani-Sadr submitted a letter detailing his behind-the-scenes struggle with Khomeini and his son Ahmad over their secret dealings with the Reagan campaign.

Bani-Sadr's letter dated Dec. 17, 1992 was part of a flood of last-minute evidence implicating the Reagan campaign in the hostage scheme. However, by the time the letter and the other evidence arrived, the leadership of the House Task Force had decided to simply declare the Reagan campaign innocent. [See Consortiumnews.com's "['October Surprise' and 'Argo.'](#)"]

Burying the History

Lawrence Barcella, who served as Task Force chief counsel, later told me that so much incriminating evidence arrived late that he asked Task Force chairman, Rep. Lee Hamilton, a centrist Democrat from Indiana, to extend the inquiry for three months but that Hamilton said no. (Hamilton told me that he had no recollection

of Barcella's request.)

Instead of giving a careful review to the new evidence, the House Task Force ignored, disparaged or buried it. I later unearthed some of the evidence in unpublished Task Force files. However, in the meantime, Official Washington dismissed the "October Surprise" and other Iran-Contra-connected scandals, like Contra drug trafficking, as conspiracy theories. [For the latest information on the October Surprise case, see Robert Parry's [America's Stolen Narrative](#).]

As with Watergate and Nixon, Official Washington has refused to rethink its conclusions absolving President Ronald Reagan and his successor President George H.W. Bush of guilt in a range of crimes collected under the large umbrella of Iran-Contra.

When journalist Gary Webb revived the Contra-Cocaine scandal in the mid-to-late 1990s, he faced unrelenting hostility from Establishment reporters at the New York Times, Washington Post and Los Angeles Times. The attacks were so ugly that Webb's editors at the San Jose Mercury News forced him out, setting in motion his professional destruction.

It didn't even matter when an internal investigation by the CIA's inspector general in 1998 confirmed that the Reagan and Bush-41 administrations had tolerated and protected drug trafficking by the Contras. The major newspapers largely ignored the findings and did nothing to help rehabilitate Webb's career, eventually contributing to his suicide in 2004. [For details on the CIA report, see Robert Parry's [Lost History](#).]

The major newspapers have been equally unwilling to rethink the origins and the significance of the October Surprise/Iran-Contra scandal. It doesn't matter how much new evidence accumulates. It remains much easier to continue the politically safe deification of "Gipper" Reagan and the fond remembrances of "Poppy" Bush.

Not only would rethinking Iran-Contra and Watergate stir up anger and abuse from Republican operatives and the Right, but the process would reflect badly on many journalists and historians who built careers, in part, by getting these important historical stories wrong.

However, there must come a point when the weight of the new evidence makes the old interpretations of these scandals intellectually untenable and when treasured sayings like "the cover-up is worse than the crime" are swept into the historical dustbin.

[For a limited time, you can purchase Robert Parry's trilogy on the Bush family for only \$34. For details, [click here](#).]

Investigative reporter Robert Parry broke many of the Iran-Contra stories for The Associated Press and Newsweek in the 1980s. You can buy his new book, *America's Stolen Narrative*, either in [print here](#) or as an e-book (from [Amazon](#) and [barnesandnoble.com](#)).
