CHAPTER - IV

IRAN - CONTRA AFFAIR:
FIAWED POLICIES AND FAILURES

Introduction

Al Shiraa, a Beirut based Arabic magazine, disclosed in November 1986 that the United states had been participating in secret arms deals with Iran involving the sale of military equipment to obtain the release of U.S. citizens held by Iranian backed terrorists groups in Lebanon. This foreign policy scandal known as Iran - Contra affair also involved a secret arrangement to provide $30 million to the Nicaraguan right-wing contra guerrillas from the profits earned from the arms sales to Iran.

This secret arms transfers ran directly counter to declared U.S. policy of neutrality and the arms embargo on Iran. The administration had not only time and again declared that it would not pay ransom to hostage takers but also had actively worked to isolate Iranian regime on the charges of support to terrorists. The revelation proved that the various agencies of the Reagan administration’s foreign policy setup were following a conflicting, contradictory and divergent policy approaches towards Iran. The National Security Council (NSC) and the Central Intelligence Agency (CIA) favoured an actively hostile policy towards Khomeini to weaken and overthrow the revolutionary regime in Tehran. The State Department, advocated keeping distance from Khomeini which meant neither committing hostile acts against Iran nor making any dramatic attempts to improve US-Iranian relations. A third policy option was advocated by Robert Mc Farlane, Vice Admiral John

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Poindexter and Lieutant Colonel Oliver North at the NSC. This was supported by CIA Chief William Casey and President Ronald Reagan. They hoped to enlist Iran's support and cooperation to contain Soviet influence in the region and also to free the US hostages in Lebanon, through establishing relations with the moderates in Tehran. Their effort ultimately ended in arms for hostage deal and subsequent adoption of a confrontationist policy of reflagging over the Persian Gulf. If the arms sales strengthened Iran, the reflagging clearly benefited Iraq. The common factors in both the policies were the basic lack of understanding about Iranian revolutionary regime, the historical and cultural forces shaping its policy and attitudes towards the U.S. The crude anti-Sovietism of the administration officials led them to view events in Iran through the prism of East-West conflict. This misperception and wishful thinking resulted in the further estrangement and confrontation between the states. It also reinforced each others images as “Great Satan” -US and “Crazy Out law”-Iran, in their respective eyes. Thus, Iran - Contra affair symbolised the US foreign policy failure in Iran and also revealed the Department of State’s lack of control in foreign policy making and implementation.

SEARCH FOR NEW RELATIONSHIP: ISRAELI-IRANIAN CONNECTION

By 1983, Iran was facing serious problems of arms procurements due to American military embargo operation staunch. It denied Iran the badly needed spare parts and maintenance equipments. The Reagan administration not only effectively increased the surveillance of shipments of its military equipments and spare parts destined for Iran but also persuaded other governments to follow it. A study revealed that 41 countries were supplying arms to Iran. Therefore, Secretary Shultz personally
urged the European governments to reduce the flow of war materials to Iran. Public statement from the State Department, repeatedly stated that: "The U.S. does not permit U.S. arms and munitions to be shipped to either belligerent and has discouraged all free world arms shipments to Iran because, unlike Iraq, Iran is adamantly opposed to negotiations or a mediated end to the conflict." Since most of the weaponry in Iran's arsenal was of American made, the embargo effectively prevented the resupply of arms and ammunitions. It adversely affected the Iranian army tanks and aircraft. Iranians badly needed anti-tank and anti-aircraft weapon systems to contain the Iraqi offensive. Under these circumstances Iranians approached Israel for American arms.

From the very inception of Israel as a state, there was contact between Tehran and Tel Aviv. During the Shah's rule there had been a close working relationship between them, particularly on defense matters. Israel had developed an efficient information-gathering network inside Iran. This network operated through Jewish community in Iran and developed close contacts in the Iranian defense establishment. Even after the revolution these contacts remained intact. Hence unlike Americans, Israeli's were able to keep a channel open to the revolutionary regime. There was also a general consensus among Israeli policy makers such as Prime Minister Shimon Peres (1984-86), Foreign Minister Yitzhak Shamir, Defense Minister Yitzhak Rabin, his predecessor Ariel Sharon, Israeli ambassador to Tehran Uri Lubrani to remain active inside Iran. They wanted to reestablish the good relations that existed during the Shah


period. In order to keep the channels open, the Israelis responded positively to the Iranian requests for arms. In the Middle East, arms had been a lubricant for good relations between countries particularly during times of open conflict.\(^4\) Therefore an unacknowledged collaboration between Israel and Iran began shortly after the out break of the Iran-Iraq war. The war was perceived by Israel as a positive development for its security because it could keep the forces engaged. It would also divert attention from the Israeli - Palestinian conflict, and destabilise and preoccupy the Arab States of the Persian Gulf.\(^5\) Thus to prolong the war, there were a series of Israeli weapon sales to Iran during 1979-1980 onwards with the American knowledge. The basic American condition was that Israel should refrain from shipping arms which had come from the U.S. or were covered by American end user certificates. But the American government did not take a firm stand that all such shipments be stopped. So the flow of Israeli arms to Iran, which had been so substantial under the Shah, continued under the revolutionary regime, except for the brief duration of the hostage crisis. But the sales resumed again with the inauguration of the Reagan administration. Subsequently the matter was raised in general terms by Secretary of State Alexander Haig during his last visit to Israel, and again on the occasion of Defense Minister Sharon’s trip to Washington. In 1982, Israeli Ambassador Moshe Arens publicly stated that Israel had sold weapons to Iran with implicit American approval. But there was no stern American veto or condemnation of the practice. Israel assumed that the US accepted its assessment of the advantages of the arms sales to Iran: They were;


(1) To keep channels open to involve in Iran

(2) To influence Khomeini to ease the restriction on Iranian-Jewish community’s emigration to Israel, US and Europe.

(3) To prevent Iraq from winning the war. Iraq had participated in the Arab war against Israel and supported the Abu Nidal terrorist organisations. Therefore Israel was far more concerned about Arab Iraq than non-Arab Iran.

(4) To secure money through arms sales to boost Israeli economy which was in very difficult strait.

(5) To keep Iran strong as a buffer against the projections of Soviet power into the Gulf area.6

Israel’s goal was to create conditions for the resumption of commercial and diplomatic relations with a post-Khomeini regime. Notwithstanding its rhetoric about Israel as a blasphemy Tehran wanted U.S’ modern tanks, high-technology anti-tank and anti-aircraft missiles to counter Iraq’s Soviet made modern weapon systems.7

However the Iranians had to face an unexpected predicament of their arms trade with Israel. It was that on the one hand, they regarded themselves as militant opponents of Israel and, on the other, they required weapons to fight Iraqis. The dilemma was resolved by Khomeini himself. He judged that it would be legitimate for the Islamic Republic to purchase Israeli arms so long as the actual sellers were not Israelis. He wanted his agents to be able to claim that they had never bought any weapons from Israel. Therefore the Iranian purchasing agents started looking for the blackmarket dealers who could satisfy their needs. They soon learned that Israel was the only possessor of the armaments, willing to bypass the prohibition. This position also enabled the Israelis to inflate their prices too. Thus in addition to the perceived

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security or strategic advantage, Israeli arms shipments to Iran was more lucrative than the pre-revolutionary sales to the Shah.⁸

The arms traffic between Israel and Iran produced some useful contacts between them. Adding to this there had been a considerable emigration of Iranian Jews to Israel which provided first hand accounts of the revolutionary situation. It all helped Israel to have a better understanding of the internal situation in Iran. Therefore, there existed a widespread belief at the highest levels of Western governments and especially in the US that the Mossad knew everything that everyone else wanted to know, about Iran.⁹ According to President Reagan, “We had great respect for Israel’s intelligence abilities relating to matters in the Middle East, we gave their assertions a great deal of credence.”¹⁰

Contrary to this US confidence Israeli Prime Minister Pere’s himself pointed out to NSC Adviser Mc Farlane’s emissary Michael Ledeen that Israeli intelligence on Iran was of poor quality and insufficient for policy purposes. Peres even suggested to joint Israeli - US assessment of the Iranian situation to understand the Iranian political scenario.¹¹ But the US did not have any proper intelligence network and communication channel towards Iran. It was the biggest hurdle towards the normalization of relations. According to Ledeen “... policy concerns were easily stated, but it was exceedingly difficult to formulate any reasonable American policy, because our intelligence was very poor.”¹² At the time of revolution the US did not have any meaningful contact with the revolutionary leadership. The CIA was unable to develop adequate and reliable information

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11. Ledeen, n. 4, p. 102.
network. Intelligence situation was worse by the time Reagan assumed the office. Even the most elementary information was hard to obtain and such bits and pieces as reached US through travellers, foreign governments, and the occasional Western journalist were not sufficient for serious policy-formulations. During the first term of Reagan administration numerous efforts to open up new communication channels to Iran failed. There were people who claimed to possess unique access to the highest levels of the Iranian government in Washington, offering to bring an end to the poor state of relations between the two countries. Other efforts came from more serious quarters, such as King Hassan of Morocco, Prime Ministers of Turkey and Italy. They all urged to the administration to reestablish contacts with the Iranians. But despite the show of interest from the US no legitimate channel was opened. Meanwhile, Israel seized this opportunity and offered to act as an intermediary to help the US to open up channel of communication to potential leaders of Iran. This offer coincided with the NSC’s effort to reestablish US-Iranian relation.

THE NSC AND THE INTER-AGENCY PROCESS: QUEST FOR A NEW IRANIAN POLICY

The NSC was concerned about the then existing state of US-Iranian relations which was characterized by mutual hostility and tension between the states. The NSC Adviser Robert McFarlane and his staff strongly advocated a re-examination of US-Iranian relations because they feared that the death of Khomeini would touch off a succession struggle in Iran which would hold important consequences for US interest. In such circumstances the US lacked the strategy and capability to deal with this prospect. Therefore he requested an inter-agency study of US relations with Iran

after Khomeini. Subsequently on 19 October 1984, the State Department study concluded that the U.S. had “no influential contacts” within the Iranian government or political groups. The study suggested that the US could do little to establish such contacts.\textsuperscript{15}

Mc Farlane continued his effort to prompt a rethinking of US policy towards Iran. He had asked the CIA to prepare a Special National Intelligence Estimate for interagency review, the first step towards a possible change in US policy on Iran. In a letter to Deputy NSC Adviser John Poindexter, the CIA admitted that it had only a limited capacity to influence events in Iran over the near future. The foreign policy experts who reviewed the CIA study had rejected its recommendations for a new National Security Decision Directive which could have formalized a policy change. Instead it decided to retain the ban on weapon sales to Iran and denounced the revolutionary regime for its support for terrorism. The interagency effort also failed to identify any new source or ideas for significantly expanding US influence in Iran.\textsuperscript{16}

Meanwhile the CIA’s National Intelligence Officer for the Near East and South Asia, Graham Fuller who worked closely with NSC staff Howard Teicher and Donald Fortier updated the Special Intelligence Estimate (SNIE) on Iran at Mc Farlane’s request. The study pointed out that the Soviets were well positioned to take advantage of the chaos inside Iran and the US was unable to influence the events. He argued that American allies could provide a valuable presence to protect Western interests. The SNIE concluded that the degree to which these allies “can fill a military gap for Iran will be a critical measure of the West’s ability to blunt Soviet influence.”\textsuperscript{17} The memo submitted by Fuller to CIA Director Casey included a recommendation of arms sales

\textsuperscript{15} Ibid, p. 20.

\textsuperscript{16} Ibid.

\textsuperscript{17} SNIE represents the US intelligence community’s short-term assessment of a given country or situation in response to a specific need. \textit{Tower Commission Report}, n. 1, p. 21.
through an ally as one of the options for pursuing an opening to Iran. Director for political military affairs Howard Teicher and NSC staff member Donald Fortier were unhappy with the conclusions of the inter-agency study. They placed a high priority on fashioning a strategy for acquiring influence and checking the Soviets in Iran. Therefore on 11 June 1985 they submitted a draft Presidential decision document (a National Security Decision Directive or ‘NSDD’) to McFarlane, drawing on the intelligence update. The draft set out immediate and long term US goals and listed specific steps to achieve them. First on the list was to encourage Western allies and friends to “help Iran meet its important requirements... including provision of selected military equipment.” To bolster the NSC’s analysis, McFarlane also cited the CIA’s earlier intelligence estimates that had recommended such arms sales, and warned of the Soviet threat to Iran. In fact at this time Iran-Soviet relations were strained because of Iranian arrests of Tudeh Party members, Soviet invasion of Afghanistan and its aid to Iraq.

The memorandum from Fortier and Teicher transmitting the draft NSDD to McFarlane suggested that “[b]ecause of the political and bureaucratic sensitivities” its copies should be provided only to Secretary of State Shultz and Secretary of Defense Weinberger. McFarlan’s transmittal memorandum also requested that distribution of NSDD should be limited to lessen the risk of leaks. CIA Director William Casey

strongly endorsed the thrust of the draft NSDD.24 Both Shultz and Weinberger objected sharply to the suggestion that the US should permit or encourage transfers of Western arms to Iran. Weinberger wrote on the transmittal note accompanying the draft “This is almost too absurd to comment on.... It’s like asking Quadaffi to Washington for a cozy chat”25 Shultz criticized the idea of relaxing the embargo and warned that it would strengthen Iran militarily. He disagreed with the notion that Iran was in danger of falling into Soviet hands.26 He later wrote in his memoirs that ... in the Summer of 1985, a message came from Bud Mc Farlane describing an approach for arms sales to a ‘possibly changing Iran’ and the potential for the release of hostages. David Kimche, Director General of the Israeli Foreign Ministry and a former official in Israel’s intelligence service had brought the proposal to Bud. Shady characters were involved as intermediaries. I turned Bud. Kimche off came back. In two meetings with the president and other Key advisers, I had opposed any arms sales to Iran whether or not connected with release of hostages. Cap Weinberger agreed with me completely. Telling Foreign officials one thing while we did another, would, I had argued, violate our own policies, blow our integrity and earn us the total contempt of everyone, including the Iranians. Questionable characters were involved who were clearly playing US for suckers.27

Shultz had opposed the Iran initiative, because it was illegal and unwise. He said that he would have favoured some deal with Iran if the hostages could have been released. Weinberger mainly opposed to the sale of arms to Iran because the US was asking

25. Ex. CWW4; Weinberger, 7/31/87, at 86 in Ibid. Also see Tower Commission Report, n. 1, p. 22.
others countries not to do so. He believed that a bargain with the Iranian government to free the hostages would lead to blackmail by Iranians.28

In fact Shultz was well informed about the Iranian situation. He argued that Teicher - Fortier draft was an exaggeration of the anti-Iranian sentiment and Soviet advantages. What Iran wanted was the Soviet arms, not closer relationship with it. Iranians wanted to limit the supply of Soviet arms to Iraq. Any attempt to a close relationship with the Soviet Union would encounter resistance due to their deep historical mistrust towards the USSR. He pointed out that, in fact, under the Shah, Iranian - Soviet relations were much closer and more cooperative than they were now.29

In contrast to the views of the State and the Defense Departments, NSC and CIA analysts, were far away from the real situation in Iran. They were largely depending on exile groups, who had every interest in making it seem that Iran was on the verge of falling to the Soviets. To a large extent this information was aimed to get large funding from the the C.I.A. When their predictions of the imminent collapse of the Khomeini regime proved false, the story of impending chaos and the danger of a communist takeover was being used to bolster the US support. This anti-Sovietism was composed of two main elements. One was the fear that Iran might fall partly or entirely to the Soviets before Khomeini’s death or after. The corresponding belief was that it was important to have a presence in Iran to prevent this. The other was the hope that Iran, because of its hostility to communism could actively be enlisted on the US side. It would provide the US the vantage points for the spying on the Soviets that the

Shah had rendered. In their eagerness to believe that it was possible to enlist Iran in global anti-communism especially because of the Soviet invasion of Afghanistan, administration officials allowed themselves to be manipulated by individuals who payed on their mistaken assumption. The US architects of the Iran arms policy were readily convinced that there were moderates among Iranian leadership who would allow the US to regain the influence it had under the Shah. They demonstrated a naive eagerness to believe the stories of arms dealers like Ghorbanifar, who would fit their words to the desires of their listeners. Thus by using this anti-Soviet, anticommmunist component in their briefing these exiled groups and private individuals were getting the support and backing of the CIA and NSC officials by misleading them to wrong policy perceptions.  

Meantime President Reagan was taking a sharply critical stand against Iran. In a speech on 8 July 1985, he declared Iran as a part and parcel of a “confederation of terrorist states... a new international version of Murder Incorporated” and he made it clear that the US, “...will never make concessions to terrorists.” As a result of this strong opposition from all quarters of policy making apparatus the NSC staff decided to slow down its effort for a new pro-Iranian policy approach. Therefore it did not submit draft NSDD for Presidential approval. The abandonment of the draft NSDD marked the end of efforts by McFarlane and the NSC staff to use the formal inter-agency policy process to obtain an explicit change in US policy towards Iran. From this time on, the NSC sponsored a covert policy initiative.

30. ibid, p. 40.
THE COVERT POLICY INITIATIVE

Despite the criticisms of the Secretaries of State and Defense, the ideas embodied in the draft NSDD survived. This fact reflected the turbulent environment in which Teicher drafted the NSDD. A series of kidnapping of American citizens occurred in Lebanon since 1984: Jeremy Levin, Beirut Bureau Chief for the Cable News Network on March 7, William Buckley, CIA’s chief of station on March 14 and the Reverend Benjamin Weir, a presbyterian minister on May 8. Buckley’s capture was of special concern for CIA Director Casey who wanted to get him back at any cost. Citing a continuing pattern of Iranian support for terrorism, the State Department imposed new restrictions in September, on the export of spare parts for aircraft and high powered outboard motors to Iran. The Department banned all other goods and technology to Iran intended for military use. It took tough public position in dealing with terrorists. Secretary Shultz warned that it would use force against terrorism if necessary.  

Yet the hostage taking continued. Four more Americans were seized in 1985. Father Lawrence Martin Jenco, Director of Catholic Relief Services in Beirut on January 8, Terry Anderson, Chief Middle East correspondent for the Associated Press on March 16, David Jacobson, Director of the American University Hospital on May 28, and Thomas P. Sutherland, Dean of the American University’s School of Agriculture on June 9. On June 14, Shiite terrorists groups, hijacked TWA flight 847 and murdered one of its passengers, Navy diver Robert Stethan. NSC Adviser Robert McFarlane publicly “…remind terrorists that no act of violence against Americans will go without response”.  

Furthermore, the President spoke on the same subject on 30

34. Developments in the Middle East, June, 1985: Hearing Before the Subcommittee on Europe and the Middle East of the House Committee on Foreign Affairs, 99th Cong., 1st session 22 (June 19, 1985) quoted in ibid.
June 1985, saying that "The United States gives terrorists no rewards and no guarantees. We make no concessions. We make no deals." These strong and unambiguous words from the senior American officials and the President was a clear warning against Iran that it would not compromise either on terrorism or on arms trade. But the TWA hijacking dramatized the hostage issues, the administration became emotionally involved in it due to the pleas made to the President from the families of the hostages.

With the lack of progress in freeing the hostages, frustration grew perceptibly within the US government. This helplessness was expressed by the President Reagan himself. According to him:

We would already been through some disappointments and seen several promising covert efforts to free the hostages die still born because of the problems that always make the Middle East such a challenge. But I wanted to explore any avenue that offered the possibility of getting the hostages out of Lebanon. Okay, I said we would send a team to Israel to confer with the Israeli who’d offered to act as intermediaries with the Iranian moderates. And that’s how the Iran-contra affair get started.

The President’s concern and obsession with the hostages creeped into NSC staff, especially among Teicher, Mc Farlane and the CIA Director William Casey. As a result they started to focus their attention on hostage release rather than opening up new channels to Iran.

Meanwhile Iran was desperately seeking US origin TOW and HAWK missiles, in order to counter Iraq’s chief areas of superiority - armor and airforces. Israel was willing to provide these weapons to Iran provided that US approved the transfer and

would agree to replace them. Iranian interest in these weapons were widely known among the arms traders like Manucher Ghorbanifar-Iranian businessman living in France, Adnan Khashoggi-Saudi businessman, Adolph Schwimmer arms merchant and special adviser to Prime Minister Peres on counter terrorism, and Yaacov Nirimdi-arms merchant and former Israeli Defense attache in Tehran. These resourceful arms dealers, understood the intersection of interest and knew how the American hostages could be used as an incentive for the sale of missiles to Iran, and became unlikely catalyst for bringing these desperate parties- Iran and US together. They believed that US, Israel and Iran, though with different interests, were susceptible to a relationship of convenience involving arms, hostages, and new opening to Iran. The facilitator that brought this relationship into being was Israel. It urged the US to establish contacts with Iran. As a result on 3 May 1985 under the authorization of Mc Farlane, Michael Ledeen private consultant to the former, informed the Israeli government that the US was interested in developing coordinated strategy to deal with the Iranian succession crisis. According to Ledeen,

There were two concrete development as a result of the conversation with Peres: he asked Shlemo Guzit, the President of the Ben Gurian University of Beersheva (and former chief of military intelligence), to meet with me and arrange the intelligence - sharing on Iran; and he asked me to convey a request to Mc Farlane. He had recently received a request from Iran for some artillery shells. Israel was prepared to do this, but only if there were no American objection ... I told Peres that I preferred not to be the channel for their request. But he insisted, and I agreed to pass the message to the security adviser.

42. Congressional Committe Report, on, Iran-Contra, n. 2, p. 165.
43. Ledeen, n. 4, pp. 102 - 3.
Even though the NSC staff were impressed with Ledeen’s access to Prime Minister Peres and high ranking Israeli officials they objected his continuation as the primary channel to the Israeli government. Overlooking the objection, Mc Farlane authorised Ledeen to coordinate this matter with Dan Fortier of the NSC. Fortier quickly arranged CIA to prepare a special National Intelligence Estimate (SNIE) on Iran. It was used by Ledeen for the follow up of conversation with the Israelis. The SNIE included a recommendation of arms sales through an ally as an option for pursuing an opening to Iran. Ledeen later wrote that the Secretary Shultz who came to know about Ledeen channel

... fired off an angry cable to Mc Farlane, demanding to know why I had been sent ... to Israel. Mc Farlane replied... since I had gone to Israel ‘on my own hook.’ It was, of course, not true. I had travelled on a ticket issued by the White House, under Mc Farlane’s detailed instructions.... Mc Farlane had not... brief[ed] Shultz and when the secretary raged at him, he evidently decided it was easier to blame me than get into an intercontinental explanation with angry Shultz. Shultz not only objected Ledeen’s secret mission but also pointed out the potential bias implicit in any Israeli intelligence involving Iran. He doubted that Israeli intelligence could seriously skew the US perception and analysis of the Iranian situation. The US State Department was trying to end the Iran - Iraq war by denying arms to both sides and by persuading other nations to do the same. The Israelis by contrast, wanted to see their enemies demolishing each other and, also wanted to maintain at least subterranean relationship with Iran and the Iranian Jews.

Shultz argued that any attempt to reverse the present policy and to permit a flow of Western arms to Iran was contrary to US interests, both in containing Khomeinism and in ending the excesses of his regime. It would seem particularly perverse to alter this aspect of the policy when groups with ties to Iran were holding US hostages in

45. Ledeen, n. 4, pp. 103 - 4. Also see ibid.
Lebanon. Therefore he refused to agree with any policy change which promoted arms sales. Instead, he proposed a two-track policy that would (i) continue to try to restrain arms flow to Iran and Iraq to support a mediated end to the war and (ii) encourage the Europeans and the Japanese to broaden their commercial contacts with Iran as a means to end Iran's isolation and offer Iran an alternative to the Soviets.  

According to Shultz since then he "... heard no more about this proposed NSDD, nor to my knowledge did anyone else at the State Department. I concluded that the matter had been dropped."  

Shultz contented himself with registering disapproval of the arms deal with Iran. At one point, according to his own account, he had told Poindexter that he "... wanted to be informed of the things I needed to know to do my job as Secretary of State, but he didn't need to keep me posted on the details. The operational details, of what he was doing." In fact he was trying to protect himself from knowing too much about the Iran initiative. He had shown no intention of doing anything further about it. Thus Shultz's permitted Poindexter to decide what to tell him. Secretary of State in a struggle over a major, potentially disastrous foreign policy was trying to stay out of it. It was a curious evasion from Shultz. He already knew that some covert action was going on in relations with Iran. As against Shultz's advice McFarlane continued with his private policy initiative with Israeli team through cover-ups. As a result David Kimche, Director General of Israeli Foreign Ministry and Al Schwinner, arms merchant introduced Ghorbanifar channel to MacFarlane through Michael Ledeen.

46. Shultz, n. 27, p. 793-4.  
47. ibid.  
49. Draper, n. 28, p. 72.
**Ghorbanifar Channel**

Ghorbanifar presented a picture of Iran as a country with severe internal tensions which was facing growing popular discontent against the regime due to declining economic fortunes of the bazzar. It turned substantial number of the disgruntled people against the regime. Against this background, some of the mullahs and ayatollahs along with regular army officers and leaders from other institutions, feared the disintegration of their own country and the imminent soviet exploitation of the situation. This political condition was used by the pro-western sections to silence the extreme radicals who called for an unrelenting Islamic Jihad [holy war] against the Western world. Israelis and the CIA officials accepted the Ghorbanifar version. According to Ledeen:

> On the other hand, We might be interested in contact with ‘conservative’ elements in Iran-those who favoured good relations with the West, opposed the export of Shi’ism by terror, and argued against the centralization of the economy. If these people proved strong enough. We might wish to find some way to support them, in the hope of changing the policies of the country.\(^{50}\)

Therefore Ghorbanifar suggested the following steps to re-establish US-Iranian relations:

1. Establish contacts with high level officials of the regime, in order to work towards normalization of the relations.
2. Develop contacts with the opponents of the regime to strengthen them to change the policies.
3. Gain Iranian assistance for the release of the hostages in Lebanon which would be a step towards rapprochement. As an American gesture of equal significance the US should permit Israel to sell several hundred TOW anti-tank missiles to the Iranians. To demonstrate that the President himself was committed to a new relationship with Iran.

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50. Ledeen, n. 4, p. 122.
Ghorbanifar's proposal had two significantly contradictory ways. The first was the reciprocal gestures as a part of the process of reconciliation between the two countries. The second interpretation was that the US was working to strengthen the moderates who disapproved the radical ways of the regime. According to Ghorbanifar and the Iranian official the only possible way to achieve real changes in Iranian policies, including cessation of terrorist attacks, was that Tehran should be permitted to get out of its pariah status. The only way to achieve this objective was the US arms sales to Iran. Ledeen was not authorised to speak for the US government. According to his own admission when

... Kimche had asked him whether the American Government was truly interested in pursuing the matter and if so, whether I was the proper channel. Mc Farlane had said yes to both questions, and Schwimmer had accordingly flown to the United States to brief me. I also took the occasion to introduce Schwimmer to the NSC official... Lt. Col. Oliver North.

Kimche informed Mc Farlane that the Iranian contact person was Ghorbanifar, who was presented as having good connections to Iranian officials. His task was to initiate the process of drawing both sides into dialogue and convincing the US participants to take the first step.

The move to rely on Ghorbanifar channel was against the Israeli and the US intelligence agencies own assessment. Mossad steadfastly refused to get involved in the operation by pronouncing Ghorbanifar as a reasonable risk. The Israeli intelligence suspected that any proposal that came from him was likely to be a business scheme masquerading as geopolitics. Secondly, Mossad knew that Ghorbanifar had been involved with Bakhtiar group in exile, and had information that he was on a wanted list in Tehran.

51. ibid, 118.
52. ibid, pp. 111, 119.
53. p. 119.
55. Ledeen, n. 4, p. 133.
Furthermore Israeli Defense Minister Rabin also cautioned Ledeen about Ghorbanifar's credentials. He was an operative of the SAVAK in 1970's who later joined with émigré figures to organise a movement to overthrow Khomeini regime. Later in 1983, disenchanted with the exile's organisation he came into contact with some of the most radical members of the regime. It testified the complexity of his personality and doubts about his real identity. Meanwhile in 1981 he had contacted the US officials, and offered help to gain freedom for William Buckley. But he failed to pass polygraph test. Undeterred he approached the CIA in June 1984, to broker a meeting between the US government and another Iranian official (the First Iranian) who became a key player in the arms for hostage transactions of 1985 and 1986. Again CIA's polygraph test proved beyond doubt that he was lying. As a result, on 25 July 1984, CIA issued Fabricator Notice warning Agency personnel and other intelligence and law enforcement agencies that Ghorbanifar should be regarded as an intelligence fabricator and a nuisance. According to Ledeen

Under the normal circumstances, the Mossad should have received this warning, and it should have been part of their evaluation of Ghorbanifar. But if they were aware of the 'burn notice', they did not inform of the Israelis who ended up working with Ghorbanifar on the initiative, and I heard nothing of it either from the Israelis or from the CIA.

However the Israeli intelligence community did not recommend any action on Ghorbanifar. They urged for additional information before committing the government to a potentially damaging policy initiative. But Shimon Peres, decided to take a chance on Ghorbanifar. He believed that Iran initiative would lead to a major breakthrough even

56. ibid, pp. 109, 128 - 9.
57. ibid, pp. 104, 110.
58. Congressional Committee Report on Iran - Contra, n. 2, p. 164. Identities of Iranian participants in the arms deals were not disclosed because of security reasons. Throught the negotiations they were known in proxy names.
59. Ledeen, n. 4, p. 110.
though there were many reasons for doubt. He got little encouragement for his plans from professional diplomats. So he entrusted the Iranian operation to his friends Al Schwimmer, Yakov Nirmrodi and David Kimche. The former was an American born Jew and long time president of Israel aircraft industries. He had a history of weapon smuggling out of the US to Israel on the eve of the war of independence that led the American government to deprive his voting right. The latter was a former top Israeli intelligence official with two decades service in Tehran and subsequently became leading arms dealer. Finally Kimche was the Director General of the Israeli foreign ministry.

This approach to foreign policy has become nearly universal in the West. There are very few head of the governments who are happy with their own foreign ministry. The inevitable conflict between political leaders and policy professional lead to the creation of a personal foreign policy team that is loyal to the political leadership. McFarlane who had worked for Kissinger at the NSC, had shared the attitudes of the former. The attitudes and personalities of crucial actors in different countries mirrored each other. Peres and Mc Farlane was strikingly similar in their attitudes towards their own governmental institutions. They did not trust them and preferred wherever possible to operate outside the professional bureaucracy. Hence Peres operated through trusted friends like Schwimmer, and preferred the advice of such people to that of his bureaucracy. Mc Farlane kept the entire affair as a secret from the American foreign policy community, above all from the CIA as all the middlemen including Kimche, Schwimmer, Nimrodi and Ledeen had been repeatedly criticized by the professionals of Israeli and the US intelligence agency respectively. They knew that the initiative in which they were involved would generate spontaneous opposition from both national intelligence agencies. Therefore they decided to move secretly with the policy initiatives.60

60. ibid p. 108, 116.
By this time the Reagan administration was left with three options, first, it could decline the Israeli offer to pursue the matter, second, limit the US activities to a further pursuit of greater knowledge about Iran situation, third, to decide to improve the relationship with Iran by secretly selling arms to it. Such a decision could only be made by the President. Hence McFarlane discussed the issue with him who was undergoing a surgery in the Bethesda hospital. Mc Farlane’s private emissary Ledeen argued that

... the sale of the original TOWs,... was reasonable. For if we were embarked on a policy of rapprochement with the Khomini regime with or without a parallel effort to permit them to purchase our weapons, just as they in turn, would have to gain freedom for the American hostages in Lebanon and put an end to the terror weapon. I thought the president was to take a chance, for the strategic importance of Iran is so great that a leader is justified in taking risky steps.

Meanwhile to strike a deal with the Americans Ghorbanifar and the First Iranian sent messages to Washington through Israeli emissaries that Iran was interested in more extensive relations with the US. The Iranians also stated that their contacts in Iran could achieve the release of the seven Americans held in Lebanon but in exchange sought 100 TOW missiles from Israel. This was to be part of a “larger purpose” of opening a “private dialogue” on US - Iranian relations.

Mc Farlane also recommended to Shultz that the administration should show a tentative interest on the matter. Shultz responded with caution by recommending a tentative show of interest without commitment. He stated that this was consistent with US policy of “Maintaining contact with people who might eventually provide

61. ibid 119.
62. ibid p. 120.
information or help in freeing hostages." But he along with Defense Secretary staunchly opposed any arms sales. They argued that the initiative would not work and it would contradict the US efforts to persuade other countries to observe the embargo. However, tantalized by the prospect of accomplishing a diplomatic success and heavy persuasion from Mc Farlane and Ledeen, the President approved the Israeli shipment of arms to Iran. Mc Farlane conveyed the same to the Israelis. Thus the administration committed itself to the policy unsuccessfully advocated in the draft NSDD. Reagan reasoned his decision by saying that

By this time, news reports were saying that the ayatollah was so ill and feeble that he might not even live out the week. I didn’t need any arm twisting by Bud to convince me that we ought to try to establish a connection with responsible people who might be the future leaders of Iran. Here was a bona fide opportunity to shape the future in the Middle East, take the initiative, and preempt the Soviet’s in an important corner of the world. As I’ve said, we wanted moderates running the Iranian government. I would not have entertained the plan for a second if the Israelis had said they wanted to sell American weapons to the ayatollah or to his militia, which was operated separately from the Iranian army; it did not seem unreasonable that Iranian moderates who opposed the ayatollah’s authoritarian regime would ask for weapons in order to strengthen their position and enhance their credibility with Iran’s military leaders. Iran’s military forces were to some extent independent of the ayatollah. We knew of many cases where factions fighting for control of a country often trying to introduce democracy to it - had found it necessary to get the country’s military on their side.

Reagan later wrote that he was informed by his advisers that sale of few TOW missiles would not significantly change the balance in Iran’s war with Iraq. On the contrary it

64. ibid. Also see, Shultz, n. 27, p. 814. Ledeen, n.4, p. 108, 166.
would give credibility to the Israelis, allowing them to prove that they were talking with the highest levels of the US government. But his only condition was that the Iranian's should use their influence with the Hizbollah and get the US hostages out.67

Weinberger, Shultz and Donald Reagan warned the President that the arms sales would not only violate the US embargo and arms shipment to Iran, but also transferring it through Israel would not make it legal. The President, dismissed any concern regarding the illegality of the sales. According to Weinberger "... the President had said that he could answer charges of illegality, but he could not answer charge that 'big strong President Reagan passed up a chance to free hostages.' " 68

Furthermore, Secretary of State also pointed out that the professed arms deals would not lead to any moderation of the Iranian government or any significant improvement in the relations between the US and Iran. The President ruled out the objections and said, the "... American People, or no one could forgive me if I did not do everything possible to get Americans who were held anywhere released." 69 It clearly shows that unlike Mc Farlane and his teams the primary concern of the Reagan was not a renewed relationship with Iran but only the hostages. From the very beginning the President was less interested in a political dialogue with Iran than in liberating the hostages. The pleas of the family members of the hostages for action had stirred his emotions. Hence "... he had submitted McFarlane to 'recurrent, virtually daily questioning' 'about the hostages' welfare and whether there was 'anything new' on freeing them."70 This presidential concern prompted McFarlane and his team to

67. ibid, pp. 506 - 7.
68. Lawrence E. Walsh, Firewall : The Iran-Contra Conspiracy and Cover up (New York, 1997), p. 346
69. ibid, pp. 347 - 8.
70. ibid, p. 38.
proceede with the initiative.

As per the understanding reached among Ghorbanifar, the Israelis and the US negotiators, the cessation of terrorist attacks would come into effect immediately and the leading Iranian officials would make public statement in this regard. This was to be followed by the delivery of five hundred TOW missiles to Iran from Israel. All the operational details were in the hands of the Israelis. The American role was restricted to a promise and a backup operation. The promise was that Israel would be able to replace the TOWs in short order. The promise was given by Mc Farlane to Kimche. Mc Farlane placed North in charge of hostage extraction from Lebanon. According to Ledeen “Mc Farlane was insistent that knowledge of his effort be restricted to the smallest possible number of people. There had been too many leaks of sensitive information during the Reagan administration, most came from members of the executive branch”. Therefore they sent messages to intermediaries through private communication system and avoided the sophisticated communication systems of the Department of State and CIA.

71. Ledeen, n. 4, pp. 128 - 9.

72. The only people in the US government who was informed about the initiative at this stage were Reagan, Bush, Casey, Shultz, Mc Farlane, Messe, Weinberger, Chief of Staff Donlad Reagan, Poindexter, Fortier, North, Assistant Secretary of Defence Richard Armitage and some of his colleagues along with Under Secretary of State Michael Armacost, Ambassador Robert Oakley and a handful of State Department officials had been briefed on the initiative. Eventhough North instructed the intelligence community to monitor Ghorbanifar channel, the CIA officials did not know the true identifies of Ghorbanifar and his interlocutors because they were given pseudonymns. It was indeed a tangled web. ibid, pp. 129 - 30. Also see Congression Committee Report on Iran - Contra, n. 2, p. 169.
Later on August 30, 1985, Israel delivered 96 TOWs to Iran. Yet, no hostage were released. Ghorbanifar explained this by claiming that delivery of the missiles was taken by the commander of the Iranian Revolutionary Guards rather than by the Iranian faction for whom they were intended. Thereafter a delivery of 408 more TOWs occurred on September 14. The next day the Iranians gave Mc Farlane the choice of any hostage other than Buckley who had died in June in captivity. Contrary to this Ghorbanifar promised the release of Buckly and finally Reverend Benjamin Weir was released. At this stage the Iranians made it clear that this was an arms for “one hostage bargain.” Despite the fact that all the TOWs were delivered, only one hostage had been released, not a group as Ghorbanifar originally had promised. Still President Reagan was receiving optimistic reports on the initiative.73 Thus from the initial transactions itself the Iranians established a pattern of dealing that never changed. Iran would agree to get the hostages freed in return for arms. Once the arms arrived they would demand still more. After that they would free a single hostage - not a group, as promised. Instead of breaking off the transactions, the Americans continued to accede to the Iranian demands.74

ARMS FOR HOSTAGE SWAP: INITIATIVE DERAiLS

Despite the failure to secure the release of the hostages, discussions of further arms deals continued. In late September, Ghorbanifar met the Israeli team and Ledeen in Paris. Ghorbanifar asked for anti-aircraft missiles, including a new HAWK missile to attack high flying aircraft. Ledeen consented to the transaction but demanded that the hostages be released. Meanwhile on 8 October meeting in Washington, Ledeen

74. ibid, p. 163.
stated that the trading on arms for US hostages was a bad idea that should be stopped. Ghorbanifar agreed, Ledeen stated:

I urged that we recommend to our respective governments that the hostage question be abandoned, and that we concentrate entirely on the political channels. My argument was that, if we continued to sell arms to the Iranians, we could never be able to evaluate their real intentions. Since they would do almost anything in order to lay their hands on the weapons. If we could not accurately assess their intentions, we could not possibly design a coherent Iran policy which, after all, I believed was the ultimate objective of the entire exercise. 75

According to Ledeen in the initial stage Ghorbanifar also expressed his reluctance to be involved with arms for hostages arrangement preferring to a strategic, not an arms relationship with Iran. 76 He said, “if we continue in this manner, we shall all become hostages to the hostages.” 77 But Israelis were against this suggestion and they were quite excited about the possibilities of the political contacts. They argued passionately for the hostages because they had a hostage problem of their own with Hizbollah. A dozen Lebanese Jews and two Israeli soldiers were under their custody. Israeli middlemen Schwimmer, Nirmrodi and other officials feared that delinking of hostages issue from US - Iranian dialogue would threaten their own hostages as well. 78 Ledeen later wrote “Whenever I asked Casey why we continued to act in this foolish manner, he replied ‘because with this president we have to do the hostage first.’ So the president wanted it this way, and no one could convince him otherwise.” 79 As the contacts with Iran continued President Reagan placed increasing emphasis on gaining the release of the hostages. According to him, “No problem was more frustrating for

75. Ledeen, n. 4, p. 137.
77. Ledeen, n. 4, p. 138.
78. ibid, p. 137.
79. ibid, p. 138.
me when I as president than trying to get the American hostages home. It was a problem I shared with Jimmy Carter, a problem that confronted me when I entered the White House and that was with me when I left it."80 It proves he was highly obsessed with the hostage issue and further more took it into a sentimental level rather than dealing with it as a just another terrorist problem. He later wrote, that "Almost every morning at my national security briefings, I began by asking the same question: 'Any progress on getting the hostages out of Lebanon.'"81

Furthermore, Reagan fully recognized the political risk involved in the initiative and insisted that his subordinates might have to go quite close to the line of legality in order to fulfill his instructions because he was fully prepared to accept responsibility for their actions. At the NSC meeting in the White House on 7 December 1985, at which he discussed the future of the Iran initiative with McFarlane, Poindexter, John Mc Mahon (Casey's deputy), Shultz and Weinberger reiterated their opposition to the entire undertaking. Reagan categorically stated that "I don't care if I have to go to Leavenworth, I want the hostages out."82 Thus an adamant Reagan had persuaded his aides to follow up his lead.83 Meanwhile, CIA Director Casey's own deep involvement to locate and rescue the captured CIA Beirut Station Chief William Buckley kindled Reagan's strong passion for the hostages. Even after the learning that Buckley was dead, Casey had felt he could not reverse the course he had set. CIA Director was also convinced that Ghorbanifar offered the best hope for freeing the hostages which was against the strongly worded warning of his professional staff.84 At the end Reagan gave priority to hostage release over

81. ibid, p. 492.
82. Ledeen, n. 4, p. 127.
83. Hoffmann, n. 38, p. 10.
84. ibid, p. 126. Also see Walsh, n. 16, p. 43.
Iranian initiative by approving arms for hostage swap. The Iranians seemed to have understood this perfectly well, for their own purpose. They started to demand the new categories of weapon systems like Phoenixes, Harpoons, Side winders etc. For each bundle of advanced weapons they were offering one or more hostages.\textsuperscript{85}

\textbf{1985 HAWK Shipment and Increasing US Role}

The US had only a supporting role in the August and September arms deliveries to Iran. Israel managed the operation. The next three months saw an increasing US role. Lt. col. Oliver North assumed increasing responsibility for overseeing the Hawks shipment operation.\textsuperscript{86} According to the latest proposal by Ghorbanifar, the Iranians wanted a 150 HAWK, 200 sidewinder, and 30 to 50 phonex missiles. The proposal contemplated that the hostages would be released in three groups, with separate arms deliveries to Iran to occur before the second and third release. Ledeen claimed that improved US-Iranian relations could follow an agreement, advocated cooperation with the Israelis to bring out credible military and political leaders in Iran. Israelis also sought replenishment of the TOWS they had sold to Iran. However by this time McFarlane became skeptical about the existence of moderate elements in Iran. Nevertheless, he did not oppose renewing arms shipments to Iran. He instructed North and Ledeen that not one single item of armaments should be shipped to Iran without the release of all the hostages. McFarlane, Deputy NSC Adviser Poindexter and other senior American officials often repeated this instruction over the next several months, it was consistently disregarded. Ledeen arranged a series meeting between McFarlane and David Kimche to keep the Iran initiative moving. Ledeen wrote he "... asked Kimche to talk to McFarlane because I was convinced that McFarlane was getting ready to

\textsuperscript{85} Ledeen, n. 4, p. 137.

\textsuperscript{86} Tower Commission Report, n. 1, p. 30. Also see Congressional Committee Report on Iran - Contra, n. 2, p. 175.
resign and was in a bad psychological state and was planning to abandon the entire
Iranian initiative. I urged Kimche to talk to Mc Farlane to ask him, first, not to resign,
and second not to abandon the political initiative with regard to Iran.87 However on
30 November, 1985 frustrated by the failure in the covert operation Mc Farlane left
the office of NSC Adviser. Poindexter was named as his successor.

In contrast to the August TOW shipment the US became directly involved in the
November transfer of the HAWK missiles. North started to implement the delivery
to Iran through Richard Secord, a retired US Air Force Major General, and the CIA.
The initial delivery contained only 18 HAWKS against 80 promised. Since it did not
meet Iranian military requirements, it was returned to Israel. At the same time,
contrary to the plan none of the hostages were released by the Iranians. Yet Mc
Farlane’s instruction not to ship weapons without the prior release of the hostages was
not followed. From this point on, Iranians insisted on a sequential delivery of weapons,
followed by the release of hostages.88

The President and the White House Chief of Staff Donald Reagan was briefed
by Mac Farlane in Geneva. He specifically told the President that Israel was about to
deliver 80 HAWK missiles to Iran via warehouse in country 15 [transit country] and
that Israel wanted the U.S. to replace these missiles. But he did not ask for specific
approval. He testified “[T]he President provided the authority in early August for Israel
to undertake, to sell arms to Iran, and to then come to the United States for
replenishment, to buy new ones. That didn’t require then the Israeli to come back to
us on each occasion and get new approval.”89

87. Ledeen Dep. 6/22/87, at 231 quoted in Congression Committee Report on Iran -
Contra, n. 2, p. 175.
88. Tower Commission Report, n. 1, pp. 32 - 33. Also see Congressional Committee
Report on Iran - Contra, n. 1, p. 177.
89. Mc Farlane Test, Hearings, 160 - 2, at 261 quoted in Congressional Committee
After the arms shipments the CIA General Counsel Stanley Sporkin drafted a finding, to justify its own illegal participation in the deal. It did not refer to the objective of opening a diplomatic channel with Iran, which was the often repeated justification for the arms sales. Rather, the finding depicted a straight swap of arms for hostages.\(^90\) According to the finding the assistance by the Central Intelligence Agency to private parties in their attempt to obtain the release of the hostages in Lebanon included "... the provisions of transportation, communications, and other necessary support. As part of these efforts certain foreign material and munitions may be provided to the government of Iran which is taking steps to facilitate the release of the American hostages. All the action taken by the U.S. Government officials in furtherance of this effort are hereby ratified."\(^91\) Subsequently on November 26, the President authorised continuing the arms for hostages transaction.

The NSC staff was keeping the Department of State hierarchy in the dark about the complex diplomatic problems caused by the operation. Shultz, was not informed of the back channel communications and actions of the State Department officials taken at the behest of CIA and NSC officials to support the HAWK shipment\(^92\) Even the US embassy of the transit country was unaware that the US government supported the shipment of weapons to Iran, and told the country's Foreign Ministry that the shipment was not authorised by the U.S. and was contrary to its policy. Furthermore during the HAWK missile shipment the Israeli and American participants decided to conceal the true nature of the operation by using a false story line. Several American officials understood that it was false cover story and knew that the cargo was missiles. President Reagan knew that the cargo comprised HAWK missiles and were specifically told of the false story before the shipment was made, presumably by Mc


\(^91\) North Test, Hearings, 100-7, Part I, at 66 in ibid, p. 186.

\(^92\) Shultz Test, Hearings, 100 - 9, at 29 in ibid, p. 178.
Farlane. Reagan testified that “I recall that was to have been a cover story if discovered, it was to have been said that these were oil-drilling parts.” North testified, “I lied to the CIA because that was the convention that we had worked out with the Israeli, that no one else was to know” The cover story was used for operational security. The President, Shultz, Mc Farlane, Poindexter, North and various CIA officials, however, were fully aware that Israel was shipping HAWKS to Iran with US approval and assistance to obtain the release of the American hostages. According to Secretary Shultz, “...[I] was against it and I was upset that he [Mc Farlane] was telling me about it as it was just about to start. So there was no way... [I] could do anything.” However HAWKS shipment to Iran was an operation badly planned and executed in concealment. In contradiction to its frequently emphasized public policy concerning the Iran-Iraq war and nations that support terrorism, the US had agreed to a sequential release of hostages following successive deliveries of weapons. Thereafter, this departure from the policy became a norm. This precedent established in November 1985, gave the Iranians reasons to believe that the US would not retreat in the future from its demand for the release of hostages prior to any weapons shipments.

US’ DIRECT ARMS SALES TO IRAN

The failure of the November 1985 HAWK shipment to secure the release of the hostages did not end the arms -to- Iran initiative. Having already travelled down the path of bargaining for the hostages’ lives the President and his NSC staff were reluctant to

94. North Test., Hearings, part 1, at 38 ibid
95. Shultz Test, Hearing, 100-9, at 29 in ibid, p. 178.
96. Congressional Committee Report on Iran - Contra, n. 2, p. 188.
turn back. North presented a new plan to the National Security Adviser Poindexter. Unlike the 1985 transactions, the President decided to deliver the weapons directly to Iran from US stocks. The NSC staff took charge of the initiative, relegating the Israelis to a secondary role. In place of Ledeen, Richard Secord, a retired Air Force Major General was designated as the agent of US government in the future transactions. This created an opportunity to generate profits on the arms sales which could be used to support the Contras in Nicaragua. In a late November meeting in Paris, Secord, Kimche, Al Schimmer Yaucov Nimrodi and Ghorbanifar came out with a new Iranian demand for armaments such as Maverik air to surface missile, Dragon surface to surface missiles, improved HAWK missiles, spares for F-4 planes, ground artillery and bombs could be substituted for some or all of the TOWs. Ghorbanifar also advanced a set of proposals that blatantly called for the swapping of arms for hostages. It also contemplated arms deliveries beyond the initial swap. 97

On 4 December 1985, North presented a new proposal for an arms for hostages deal. It involved the transfer of 3,300 Israeli TOWs and 50 HAWKs in exchange for release of all the hostages. The arms were delivered in five installments, spread over a 24-hour period. Each installment was to result in the release of one or two hostages, so that in the end all the five U.S. citizens held in Beirut and a French hostage would be freed. If any installment did not result in a hostage release, all deliveries would stop. 98 While acknowledging a high degree of risk in continuing the operation, North exhorted Poindexter to continue the deal. It suggested that US was already subject to Iranian extortion. According to North, “If we do not at least make one more try at this point, we stand a good chance of

97. ibid, pp. 193-4
98. Tower Commission Report, n. 1, p. 34.
condemning some or all [of the hostages] to death and a renewed wave of Islamic Jihad terrorism. While the risks of proceeding are significant, the risks of not trying one last time are even greater.\(^99\)

The deal was known only to North, Poindexter, former, NSC Adviser Robert McFarlane and Duan Clarridge of the CIA. The CIA provided support for more flights into Iran. On 5 December, he presented the finding to the President. The President signed it. The findings did not mention any objective other than trading arms for hostages. It was submitted without the staffing and review that normally accompanies a finding. In fact other than Casey and McMahon who supported the finding nobody else discussed it. Contrary to normal practice the original of the signed finding was kept at NSC. The CIA and other agencies were not given a copy. The finding reinforced the picture that the US had traded arms for hostages. In addition, the finding was an evidence of the administration’s contemporaneous knowledge of the HAWK shipment, a fact Poindexter, Casey, North, and others sought to conceal.\(^100\)

\(^99\). PROF Note, North to Poindexter, 12/4/85 (02-02:55) Ex. Jmp - 21, Hearings, 100 - 8 quoted in Congressional Committee Report on Iran - Contra, n. 2, p. 194. PROF notes are the computer messages through which NSC staff members communicate with each other. Shultz, n.27, p. 922.

\(^100\). Congressional Committee Report on Iran - Contra, n. 2, pp. 194 - 5, 197.
Secretary Shultz, Weinberger, and Reagan all voiced strong opposition to the initiative. Shultz advanced multiple policy reasons for not pursuing it. He argued that the initiative would negate the whole policy of not making deals with terrorists. It would also badly shake the moderate Arabs when they learn that the US was breaking its own commitment to them and helping the radicals in Tehran fight their fellow Arab - Iraq.\textsuperscript{101} Weinberger also forcefully voiced opposition on legal grounds by urging that the proposed arms deal would violate both the US embargo against the shipment of arms to Iran and restrictions on third country transfer of U.S. arms which was against Arms Export Control Act. According Weinberger,

I ran through a whole group [of specific objections] and raised every point that occurred to me, including the fact that we were at the same time asking other countries not to make sales of weapons to Iran, that was no one of any reliability or, indeed, any sense with whom we could deal in Iran and the government, and that we would not have any bargain carried out.\textsuperscript{102}

He also pointed out that the initiative would not succeed and it would only give Iranians a chance to blackmail the US. He argued that "... most of the moderates had been slaughtered by Khomeini, that whatever arms we give to these so-called moderates they will end up supporting the present Khomeini regime and they would go to the front and be used against the Iraqis."\textsuperscript{103} He was convinced that all this was an arms for hostage arrangement. Mc Mahon disputed the rationale that the arms transactions would bring about a more moderate regime in Iran. However, the President, along with Mc Farlane and Poindexter supported the continuation of the

\textsuperscript{101} ibid, pp. 197-8.
\textsuperscript{102} Weinberger Test, Hearings, 100 - 10, at 136 quoted in ibid, P. 198.
\textsuperscript{103} Mc Mahon Dep. 6/1/87, at 24 quoted in ibid.
initiative. According to Shultz, "The President, I felt, was somewhat on the fence but rather annoyed at me and Secretary Weinberger because I felt that he was very concerned about the hostages, as well as very much interested in the Iranian initiative."\(^{104}\)

The striking aspect of the meeting was that it did not discuss either the November shipment of HAWK missiles nor the finding that was signed just two days earlier by the President. Even though the meeting ended in the statement on the question whether the initiative would proceed or not, a consensus emerged that McFarlane should go to London and deliver a message to the Iranians.\(^{105}\)

The purpose of the McFarlane’s London trip was to arrange a release of the hostages outside the framework of an arms deal, or at least before any more arms deliveries. He presented an agenda that focused on a political opening with Iran and on areas of possible common interests between the US and Iran. In contrast, Ghorbanifar wanted to talk only about specified numbers of TOW missiles for each hostage. McFarlane was unhappy with Ghorbainfar’s arms for hostages pitch and viewed him as a businessman interested only in profit and “one of the most despicable characters he had ever met” He recommended against any further dealings with Ghorbanifar or these arms transfers.\(^{106}\)

As the initiative began to come apart, North again raised the specter of the death of the hostages in retaliation for a US decision to break off the negotiations. In a memorandum to McFarlane and Poindexter, North wrote continuation of the initiative was “... necessary to prevent the death of one or more of the hostages in the near

\(^{104}\) Shultz Test, Hearing, 100 - 9, at 31 quoted in ibid.

\(^{105}\) ibid, p. 199. Also see Tower Commission Report, n. 1, pp. 34 - 35.

future." After reviewing the problems of Ghorbanifar's untrustworthiness, Schwimmer’s arrangement of previous deals that angered the Iranians and left Israel with inadequate funds for replenishment, and the US’ lack of operation control over transactions with Ghorbanifar, North rejected the “do nothing” approach. According to him “Very dangerous since US had in fact, pursued earlier Presidential decision to play along with Ghorbanifar’s plan. US’ reversal now in mid-stream could ignite Iranians fire - hostages would be our minimum, losses.”

CIA Director Casey shared this view that terminating the negotiations would lead to the death of the hostages. The President seemed influenced by this concern. According to McFarlane the President inquired almost daily about the welfare of the hostages. Chief of Staff Reagan also pointed out that “the President brings up the hostages at about 90 percent of his briefings and each morning at the daily intelligence briefing.” The President, was asking to NSC Adviser “John, anything new on the hostages.”

Thus it became clear to Poindexter that the President wanted to continue the programme and he moved to put it ‘in a sounder footing.’ Therefore, Poindexter directed North to continue his efforts to keep the Iran initiative moving forward. This involved at least three steps: first preparing a fully staffed and more comprehensive covert action finding. Second, substituting a new team to be lead by North and Israeli


108. ibid.


Amiram Nir to replace Ledeen, Schwimmer and Nirmrodi. Third, find a legal way to sell arms to Iran. On the last point, Poindexter asked North to work with the appropriate people at CIA and Attorney General Ed Messe’s office.\textsuperscript{112}

By December 1985 Amiram Nir, adviser to the Prime Minister of Israel, became the liaison to the American’s and Ghorbanifar in the Iran operation. During this period North, Ghorbanifar, Ledeen, Secord and Nir met together. As a result, Nir advanced a new proposal in 2 January 1986 just when the initiative seemed to be dying. It contained an offer to exchange certain Hezbollah prisoners held by Israeli supported Lebanese Christian forces, together with 300 Israeli TOWs for the release of the US hostage in Beirut. This proposal was presented by Poindexter to the President, Vice President, Shultz, Weinberger, Messe, Casey and Reagan. While Secretaries Weinberger and Shultz continued to object strenuously, all others favored the plan. It was very much a re-run of the December meeting, except that now the President decided to go forward with the plan.\textsuperscript{113} According to Weinberger, “I made the same points, George Shultz made the same points. Bill Casey felt that there would be an intelligence gain, and there was also talk of the hostages as one of the motivating factors, ... but the responses of the President seemed to me to indicate he had changed his view and had now decided he wanted to do this.”\textsuperscript{114} Even though they were very clear that the President wanted to proceed with the plan they did not know that he had signed the finding on the previous day the 6 January 1986.

\textsuperscript{112} ibid, p. 211.

\textsuperscript{113} Congressional Committee Report on Iran - Contra, n. 2, p. 203, Also see Tower Commission Report, n. 1, p. 37.

\textsuperscript{114} Weinberger Test, Hearings, 100 - 10, at 138 - 40 quoted in Congression Committee Report on Iran - Contra, n. 2, p. 203.
According to this finding Israel would not only sell TOW missiles but also free 20 Hezbollah prisoners. Iran in turn would help to free the five US citizens in Beirut and stop the kidnapping. On 17 January, a second finding was signed by the President. It was virtually identical to the previous one (January 6) except the insertion of the words “third parties” in the list of entities to be assisted by the CIA. Thus it formally approved the Iran initiative as a covert intelligence operation under the National Security Act and provided legal authority for the US to transfer arms directly to Iran. However the Act required notification to the congress about the covert intelligence activities. If not done in advance notification must be in a timely fashion. On the contrary 17 January finding directed that the congressional notification be withheld as this decision had not been reconsidered. At the same time with the signing of the finding, the Iran initiative became a US operation run by the NSC staff North. He conducted the operation through Secord, his associates and a network of private individuals who were involved in the contra resupply operation. To this was added a handful of selected individuals from the CIA. A covering memorandum explaining the draft finding, signaled a major change in the Iranian initiative. It proposed that the CIA purchase 4000 TOWs from Department of Defense and after receiving payment transfer them directly to Iran. Israel would make the arrangements for the transaction. It was because Poindexter informed the President that Iran’s position was deteriorating in the war and the arms transfer was essential at least to preserve a balance of Power in the region. In fact this assessment was contrary to US intelligence estimates. According to Secretary of Defense Weinberger. “I certainly did not have

the view that Iraq was winning or anything of that kind. Quite to the contrary. As a matter of fact, it was basically Iraqi military strategy not to pursue any kind of decisive military end ..."\textsuperscript{118}

In fact Iran was very much on the aggressive front at that time. This decision was made at a meeting at which neither Secretary Weinberger nor Casey were present. Although Weinberger and Casey had been present at another meeting with Attorney General Messe, General Counsel Sporkin, and Poindexter the preceding day to review the draft finding, the new US role did not appear in the text of the finding. The finding marked, a major step toward increasingly direct US participation and control over the Iran initiative.\textsuperscript{119} In the months that followed the signing of the finding North forwarded a number of operational plans to Poindexter for achieving the release of all the hostages. Each plan involved a direct link between the release of hostages and the sale of arms.

The plan not only called for Israel to arrange for the sale of 4000 TOW missiles to Iran but also provided that if the hostages were not released after the first shipment of 1000 TOWs, further transfers would cease. North was actively assisted and supported by Clair George, Director of Operations at CIA, Stanely Sporkin, CIA General Counsel and one of the primary authors of the January 17 Finding, the chief of the Near East Division with the operations at the CIA. This complex plan was to commence on 24 January and conclude on 25 February. It called for the US to provide intelligence data to Iran. Thereafter Ghorbanifar was to transfer funds for the purchase of 1000 TOWs to an Israeli account at Swiss Bank in Geneva, Switzerland. It provided that these funds would be transferred to an account in the same bank controlled by Secord; $6 million of that amount would be transferred to a CIA account in that bank.

\textsuperscript{118} Weinberger Test, Hearings, 100 - 10 at 146 quoted in Congressional Committee Report on Iran - Contra, n. 2, p. 209.

and CIA would then wire the $6 million to the Department of Defense (DOD) account in the US. The TOWS would then be transferred from the DOD to the CIA. In fact, not the CIA but middlemen like Secord and his associates had the more substantial operational role. Secord negotiated prices, delivery schedules and arrangements. He paid the Government of the United States through the CIA, for commodities that it provided. He was clearly a commercial cut-out who created an opportunity for siphoning funds to two unrelated projects. He arranged the shipment of the TOWs to Eilat in Israel. From there an Israeli 707, flown by a crew provided by Secord would deliver the TOWs to Bandar Abbas, in Iran. The plan anticipated that the next day (February 9) all US hostage in Beirut would be released to the US embassy there. Thereafter 3000 more TOWS would be delivered.\textsuperscript{120}

Meanwhile, Clair George, CIA Deputy Director for Operations who knew of Secord in the past cautioned Casey that, "If they are going to ship arms to Iran for hostages don’t use Secord."\textsuperscript{121} He expressed greater disapproval when he discovered that Ghorbanifar was involved in the operation. He advised the CIA including Director Casey to avoid dealing with him, who failed in the polygraph test again on 11 January 1986. Due to his objection Casey replaced him by Charles Allen, CIA intelligence officer to oversee Ghorbanifar’s activities.\textsuperscript{122} However the subsequent deliveries of 1000 TOWs in two instalments on February 18 and 27 to Bandar Abbas did not bring a single hostage out. On the contrary Ghorbanifar argued that the TOWs were to re-establish US’ good faith after the disastrous November shipment of HAWK missiles. He even stated that there was no agreement that the US hostages would be released

\begin{footnotes}
\item[120.] ibid, pp. 39 - 41. Also see Congression Committee Report on Iran - Contra, n. 2, p. 217.
\item[121.] George Test., Hearing 100 - 11, 8/6/87, at 102 quoted in Congression Committee Report on Iran - Contra, n. 2, p. 213.
\item[122.] ibid.
\end{footnotes}
as a result of the sale. Yet the US continued to pursue the initiative and arranged for another delivery of arms two months later.\(^{123}\)

Despite having shipped 18 HAWK missiles and 1,004 TOWs, North and Secord had failed to meet an Iranian official. Rather, they had relied solely on Ghorbanifar. In a subsequent meeting on 25 February in Frankfurt, Americans met the second Iranian, Ghorbanifar misled both the Iranian and the Americans in his translation of conversation. He was trying to placate both sides, with entirely different objectives.\(^{124}\) While the Iranian official pressed for the purchase of a specific missile, North argued for an arrangement to gain the release of hostages. According to North "[T]he Iranian said... 'Mr. Ghorbanifar had told me that you promised to deliver a lot of phoenix missiles.' The Phoenix is an air-to-air missile. I had never heard that before, that phoenix missiles had even been raised. Colonel North said that he had never heard anything about phoenix missiles."\(^{125}\) The Iranian continued to argue for the purchase of Phoenix missiles which he claimed was offered by US through Ghorbanifar and advised the Americans that if phoenix missiles were made available, "then we still start on the hostages... you might not get them all immediately, but we will at least start on it."\(^{126}\) The parties eventually agreed that the delivery of 1000 TOWs would be immediately followed by the release of 'a couple of hostages.'

Following the meeting with the second Iranian official, NSC staff felt they had established a formal communication channel with Iranians. They anticipated the imminent release of two hostages and arrangement for a strategic Iran-US conference.\(^{127}\) North, reasoned that:

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\(^{123}\) Tower Commission Report, n. 1, p. 41.


\(^{125}\) DC/NE Dep., 4/22/87, at 113. Quoted in ibid, p. 219.

\(^{126}\) ibid.

\(^{127}\) ibid.
If nothing else the meeting serves to emphasize the need for direct contact with these people rather than continue the process by which we deal through intermediaries like Ghorbanifar. Assessment of metg. & agreement we reached as follows: [Second Iranian Official] has authority to make his own decisions on matters of great import, .... The govt. of Iran is terrified of a new Soviet threat - They are seeking a rapprochement but are filled w/fear & mistrust - All hostages will be released during rpt - during the next meeting ... Vy important - recognize risks to both sides noted need for secrecy - [the Second Iranian Official] stressed that there were new Sov. moves / threats that we were unaware of. While all of this could be so much smoke, I believe that we may well be on the verge of a major break through - not only on the hostages / terrorism but on the relationship as a whole.\textsuperscript{128}

This message makes it plain that whenever there was a hitch in the deal the Iranians were using the Soviet card to push the US further for arms supply. It was also apparent that the hostages problem would not be resolved quickly. It was the only leverage, they had to bargain with the US. Therefore the Iranian stated that the release of hostages take place only after a meeting among high-level officials at some unspecified time in the future. On that promise alone the U.S. immediately sent additional arms to Iran.

Eventhough the sale of TOWS had not produced a single hostage, the initiative went forward. In the meantime Iranians included new demands to their list. The NSC staff forwarded to the CIA, the Iranian's request for a map depicting Iraqi battle positions at its border with Iran. According Mc Mahon CIA deputy Director,

A new dimension has been added to this program as a result of a meeting held in London between North and Ghorbanifar. We have been asked to provide a map depicting the order of battle on Iran/Iraq border showing units, Troops, tanks...

\textsuperscript{128} North PROF, 2/27/86 8.54 a.m. quoted in ibid, p. 220.
Everyone here at Headquarters advises against this operation not only because we feel the principal involved [Ghorbanifar] is a liar and has a record of deceit, but we would be aiding and abetting the wrong people. I met with Poindexter this afternoon to appeal his direction that we provide this intelligence, pointing out not only the fragility in the ability of the principal to deliver, but also the fact that we were tilting in a direction which could cause the Iranians to have a successful offense against the Iraqis with cataclysmic results - I noted that providing defensive missiles was one thing but - when we provide intelligence in the order of battle, we are giving the Iranians the wherewithal for offensive action. Poindexter did not dispute our rationale or our analysis but insisted that it was an opportunity that should be explored. I have read the signed finding dated 17 January 1986 which gives us the authority to do what the NSC is now asking. Hence inspite of our counsel to the contrary, we are proceeding to follow out orders as so authorised in the finding.\(^{129}\)

And Finally the concerns voiced by the career officials of the CIA were brushed aside and the intelligence was provided because Casey supported the NSC request and ordered to do so. However CIA officials expressed strong doubt about the Ghorbanifar and his principal ability to deliver their promises to free the hostages.

By March 5, the CIA prevailed in its bid to have its own intelligence professional George Cave to replace Hakim as the interpreter in the negotiations. Cave was known to Ghorbanifar and involved in 1984 decision to issue a worldwide “burn notice” on him. He was appalled that a sensitive operation had depend so heavily on Ghorbanifar. Cave was also equally, concerned that the Israelis had such a prominent role in the affair, because Israeli and American goals in the region were not always compatible. Nevertheless he agreed to participate in the initiative.\(^{130}\)

\(^{129}\) CIA Cable, 1/25/86, Mc Mahon to Casey quoted in ibid, p. 222.

\(^{130}\) Congression Committee Report on Iran - Contra, n. 2, p. 222.
In their Paris meeting in March 7, Ghorbanifar and Nir demanded more new arms on behalf of the Iranians. They wanted the Americans to sell them 240 types of spare parts to repair the HAWK missiles in Iran's stocks. They contended that such a sale would result in the release of all American hostages. Meantime Iran unilaterally shifted the venue for further meeting from Kish Island to Tehran. It created further delay. North started to doubt that his channel to Iran might be seriously flawed because all his prior effort focussed on the purchase of arms rather than political change. In a message to McFarlane, North expressed his strong frustration and reservation about the initiative and integrity of Ghorbanifar channel. He stated that;

He is aware of the Kish mtg and is basically carrying the only access we have to the Iranian political leadership. It would be useful, I believe, for you to talk W/George Cave, the Agency's Iran expert. He shares our concern that we may be dealing only W/those who have an interest in arms sales and their own personal financial gain and believes the 'Russians are coming' approach is about the only way to broaden the perspective.131

It reveals that he was not optimistic about the Iranian initiatives and came to the conclusion that Iranians were concerned only about the arms and financial gain. Meanwhile Mc Farlane came to the conclusion that "Ghorba is basically a self-serving mischief maker. Of course the trouble is that as far as we know, so is the entire lot of those we are dealing with.... But it is going to take some time to get a feel for just who the players are on the contemporary scene in Tehran. So the sooner we get started the better."132

However, inspite of all these concerns North continued to pursue the plan because Ghorbanifar was suggesting to divert profits from the sale of arms to Iran to aid the contras which was his pet project. Allen recommended to continue the work with

Ghorbanifar on terrorism issues regardless the credibility of his information. He argued that Ghorbanifar was the only channel available to Iran. According to Cave

The Israelis particularly Nir insisted on Ghorbanifar, for one thing. I was at the other end, insisting he could’nt be trusted, There were other people that felt you had to keep him ... because he would blow the whole thing. He was investing a lot of money in this operation, so that he had to be kept in it. I was more concerned that, knowing Ghorbanifar, that Ghorbanifar worked for Ghorbanifar, period, which is basically what we found when we go to Tehran.\textsuperscript{133}

However, despite his contempt for Ghorbanifar, he too hoped that the Iranian might deliver the hostages. Ghorbanifar realised that the meeting between the American’s and the second Iranian official had rendered him superfluous. Because Hakim had called the Iranian official to recommend that Ghorbanifar be bypassed in further negotiations. Knowing this meeting in Paris with the active support of Nir, Ghorbanifar had continually emphasised to the Americans that he was essential for the initiative. Meantime Nir started to discuss with North how to divide up the profits from the sale of HAWK spare parts which always prompted North to continue the initiative.\textsuperscript{134}

In the late April and early May, Allen continued to communicate with Ghorbanifar to gauge any changes in Iran’s position on the long promised meeting in Tehran by the second Iranian official. He had promised that the hostages would be released if the Americans agreed to a meeting with top-level Iranian officials. But by mid-April, the requirement of a sale of HAWK spare parts was added. Ghorbanifar relayed new Iranian proposal for the sequential release of hostages following the arrival of the Americans in Tehran and the delivery of the spare parts. Thus the Iranians not only

\textsuperscript{133} Cane Dep. 4/17/87 at 36 quoted in ibid, pp. 223 - 24.
\textsuperscript{134} Congressional Report on Iran - Contra, n. 2, p. 224.
backed away from their original promise but also demanded additional arms sales. Subsequently Allen's memorandum, stated that the US had no alternative except to provide the additional weapons. Otherwise it would lead to "additional hostages and threat of exposure." He suggested that the US should permit the Israelis to supply arms to Iran, because the Israelis were eager to see Iran prevailed. Allen recognised that without an arms deal, the Iranians had little motivation to release the hostages.\textsuperscript{135} But Poindexter sharply responded to the Iranian proposal by issuing specific instruction to North by stating that;

\begin{quote}
you may go ahead and go [to the meeting in Frankfurt] I want several points made clear to them. There are not to be any parts delivered until all the hostages are free in accordance with plan that you layed [Sic] out for me before. None of this half shipment before any are released crap. It is neither all or nothing. Also you may tell them that the President is getting very annoyed at their continued stalling. He will not agree to anymore changes in the plan. Either they agree finally on the arrangements that have been discussed or we are going to permanently cut off all contact. If they really want to save their asses from the Soviets, they should get on board. I am beginning to suspect that [the second Iranian official] does not have such authority.\textsuperscript{136}
\end{quote}

Poindexter later sent a similar note to McFarlane who was still awaiting his trip to Tehran. "[The second Iranian Official] wants all of the parts delivered before the hostages are released. I have told Ollie that we can not do that. The sequence has to be i) meeting 2) release of hostages 3) delivery of HAWK parts. The President is getting quite discouraged by his effort. This will be our last attempt to make a deal with the Iranians."\textsuperscript{137} By this time, the President became frustrated by lack of progress in the talks. In mid April, North received the acknowledgment that Iranians were

\textsuperscript{135} ibid, p. 227.

\textsuperscript{136} Poindexter PROF, 4/16/86. Quoted in ibid.

\textsuperscript{137} Poindexter PROF, 4/22/86. Quoted in ibid.
committed. But it also suggested that the American demands would not be met. In contrast to North’s view Poindexter and Allen were concerned about the ability of the second Iranian official to influence the release of American hostages. Even though the US officials were increasingly concerned with the inability of the Iranian governments to convince the hostages captors, the same was not communicated to the President.

In discussing about the meeting to be held in Tehran, Ghorbanifar named Iranian Government representatives whom the US delegation would meet in Iran. They were Prime Minister Moussavi, Speaker Rafsanjani, and President Khameini with a possible visit by the Khomeni’s son, Ahmed Khomeini. Meanwhile the second Iranian official was adamant that all the parts be delivered simultaneously with the arrival of McFarlane in Tehran. Then an Iranian delegation would be dispatched to Lebanon to barter for the release of the hostages. When the hostages were released the remaining spare parts were to be delivered. Once again, American position had slipped, Poindexter’s firm resolution to refuse the delivery of any parts unless and until the hostages were released had eroded in front of Iranian’s insistence. On the contrary, North reported to Poindexter that all the hostages would be released before the parts were delivered.138

**Mc FARLANE MISSION TO TEHRAN**

The Presidentially approved Mc Farlane mission to Tehran in the spring of 1986, was the culmination of nine month effort to free the hostages and establish a dialogue with Iran. The delegation consisted of Mc Farlane, North, George Cave, Howard Teicher, Amiran Nir, and a CIA communicator who was to remain in the plane and forward messages via secure means to Poindexter in Washington and Secord in Tel

Aviv. The delegation took one pallet of HAWK parts with them in the aircraft. The remaining eleven pallets of parts were left in Israel with Secord, who was poised to deliver them up on the release of the hostages.

The Tehran trip was at once an extraordinary heroic and a very foolish mission. The plan called for them to go to Tehran under false passports and pseudonyms without even safe conduct documents from the Iranian who arranged the visit. The plan also contemplated that after the hostages were freed, Mc Farlane and the delegation would remain in Tehran until the promised HAWK parts were delivered. The former NSC Adviser and ranking members of the NSC staff had, in effect become substitutes themselves for the hostages. Ghorbanifar was a private citizen and the second Iranian was a person responsible for the kidnapping of CIA agent William Buckley. The Iranian government had demonstrated during the US embassy seizure that it could not prevent the holding of diplomats as hostages by its Revolutionary Guards. In fact, the delegation had caused concern during the negotiations when the Iranians repeatedly delayed refueling the aircraft.\(^\text{139}\)

The mission arrived in Tehran on May 25 and the first signs of failure were evident almost immediately. Mc Farlane expected to be greeted at the airport by speaker Rafsanjani or some other high official, but only Ghorbanifar and the second Iranian arrived. For the first two days of the meeting no high level Iranian official appeared. The second Iranian and the other third and fourth level officials in the Prime minister’s office represented Iran.\(^\text{140}\) An anger flared Mc Farlane left the discussion to his staff. North’s requests to second Iranian for a meeting between Mc Farlane and the ministers

\(^\text{140}\) ibid, p. 238.
were rebuffed by saying, "We did not agree to such meetings for Mc Farlane."\textsuperscript{141} He made it clear that Mc Farlane would meet with no higher official than the adviser. The adviser stressed to North that the immediate delivery of the HAWK parts and other arms was crucial to the success of the mission.\textsuperscript{142}

Moreover the second Iranian misled his own superior, Prime Minister Moussavi promising that the Americans would arrive with 50 percent of the HAWK spares. From the point of view of the Iranian leadership, a delegation of relatively unimportant Americans had arrived with only a fraction of what had been promised. Under the pre-Tehran timetable, no HAWK parts including the pallet on the plane were to be delivered until the hostages were freed. But even before the American delegation left the airport, the Iranians had removed the pallet.

The talks confirmed that the Iranians were ambivalent about the prospect of renewed relations with the US. The Iranian representative warned that, it would take a long time for the Iranian people to adjust to a new relationship. If it were to happen, it would have to take place gradually. The only point on which the Americans and the Iranians could agree were generalities such as the United States acceptance of the Iranian Revolution and Iran's sovereignty and common fear of the Soviet Union, including their intervention in Afghanistan. On concrete issues such as the hostages and arms sales, the parties were poles apart. If from the first discussion with the Iranians in December, the Americans had described the hostages as the 'obstacles' to better relations, now the Iranians borrowed the term. In their view, the failure of the US to ship the rest of the HAWK parts and to sell more arms were the obstacles both to a meaningful dialogue and to the release of the hostages. The different meaning

\begin{itemize}
\item \textsuperscript{141} Memorandum of 5/26/86 conversation with Iranian Officials, N49471 - 78 at N 49472. Quoted in ibid, p. 239.
\item \textsuperscript{142} Congression Committee Report on Iran - Contra, n. 2, p. 239.
\end{itemize}
that each side gave to the word obstacles, symbolized their different objectives. For the Iranians it meant arms, for the Americans the hostages. 143 Meanwhile Iranian representative, an adviser to Iranian government added new demands for hostage release.

He [the Adviser] reported that Hizballah has made several preconditions to the release (1) Israel withdrawal from the Golan; (2) Israeli withdrawals from southern Lebanon (3) Lahad movement into East Beirut; and (4) someone (undefined) to pay the bills the hostages have accumulated.... He hurriedly added... that these demands are not acceptable and we are negotiating with them and believe that the only real problem is when you deliver the items [the HAWK parts and the radar] we have requested. 144

In addition to it he also demanded the release of the Da’wa prisoners which included the brother in law of Hezbollah chieftain- Imad Mugniyeh. The request for U.S. intervention with Kuwait flew in the face of US policy because the Da’wa had been convicted in Kuwait for a number of terrorist acts, including the bombing of the US embassy. Kuwait had stood up to threats of reprisal from Da’wa for imprisoning the terrorist, and the US had supported and wanted other countries to follow Kuwait’s suit. Thus the demand was contrary to the US’ public policy to punish terrorists. Mc Farlane outrightly rejected the demand. All these conditions never came up in earlier discussion on the Iranian initiative. They all were just latest from Iranian side. 145

Therefore Mc Farlane refused to deliver more HAWKS parts by strictly taking a position that all the hostages had to be released before any parts could be delivered. Eager to keep the Iran initiative alive, North, recommended McFarlane accept the two

143. ibid, pp. 238 - 9. Also see Ledeen, n. 4, pp. 219 - 20.
145. Ibid, N49481, p. 240. Also see Ledeen, n. 4, p. 220.
hostages compromise. While Mc Farlane was asleep, North violated McFarlane's orders and directed Secord to send the plane from Israel with the remaining HAWK parts. But McFarlane overruled him, and took a firm position in Tehran. But this was last show of toughness by the US. Just two months later the US delivered the same HAWK parts after obtaining the release of one hostage.146

On the third day without a fruitful result the US delegation left Iran. The Tehran mission ended in failure because it was poorly planed and excessively shrouded in secrecy for operational reasons. It was not headed by the right persons from the American side which led to the confusion and chaos among the participants during the negotiations. The US team failed to prepare the trip with great care. To avoid the failure of initiative, the Americans at least should have met with Mc Farlane’s interlocutor before the official meeting to understand each others point of view and intentions.147

According to Secord a trip without advance work was a mistake:

It was strongly recommended by three of us - Nir, myself, and North - were all recommending that a preparatory meeting take place. There was, after all, as far as I knew, no agenda agreed to for this meeting and so it seemed to me at least - and I think to the others - to be not well organised. In fact I have been to many, many international meetings, and I don't think I have ever been to one where there wasn’t some preparatory work done in advance. However, the position was taken that there would be no advance preparatory meeting, that the terms and conditions that had been agreed to in Frankfurt were sufficient... and that Iranian side would simply have to deal with that, and so there was no advance meeting and there was a big mistake.148

Poindexter and Casey ruled out any such meeting on the ground that Mc Farlane mission was not formal high level meeting between government officials. The entire operation was run by private citizens, arms dealers and even shady characters that any leak might bring a big embarrassment to the Administration. Casey said “This advance trip is so hidden, we are going to use non-U.S. government assets throughout European or Middle Eastern airliners, no US Air registration, air flights. You might never be heard from again. The government might disavow the whole thing.\(^{149}\)

The Iranians also urged for a preliminary meeting, but were informed by the Americans that none would take place. Poindexter felt one meeting was risky enough, and did not want to send Americans to Tehran a second time. In his view if the McFarlane mission was successful, then an American official could later meet with an Iranian counterpart to formalize the relationship.\(^{150}\) As a result both sides did not have any clear agenda and assurance regarding the terms of arrangements and they would have compelled to rely even more heavily up on Ghorbanifar as an intermediary.\(^{151}\) It all created substantial misunderstanding between the two sides as to just what would occur and be discussed at the meeting in Tehran.\(^{152}\) When the negotiations were started the Iranians did not know who Mc Farlane or North was. Ghorbanifar had been unable to convince them that men of such stature were coming to Tehran. It was only very late that Iranians comprehended that a very important American had come to Tehran.\(^{153}\) In addition to it the trip was also wrongly scheduled to take place during the Ramadan period. Muslim officials were not fully available to

\(^{149}\) North Test, Hearings, 100 - 7, Part 1, 7/8/87, at 136 in ibid.

\(^{150}\) Ledeen, n. 4, p. 217.

\(^{151}\) Congressional Committee Report on Iran - Contra, n. 2, p. 228.

\(^{152}\) Tower Commission Report, n. 1, p. 46.

\(^{153}\) Ledeen, n. 4, p. 219.
delicate negotiations because they had to fast throughout the day. The holy period also reminded them of the intensity of their religious convictions and discouraged political flexibility.154

The State Department was also unaware of the mission because Poindexter had told Shultz back in March that a proposed high level meeting between McFarlane and Iranians had been cancelled, never informing the Secretary that it had been rescheduled. Therefore friendly governments with embassies in Iran were not alerted. Thus Mc Farlane and his party in effect were on their own in Tehran even subject to legitimate arrest for entering under false passports and with missile parts.155 It was against the advice of the planners of the mission like Clair George who wanted to ensure that Secretary Weinberger, Casey and Secretary Shultz would all briefed on the project.156 Just before the team’s departure to Tehran North too requested to a last minute meeting among NSC principals. But Poindexter opposed both the ideas. He specifically told them that he “... don’t want a meeting with RR [Ronald Reagan] Shultz and Weinberger.”157 As a result, members of American team took contradictory position in the negotiations. North, Cave, Allen and CIA official knew as early as mid-April that if all the HAWK spare parts were not delivered to the Iranians they would release only one of the US hostages. But Mc Farlane had not been advised of this. Therefore, while in Tehran, he insisted up on the release of all the US hostages prior to the token delivery of HAWK spare parts. It led Mc Farlane to adopt a firm stand to refuse a better Iranian offer that the two hostages would be released immediately

154. ibid, pp. 218 - 9. Also see Congressional Committee Report on Iran - Contra, n. 2, p. 238.


and the remaining two after delivery of the rest of the spare parts.\textsuperscript{158} Above all, from the negotiational point of view it was also a mistake to send a delegation in which the three principal figures (Mc Farlane, North, and Nir) having a military background. The occasion needed a chief negotiator with diplomatic skill who would be willing to challenge the pre-established guidelines when and where situation in Tehran demanded. They were engaging the tough unconventional religious radicals in the negotiations. McFarlane was the wrong man for the mission as Poindexter was to manage it from Washington.\textsuperscript{159} As a result Tehran mission became a futile exercise.

**TERMINATION OF THE DEAL AND THE INTERFERENCE OF MIDDLE MEN**

Mc Farlane recommended to the President to discontinue the initiative especially the weapon transfer except the political meetings. The President decided that no further meeting with the Iranians would be held until release of the hostages. Furthermore Charles Allen was asked by North to takeover the day to day contact with Nir. Nir was alarmed at the losing of direct contact with North who worked closely with Ghorbanifar to keep the initiative alive and succeeded to obtain the release of hostage Reverend Lawrence Jenco.\textsuperscript{160}

In a memorandum to Poindexter on 29 July 1986, North recommended the President to approve the immediate shipment of the rest of the HAWK spare parts and a follow up meeting with the Iranians in Europe. The President approved the proposal on 30 July and additional spare parts was delivered to Tehran on 3 August. According to Poindexter the reversal of Presidential decision became necessary because "Gorga

\textsuperscript{158} Tower Commission Report, n. 2, p. 46.
\textsuperscript{159} Ledeen, n. 4, p. 217.
\textsuperscript{160} Tower Commission Report, n. 1, pp. 46 - 47.
(Sic) [Ghorbanifar] has cooked up a story that if Iran would make a humanitarian gesture then the United States would deliver the rest of the parts. Of course, we have not agreed to a such plan.\(^{161}\)

The release of one hostage presented a new dilemma for the administration. "...that if the parts are'nt delivered; Gorba will convince [his Tehran contact] that we welched on the deal.\(^{162}\) At the same time North also repeatedly warned that if the HAWK spares were not delivered then one of the hostages would be killed.\(^{163}\) The administration finally succumbed to the collective pressure from the middle men and the NSC official. The decision to continue the initiative shows that a strange interdependence developed among the parties; Iran still wanted the high technology weapons, the US the hostages, Israel its direct or indirect relations with Iran; and middlemen like Ghorbanifar wanted to be paid because he had borrowed $15 million from Saudi arms dealer Adnan Khashoggi to finance the HAWK parts shipment and only one pallet of the parts had been delivered in Tehran and Iran refused to pay for it. Ghorbanifar and other middle men were scheming to earn profit through US-Iranian arms deals.\(^{164}\) Therefore he along with other participants played every trick to keep the negotiation alive.

**The Second Channel: Purge of Ghorbanifar**

The McFarlane mission to Tehran marked an end to the US efforts to deal with Iran through Ghorabanifar. His handling of Iranian initiative for a year had been marked by great confusion, broken promises, and increasing frustration on the US side.

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\(^{162}\) ibid.


\(^{164}\) ibid, p. 245.
North and other US officials apparently blamed these problems more on Ghorbanifar than on Iran. But even more than that, the Iranians had been told at great length by McFarlane and Cave in May that Ghorbanifar was not reliable but had profit motive and greedy. They blamed him for the big mark up in the prices of the HAWK spares rather than the desire of North, Nir and Secord to raise money for contra project. Therefore, the search for a new channel began by Albert Hakim, a former Iranian business man and a naturalised US citizen in consultation with North, and Richard Secord, his business partner. Hakim’s efforts succeeded. By late August, he and Secord met Ali Hashemi Bakhramani [known as relative in negotiations] an officer in the Revolutionary Guards and nephew of Majilis Speaker Rafsanjani along with the Revolutionary Guard’s intelligence officer in the office of the Prime minister, Semai’i. They constituted the second channel. Bakhramani was a direct channel to Rafsanjani who was dealing with all the factions in the Iranian regime. As demanded by the second channel, Hakim promised them good commission for their work and set aside $2 million for such expenses.

Hakim also had an intention to promote his business interests because he estimated the trade market between the US and Iran to be worth $15 billion and hoped that his role in renewing relations between the two countries would win him a part of this market. Hakim and Secord intended to use part of the surplus from the Iranian sales to invest for their own benefit in commercial opportunities in Iran. With the opening of the second channel, Secord and Hakim who acted as advisers and logicians in the first channel became the prominent players. Since then they were the leading players at all the meetings with the ‘relative’. Secord acted as a negotiator for the US,

165. ibid, p. 249. Also see Ledeen, n. 4, p. 233. Walsh, n. 16, p. 52 - 53.
166. Ledeen, n. 4, p. 234. Also see Congression Committee Report on Iran Contra, n.2, p. 249.
presenting and sometimes formulating the views of the US and offering military
guidance to the Iranians. On one key occasion in a meeting North left Hakim, to
complete negotiations on behalf of the US.\textsuperscript{168}

Meantime, North, Cave, and a CIA official met with the second channel and
two other Iranians in Washington between September 19 and 21, 1986. Eventhough
in the meeting the two sides discussed a host of subjects like the Soviet threat,
cooperation in support of the Afghan resistance, Dawa prisoners, the status of
Saddan Hussein, the bulk of the talk centered around the hostages and Iran’s urgent
need for both intelligence and weapons to be used in offensive operations against
Iraq. The list of weapons included air defense items, armor, spares, TOWs, gun
barrels, helo spares, radars, tactical intelligence and other critical weapons, to their
war effort. The Iranians also demanded minimum levels of technological
assistance from the US to operate the equipment. Secord assured that it could
negotiate if the hostages questions were resolved. The parties discussed the
establishment of a secret eight member US-Iranian commission to work for future
relations.\textsuperscript{169}

Subsequently at the October 5-7 meeting in Frankfurt, North laid out a seven step
proposal for the provision of weapons and other items in exchange for Iranian
influence to secure the release of US hostages. They were;

\begin{enumerate}
\item Iran provides funds for 500 TOWs and remainder of HAWK parts \textsuperscript{168}
\item Within 9 days the US will deliver HAWK parts and 500 TOWs plus medical
supplier \textsuperscript{169}
\item All American hostages released.
\item Iran provides funds for 1500 TOWs
\end{enumerate}

\textsuperscript{168} ibid, p. 251.
\textsuperscript{169} ibid, pp. 249, 251 - 2. Also see Tower Commission Report, n. 1, p. 48.
(5) Within 9 days the US will deliver:

1500 TOWs
Technical support for HAWKS
Updated intelligence on Iraq
Communications team

(6) Iran will then:

Release John Pattis
Provide body of William Buckley
Provide copy of Buckley debrief

(7) United States will then:

Identify sources for other items on Iranian’s arms list

Iran will then work to release other hostages.¹⁷⁰

In response to American positions Iranians presented counter proposal of their own which included the following demands:

(1) The U.S. should establish a timetable for the delivery of the offensive and defensive arms as per Iran’s list.

(2) One hostage would be then released.

(3) A timetable and a location would be established for the exchange of intelligence.

(4) Iran would only promise to gain the release of the remaining two American hostages but this was to be linked to American progress on the Da’wa prisoners.

(5) Shipment of the eight items on the relative's list would proceed based upon mutually agreed priorities and quantities. Iran would try but not promise to locate and arrange the release of the other hostages.

(6) The U.S. would contact Kuwait to make sure that there were no problems with the release of the Da'wa prisoners.

(7) The US and Iran would agree to work within the framework of the Hague settlement process to provide Iran with military items, such as F-14 spare parts, that Iran had paid for under the Shah's rule but had been embargoed after the embassy seizure.

(8) John Pattis a US hostage, arrested in Tehran as an alleged spy would not be considered in the discussion.

(9) Status of the Shi'ites prisoners held by Southern Lebanese Army would be left to the Lebanese themselves to resolve.\textsuperscript{171}

Thus Iranians made it clear that they could release only one hostage for additional HAWK parts and a timetable for future delivery of intelligence information. At this point the negotiations came to a stalemate. Therefore North left for Washington and entrusted Hakim, a Iranian born private citizen and arms dealer to negotiate with the Iranians for the US. His negotiating guidelines were North's handwritten seven point plan. As a result Hakim completed the negotiations and reached an agreement - a nine point plan which was sharply different from North's seven-points plans. They were

(1) Iran provides funds to Hakim for 500 TOWs and, if willing, Iranians will provide for the HAWK spare parts which remain from the previous agreement.

(2) Nine working days from now the 500 TOWs and the HAWK spare parts and the gifted medicines will be delivered to Iran.

\textsuperscript{171} ibid, p. 256.
(3) Before executing item 4 below, Albert will provide the plan for the release of the Kuwaitis (17 persons).

(4) One or two (1 definitely and the 2nd with all effective possible effort) American hostages will be released by Lebanese, through the Iranian effort.

(5) Using the letter of credit method, additional 500 TOWs together with 100 launchers, within four days after the execution of item 4 above, will be delivered to Iran. Iran will pay for 1500 TOWs (the 500 TOWs mentioned above plus an additional 1000 TOWs) which will be delivered to Iran within nine days.

(6) The US will provide the technical support of the HAWKS including material and know how, update of the military intelligence and maps, establishment and commissioning of the special communication link, and will prepare the chart related to the items indicating price and delivery to Iran.

(7) The subject of the Shia Muslim prisoners in Lebanon and the manner of their release by the involved parties will be reviewed by Secord.

(8) Iran will continue its effort for creating the grounds for the release of the rest of the hostages.

(9) The delivery of items referred to in 6 above.

The Hakim Accord shows that it was an agreement heavily in favour of Iran by granting number of concessions to them like the release of only one hostage, the delivery of 500 TOWs before any release and promise to supply 1000 more TOWs, technical support for the HAWKs, updated intelligence and price for other weapons etc. According to Hakim he reached at the one sided agreement because North told him that the President wanted a hostage back by the Election Day. The fact was that North had no authority to agree to such agenda involving the United States.\textsuperscript{172}

\textsuperscript{172} ibid, p. 257. Also see Tower Commission Report, n. 1, p. 50.
While North and his associates were optimistic about the possible break through in US-Iranian relations and hostage release through second channel, more and more Americans were kidnapped in Lebanon. Frank Reed was seized on September 9, Joseph Cicciapro was taken three days later. And on October 21 just before the second set of October meetings in Germany, Edward Tracy was kidnapped. Thus the US negotiating position suffered a dramatic erosion. Meanwhile the US made heavy concessions to Iran including mainstay principles of American policy on the Middle East and terrorism. Later when North was questioned about these actions he asserted that he had “lied every time [he] met the Iranian.”

In the Frankfurt meeting North presented a Bible for the Iranians inscribed by the President and misrepresented his access to the President and attributed many things the President never said. In presenting the Bible, he related the following story to the Iranians.

We inside our Government had an enormous debate, a very angry debate inside our government over whether or not my president should authorize me to say ‘we accept the Islamic Revolution of Iran as a fact...’ He [the President] went off one whole weekend and prayed about what the answer should be and he came back almost a year ago with that passage I gave you that he wrote in front of the Bible I gave you. And he said to me. ‘This is a promise that God gave to Abraham. Who am I to say that we should not do this?’

In reality, the idea of the Bible and the choice of the inscription were contained in October 1986, memorandum from North to Poindexter. The Bible was to be exchanged for a Koran in the Frankfurt meeting. Poindexter approved the idea. It was aimed to show Ayatollah Khomeini that the covert action had the Presidential sanction. Thus by giving the Iranians the President signed Bible North provided Iran with proof

that was used as evidence of the President’s involvement in the Iranian initiative. North also conveyed to the Iranians that the President wanted an end to the Iran-Iraq war on terms acceptable to Iran. Because he was convinced that it was Saddam Hussein who was “causing the problem” and the US wanted to remove him to ensure an honourable Iranian victory. But, on the contrary in October the President publically reaffirmed that the US wanted neither Iran or Iraq to win the war. Further more at various meetings with the second channel representatives, North offered assistance in gaining the release of Da’wa terrorists. North claimed to the Iranians that the Kuwait would release the prisoners in exchange for a promise from “somebody in authority” that there would be no more attacks on the Amir of Kuwait. The discussion and policy statement on the Da’wa was against the US policy. Poindexter and North had different rationale for their decisions. North testified that sooner or later Kuwait would release the prisoners and so the US might as well get something for them. On the other hand Poindexter maintained that since Secord a private citizen, was to develop the plan to facilitate the release of the prisoners, his action would not compromise US policy of no concession to the terrorists. According to Secretary Shultz:

... that Iran, at Poindexter’s request had been pressuring Kuwait to let the Dawa terrorists out of jail. President Reagan was dumb founded by this news.... He could not believe that we had agreed in effect, to press Kuwait to release the convicted Dawa terrorists in exchange for the release of US hostages in Lebanon.... the first time Ronald Reagan was conviced that he really had been misled and that terrible violations of our policy had taken place.

175. ibid.,. Also see Congressional Committee Report on Iran - Contra Affair, n. 2, p. 253.
178. Shultz, n. 27, p. 851.
Thus it was clear that, what ever the rationale be any intervention to free the Dawa prisoners conflicted with official US policy. Poindexter and North independently were setting their own agenda for secret negotiations even by misleading the President.

Meanwhile as the five hundred TOWs arrived in Iran, the second channel promised quick results. North ordered US ambassador in Lebanon John Kelly to keep the State Department ignorant of what was happening, and prepared to receive the American hostages. On Sunday, November 2, David Jacobson was released in Beirut but the event was kept secret in the hope that the other hostages would be released soon. On the contrary, the next day, the initiative was exposed by Lebanese magazine, Al-Shirra. On November 4, Rafsanjani addressed the Iranian Parliament and acknowledged the secret Iranian initiative. The revelation was the result of dissension within the Iranian revolutionary establishment; a faction of Hizbollah radicals opposed to the initiative and exposed it. It aimed at putting an end to the initiative. It halted the functioning of the second channel. However even after the revelation the NSC staff wished to continue the initiative. Howard Teicher wrote to Poindexter about the revelation of the initiative, “Coming on the heels of high level Iranian visits to Damascus, are the clearest possible signals we would receive that succession struggle is underway and United States - Iranian relations are likely to play an important role in the struggle.” He urged Poindexter to discuss this option with Shultz and Casey to determine how best the US could use the situation arising out of internal feud in Iran after the revelation.

There were also communications from Tehran for another two months even after Poindexter and North had left the National Security Council Staff. There was a meeting with the Iranians like Semai’i [Revolutionary Guards intelligence officer involved in

179. ibid, pp. 843 - 5, Also see Ledeen, n. 4, p. 240. Congression Committee Report on Iran Contra, n. 2, p. 261.
182. ibid.
second channel] on 13 December in Geneva. The two Americans present were Cave and Charles Danbar, an Iran hand and Farsi speaker from the State Department. However the Secretary of State Shultz had given strict instructions on the parameters for the meeting. He did not want any diplomatic exchanges nor a discussion on substantive issues with Iran. But the two countries could trade information on intelligence channel. Charles Allen realized that this would simply shut down the channel and urged Casey to ask for a change in the terms of references. Casey spoke with White House Chief of Staff Donald Reagan and acting National Security Adviser Alton Keel and had the terms of reference broadened. The enraged Secretary Shultz took over the US’ Iran policy.183 Reagan approved this step only after the diversion of money to the contras was discovered. Thus finally the State Department assumed the control of the Iranian policy by putting an end to Iranian initiative.

CONTRA DIVERSION AND PRIVATE BUSINESS INTERESTS

Even though the US arms sales to Iran was a failure in achieving the goals set forth in the Presidential Findings of 17 January 1986, it generated sizable sums of money to aid the contras in Nicaragua.184 It was because the Congress prohibited

183. Ledeen, n. 4, p. 241. Also see George P. Shultz, n. 27, pp. 842, 852.

184. The US policy towards Nicaragua after the overthrow of its long serving President General Anastasio Somoza Debayle in 1979 revolution was to encourage leftists controlled sandinista regime to keep its pledges of pluralism and democracy. But, on the contrary the Sandinistas became anti-American and autocratic. It began to aid leftist insurgency in El Salvador and turned towards Cuba and the USSR for political, military, and economic assistance. Therefore by 1981 the CIA began to support the Nicaraguan Contras, armed opponents of the Sandinista regime. The Congress appropriated fund for its activities. Despite this assistance, the Contras failed to win widespread popular support or military victory. However the Reagan administration continued to favour the Contras because they feared that without the U.S. support to the Contras the Soviets would gain a dangerous toehold in Central America. But the opponents of the policy feared that U.S. involvement with the Contras would embroil the US in another vietnam like situation. Congression Committee Report on Iran - Contra, n. 2, pp. 4, 213.
contra aid following 1984 disclosure of the CIA role in mining the Nicaraguan harbors without adequate notification to the congress. As a result Congress exercised its constitutional power over appropriations and cut off all funds for the Contra's military and paramilitary operations through the Boland Amendment. To overcome this situation the President ordered his staff, to find a way to keep the contras "body and soul together." Thus the NSC began to search for ways and means to run its secret Contra assistance effort. The officer in charge of the operations was Lt. col. Oliver L. North. Between June 1984 and the beginning of 1986, the NSC staff secretly raised $34 million for the Contras from other countries. An additional $2.7 million was provided for the Contras during 1985 and 1986 from private contributors, who were addressed by North by using the prestige of the White House and promising meeting with the President. Meanwhile, Assistant Secretary of State Langhorne Motly - from whom these contributions were concealed - gave his assurance to Congress that the administration was not "soliciting and or encouraging third countries to give funds to the Contras."185

However in January 1986 the administration desperately needed more funds to support the contras and the President requested $100 million in military aid to the congress. It revived the bitter congressional debate over whether, the US should support the rebels or not. While anticipating Congressional approval of the president's request, it feared that the Contras would run out of funds before then. On 22 April 1986 he wrote to Fortier, "[T] he picture is dismal unless a new source of 'bridge' funding can be identified .... We need to explore this problem urgently or there won't be force to help when the Congress finally acts."186 Ghorbanifar seized this opportunity to induce North who had been dissatisfied with the progress in the Iranian initiative.

185. ibid, pp. 3 - 4.
North described his conversation with Ghorbanifar in the London meeting.

For the very first time in January 22, 1986 the whole idea of using US weapons or US-origin weapons or Israeli weapons that had been manufactured in the United States was made more palatable. I must confess to you that I thought using the Ayatollah’s money to support the Nicaraguan resistance was the right idea and I must confess to you that I advocated that.\(^{187}\)

The inducement caused him to embrace the plan suggested by Ghorbanifar to divert profits from the arms sales to the Contra forces.

Poindexter approved the diversion decisions with the concurrence of William J. Casey, CIA chief. He did not consult the President in order to give him deniability, if the deal got exposed.\(^{188}\) The NSC staff member North had chosen for these tasks because CIA Director Casey too wanted plausible deniability. The Boland amendments had barred that the Pentagon and CIA from using any appropriated funds to aid contras. So if the administration wanted to keep the Contras alive until congressional funding resumed, it should be done by the NSC staffer.\(^{189}\)

At the suggestion of Casey, North, recruited Secord, a retired Air Force General with experience in special operations to set up Swiss bank accounts. North steered the profits generated by arms sales into these accounts. Secord and his associate Albert Hakim also created a private organisation called Enterprise designed to engage in covert activities on behalf of the US. The Enterprise, functioning largely at North’s direction, had its own air planes, pilots, airfield, operatives, ship, secure communications devices,


\(^{188}\) Congressional Committee Report on Iran - Contra, n. 2, pp. 216.

\(^{189}\) Draper, n.28, p.75.
and secret Swiss Bank accounts. For 16 months, it served as the secret arm of the NSC staff, carrying out with private and non-appropriated money and without the accountability or restrictions imposed by law on the CIA.190

Secord was introduced by North into the arms shipments as an 'agent' of the CIA. He bought arms from the Defense Department through the CIA which in turn he sold to Iran. To mask the transactions, Secord and Hakim set up an assortment of corporate accounts such as Energy Resources International SA, Lake Resources Inc. Hyde Park square corporation, and eight others. They also had investment accounts in Switzerland under their own names and seven other designations. However, North made the chief financial decisions. At a meeting in London on 22 January 1986 North not Secord, negotiated with Manucher Ghorbanifar, about the sale of a thousand TOW missiles. Ghorbanifar was willing to pay $10,000 per missile or $10 million for a thousand. After the release of the hostages, North and Ghorbanifar agreed on a sale of three thousand more TOWs for a total of $40 million. In effect, North intended to get a total sales price of $40 million in return for a cost of $3.7 million.

Around 7 February 1986, $10 million was deposited in an Enterprise account by the Iranians. $3.7 million was transferred from the account to a CIA Swiss account. Secord's direct expenses to arms shipment were less than $1 million. The surplus was almost $6 million. In the spring of 1986, North again dealt with Ghorbanifar in Paris meeting and agreed to sell HAWK missile spare parts to Iran for $15 million. North arrived at this figure by multiplying the price obtained from the CIA by a factor of 3.7. According to Walsh report:

On or about May 14-15, 1986, $ 15 million was deposited for the Iranians to an Enterprise account. On May 16 and 21, 1986 a total of $ 1.685 million was deposited by Israel into an Enterprise account to pay for the replenishment the United States of the 504 TOWs shipped by Israel to Iran in August and September 1985. On May 15, 1986, $ 6.5 million was transferred by the Enterprise to a CIA Swiss account for the HAWK spare parts for Iran and the replenishment of TOWs for Israel. On May 16, 1986 North reported to Poindexter in a computer note that ‘the resistance [Contra] support organisation now has more than $ 6 m [million] available for immediate disbursement.’

In October 1986, Iran paid $ 3.6 million for five hundred TOWs and the CIA charged $ 2.037 million. In all of 1986, Iran paid $ 30 million for arms. Out of it the US received $ 12 million; $ 2 million went to the Enterprise for expenses, about $ 16 million was kept by the Enterprise as profit. The most stunning revelation was that the money largely arranged by the North went into financial accounts controlled by Secord and Hakim. They profited by over $ 3.6 million or maximum $ 4.7 million. North personally had obtained a security fence at his home worth $ 16,000 which he subsequently repaid. Secord and Hakim set up an account called the ‘B Button account’ of $ 200,000 for North’s children. Willard L. Zuker, Secord’s financial manager, met with Mrs. Betsy North in Philadelphia to get information about the children. But she failed to see him and the deal was never consummated. As a result the $ 200,000 was frozen in Swiss bank accounts.

Secord and Hakim were getting millions of dollars for themselves out of the lucrative arms trade with Iran. The profits largely came by paying the CIA, which in turn paid to the Department of Defense, ludicrously low prices for the arms. They also charged exorbitantly high prices from Iran. North knew what the Contras were getting.

192. ibid, Also see Walsh, n.16, pp. 61-62, 98
which was less than what Secord and Hakim together got. In effect, the contras share did not really come out of the money from Iranian arms sales but in the large part from the low prices charged by the Department of Defense and thus from every taxpayer in the US.193

It shows that while North sought profits for the contras, Hakim and Secord sought profits for themselves. He made no secret of his personal motive to North and to George Cave of the CIA. As a businessman he candidly admitted that he saw an opportunity to make a 3 percent of the annual $15 billion Iranian market if the second channel initiative succeeded. Therefore he negotiated on the nine point agreement as if American basic foreign principles were commodities open for trade. This unappointed private diplomat was willing to bargain away the most fundamental precepts of US foreign policy to open the doors for business with Iran. However the fault did not lie with Hakim because he was entrusted by North to negotiate the agreement. His ulterior purposes were well known to the Americans. Arms-for-profit thus entered the list of colliding objectives in the Iranian initiative. Thus the initiative succeeded only in replacing three American hostages with another three. It also armed Iran with 2004 TOWs and more than 200 vital spare parts for HAWK missile batteries. Thus what had began as an initiative to secure an opening to Iran and also to obtain the release of the American hostages had now assumed a third inherently conflicting goal. The use of the arms sales to aid the Contras prompted them to overcharge the Iranians while selling the least expensive equipments. It created a mistrust which neither won Iranian confidence nor the hostage freedom. Therefore in the end, there was no improved relations with Iran, or lessening of its commitment to terrorism which would put an end to hostages taking. It not only undermined the credibility of the US foreign

193. ibid.
After the revelation of the scandal, U.S-Iranian relations reverted back to normal course of rhetoric. Tehran continued to call up on the U.S to admit errors, unfreeze Iran's assets, and curtail its relations with Israel, and to insist that Iran would not subordinate its foreign policy goals to its arms needs. Khomeini rejected any idea of a rapprochement with the U.S. For Iranians it was just another arms deal, nothing more than that. According to President Ali Khomeini:

The people we dealt with were sellers of arms and mostly international dealers, and as you know international dealers could be of any nationality. Later we found out that it was the American government that had put a mask of dealers and had disguised itself under the mask of dealers in this affair and later we realised another fact - that along with the United States, there were also Israelis involved, and again under the guise of dealers.... As for as we were concerned, we were not buying arms for the hostages. We were paying money, and only the persons who was selling the arms was additionally asking us to use our influence and respect to get some people freed too...

Khomeini still insisted that the super powers beginning with the United States were the prime cause of all world corruption. For Iran, the U.S remained an adversary, a

194. Congressional of Committee Report on Iran-Contra, n.2, pp. 216, 280. Also see Walsh, n.16, p.118.
threat, the embodiment of materialism, devoid of any faith in religion. Therefore, as a super power, it represented all that was unfair and unequal in the world. It was a continuing challenge perhaps to be dealt with tactically but other wise to be spurned publicly, rejected and humiliated for the indignities of the past. Iran continued to see and depict the U.S as, at one and the same time all-powerful and impotent with the revelation of Iran-Contra. This meant the impulse to confront and humiliate the U.S was sometimes matched by a tendency to convince or convert it. In either case, the U.S continued to serve a useful role as all purpose bogey in Iran’s politics.

The Iranian leaders depicted the Irangate scandal as a famous victory for the revolution. The revelations of the contacts with the U.S came on the eve of the anniversary of the seizure of the U.S embassy hostages. Rafsanjani pointed out that USA had accepted that Iran was standing invincibly on its own feet. This theme was echoed by Khomeini, who said that the episode was an issue greater than all other victories. He stated that after making threats US had been forced to eat the humble pie and its representatives had presented themselves meekly and humbly at the door of this nation and wished to establish relations. They wish to apologise for their mistake, whereas Iran rejected them. Thus, by using the episode for domestic political purposes, Iran survived the embarrassment of the secret negotiations with the U.S and especially with Israel which made meaningless the proposition that Tehran wanted to liberate Baghdad as a first step towards Jerusalem.\(^{197}\)

However, the U.S for its part was more defensive, having achieved very little at the beginning of 1987; U.S Persian Gulf policy was in a state of absolute disarray. The U.S credibility with the Arab Gulf states also sank to its lowest level because of its

\(^{197}\) Chubin and Tripp, n. 195, pp. 213-4.
breach of faith by covertly shifting its support to Iran. Subsequently Secretary of State George Shultz outlined a new U.S position on 6 January 1987. He stated that

We recognise the Iranian revolution. It is a fact of life. But Iran’s behaviour with respect to the Iran-Iraq war, with respect to terrorism, with respect to hostage taking, with respect to its threat in the region particularly represents problems. And at the same time, Iran is a critical piece of geography .... There is an inherent aspect to Iran’s geographic position that cause them to look to other countries for some support. They have a long border with the Soviet Union, they see the Afghan problem on their door step, and so those are things that perhaps we can work with them on.198

This statement sent signals to many different audiences. To Iran, it indicated that the U.S accepted the revolution and would not attempt to over throw it. On the contrary, the U.S was prepared to continue contacts through normal diplomatic channels through the Swiss protecting power and even to work with Iran on issues of mutual interest. To the Arabs, it said that the U.S recognized the importance of Iran’s position in the region but would take a tough position on issues of terrorism and security. It recognized the legitimacy of a certain level of contacts between Iran and the Soviet Union, which had been one of the justifications for the covert opening to Iran. It also indicated that the Department of State was in charge of U.S Iranian Policy.199

As a result, the administration started not only to reinforce Operation Staunch, but also to internationalize it. It also warned Iran that the U.S would not tolerate black mail in the Strait of Hormuz. By stepping up its naval presence in the region Defence


Secretary Weinberger declared that an Iranian victory would not be acceptable to the U.S. Following the renewed U.S initiative the West European states had begun informally to staunch the flow of arms to Iran. On 23 September, Great Britain ordered Iran to close its London weapons procurement office which said to have done the paper work on estimated 70 percent of Tehran’s world wide weapon purchases.

The U.S diplomacy to internationalize Operation Staunch was more successful than it appeared to be on the surface. Eventhough, the policy was never airtight, it achieved some success. The direct Soviet arms transfers to Iran as well as transfers from Eastern bloc states declined towards the end of 1987, forcing Iran to depend increasingly on China and North Korea for arms. And after a brief diplomatic flip with China and North Korea, U.S diplomats were able to cajole that country in to partially curbing arms sales to Iran. Eventhough the U.S might have got less than it wanted diplomatically, the Iranians were facing a serious arms shortage.

Furthermore in November the Arab League registered its strong concern with the war at the Amman Summit meeting, after which Iraq, Jordan and Saudi Arabia sent emissaries to Moscow pressing for Soviet acceptance of the second UN Resolution 598 which would impose arms embargo if Iran refused to comply with ceasefire. The felt urgency to end the war was the result of the political and psychological impact of the disclosure of U.S arms supplies to Iran. Iraq’s Arab allies were compelled to recognize the historical fact of Islamic revolution and to reensure against any possibility of an Iranian victory. The revolution was now publicly recognized,

negotiated with, and accorded importance by its greatest adversary, the U.S. It was a source of legitimacy as well as gratification for Islamic Republic of Iran.

Iraq was unhappy with the situation because international pressure on Iran seemed to be waning. It changed the course of war in a way that threatened once again to leave Iraq on its own. Therefore Iraq had taken the initiative by relaunching the tanker war which could create a warlike behaviour from Iran to rekindle international support for Iraq and to end the conflict between Iran and the U.S.

**TANKER WAR: INTERNATIONALISATION OF THE CONFLICT**

The Iraqi leadership realized that its army neither could achieve a decisive victory nor match Iran’s large reservoir of man power or its strategic depth and economic strength. Iraq enjoyed superiority only in airpower. Therefore, its most viable option was to capitalize on this to end the war. Hence, it intensified what came to be known as the Tanker war, whereby Iraq hoped to achieve the following intermediate objectives.

1. Weaken Iran’s economy by reducing its oil-export capacity.
2. Internationalize the war.
3. And to a much lesser degree, reduce pressure on its ground forces.

During the tanker war, Iraqi aircraft attacked strategic targets, such as tankers carrying Iranian oil, oil refineries and oil-export terminals. The logic behind the Iraqi strategy was to wear out physical powers of the enemy until its government was disposed and forced it to sign a peace treaty. It assumed that exerting continuous pressure would either force the Iranians to end the fighting or pave the way towards the removal of the revolutionary government of Ayatollah Khomeini. Thus negotiations would open

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with a new regime, and Baghdad would be unquestionably in a better position to achieve its aims.\(^{204}\)

Iran’s economy, like Iraq’s was almost totally reliant on overseas earnings made on the sale of crude oil. Oil revenues, especially after the quadrupling of prices in the early 1970s were the most important source of its income earnings. By attacking targets connected to its oil industry and export, the Iraqi command hoped to create economic difficulties in Iran, leading to the inability of the government to import hardware for the war and food for a population that had become increasingly restless. It was believed that these hardships would erode the combatants’ will to fight, and compel them to call for a ceasefire. When diplomatic negotiations broke down, and a peace settlement seemed unattainable, war is used as a last resort. War as an extension for diplomacy by other mean’s sometimes becomes the only alternative left to compel the opponent to reach a settlement. In this case, for Iraq the original motive was to end the war by forcing Iran to sign a ceasefire.\(^{205}\)

From the very first week of military confrontation, the Iranian Navy succeeded in controlling the western and north western theatre of naval operations in the Gulf. For the entire duration of the Iran-Iraq war (22 September 1980 - 4 August 1988) Iraq was hardly able to use its sea power, except sporadically and in brief encounters. Sea denial capabilities were exercised by Iran. As a result, while Iraq was deprived of the export of its oil through the Gulf, Iran maintained the flow of its own trade. Thus, Iraq was faced with a grave geo-strategic problem. The commodity of its economy -oil had to be exported through the neighbouring countries on whose willingness it had to rely. Therefore, the Tanker war strategy


\(^{205}\) ibid, p. 2.
was from the outset conceived as a means to end the war.\textsuperscript{206} By inflicting a devastating blow on Iran’s economy, Saddam Hussein assumed that with the intensification of anti-shipping attacks would provoke Iran into extreme reactions, such as attempting to close the Strait of Hormuz, which in turn would leave the Western oil consumers and especially the U.S with no alternate but to intervene forcefully.

The U.S response to the Iranian threats also seemed to support Iraq’s assumption. It warned Iran not to act in this way and announced that it would keep the Gulf open to international shipping. U.S even took care to demonstrate its resolve by despatching a task force of 3 Warships with 2000 marines to the Indian Ocean on 13 October 1983.\textsuperscript{207} The intensification of the tanker war increased American anxiety and led it to review its Gulf contingency plans. It was not followed by any concrete actions, but a statement from President Reagan in which he very carefully emphasized that an American intervention would not occur without an express invitation from the Gulf states and extensive prior consultations with the allies. The only concrete U.S response to the Tanker war was to increase the air defences of some Gulf states, especially Saudi Arabia by the supply of stinger, surface to air missiles (SAM) and an additional aerial tanker to permit sustained fighter operations. The U.S also provided intelligence information from AWACS and other sources on the activities in the Gulf.\textsuperscript{208}

Iranian retaliatory assaults had been unable to restrain Iraq’s onslaught. Quite the contrary, war escalated and continued. It did not attract world condemnation. Whereas Iran’s attacks were increasingly denounced as endangering international shipping,

\textsuperscript{206} ibid, p. 3.


especially by Washington. The reason provided by them was that Iraq's attacks were against Iranian targets or tankers lifting oil from its ports. On most occasions, these were in the war zones in Iranian territorial waters or within the Iraqi declared maritime exclusion zones. Iran faced a dilemma. Since Iraq had been landlocked country, its crude was exported overland, through neighbouring countries, via pipelines and in tanker trucks. Its imports including arms shipments also came across Kuwait, Saudi Arabia, Turkey and Jordan. As a result, Iranian military command was left with the option to retaliate by attacking Iraq's Gulf allies (Arab States attitude towards Iran-Iraq war see table 11 in appendix). First and foremost among them was Kuwait and then at a later stage, any tanker flying the flag of a country perceived to be siding with Baghdad. However, Iran was cautious in its response. It knew well that any attempt to blockade the vital Persian Gulf would not only alienate the world community but also internationalize the war and create massive problems for Iran. Hence, the decision to avert international denunciation Tehran created a non regular volunteer force which designed an unorthodox and flexible strategy of mine warfare. It had dual advantage of being exemplary for the Gulf theatre of operations, and leaving no finger prints. The use of its regular navy would have invited world opprobrium for violating international law by attacking ships of nonbelligerent countries sailing in international waters. The problem was resolved by laying mines, using simple craft, such as cargoes or even wooden dhows. They were camouflaged on the boat's decks, or attached beneath the hulls, and laid under the cover of darkness. When a target was hit, Tehran rarely exulted in its victory, nor acknowledged its success. During the course of hostilities, mines were detected along open water channels and off the shores of Saudi Arabia, Kuwait, Bahrain and Oman. At the height of the Tanker war, they became 'the greatest single

209. Shazly, n.204, p. 260.
threat to shipping in the Gulf but being indiscriminate they also endangered tankers lifting Iranian oil, a fact that was emphasised by the fate of Texaco Carribbean. At a later stage in the war, while suggesting that the U.S or Iraq had also deployed mines, the Iranian leadership admitted planting them for purely defensive reasons.²¹⁰

Kuwait’s merchant fleet sustained hits against four of its tankers among a total of 72 vessels hit in the Gulf by both belligerents in 1984. One tanker and two cargo ships among 49 the year after and two cargo tankers and one freighter out of a total of 100 the following year. In 1987, two each of its tankers and cargo ships were attacked among 165, and no losses were recorded in the final year of the Tanker war.²¹¹

During the fall of 1986, Iran, buoyed by victories at Fao and Mehran stepped up its pressure on Kuwait, in response to a sustained and damaging Iraqi bombing campaign. Iranian attack on ships trading with Kuwait increased substantially after September 1987.²¹² Therefore, after notifying its GCC colleagues Kuwait began to approach all permanent members of the UN Security Council in search of help. Kuwait started with the Soviet Union, partly on grounds that the Soviets could act more quickly than the Americans and partly because Iran-scamp made them suspicious of American intentions in the Gulf.²¹³

²¹⁰. ibid, pp. 261, 266.
²¹¹. ibid, p. 271.
The Kuwaiti Request for Reflagging: Calculations

Kuwait’s internal and external security considerations, prompted it to press for super power protection. Firstly, its close alliance with Iraq in the war exacerbated existing tensions between the majority ruling Sunni and the minority Shi’a communities. It hoped that a swift end to the conflict would defuse domestic political strains and halt acts of sabotage and internal terrorism. Secondly, Kuwait’s financial and logistical assistance for the Iraqi war effort brought forth a stream of Iranian political attacks. Kuwait had allowed Baghdad’s imports of war material through the port of Shu’aibah and its air space was open to Iraqi fighters on their way to hit Iranian vessels and oil facilities. On 27 July, Rafsanjani threatened that Iran would attack any Persian Gulf country giving money to Iraq to attack Iranian oil installations.

Lastly, Kuwait perceived Iranian troops, deployed around Basra and at Al-Fao on February 1986, a real threat to its security especially after the deployment of silkworm missiles on the Peninsula. Its limited air defence capability justified its fears; and its reliance on power and desalinisation plants for normal life and industrial operations made it particularly vulnerable to air and missile attacks. Its 12,000 strong army, largely made up of uneducated Bedoun, was not sufficiently trained in the use of their hightech military hardware to deal with such a threat. 214 Therefore, Kuwait informally approached both the superpowers through the government owned Kuwait Oil Tanker Company (KOTC). It sought protection, and justified the démarche on the grounds of increased Iranian attacks on its tankers. It contemplated to share the task equally between the super powers, whereby six tankers would hoist the U.S flag and the other five Soviet flag. 215 However, Kuwait’s motive to seek protection for

economic and military reasons alone was doubtful. At the time of Kuwaiti request, attacks on tankers were not considered as threatening the economic well-being of the world community. There was no sign of urgency, since Gulf oil shipment were not interrupted, and an oil glut even caused a decline in prices. By the end of 1986, 221 vessels had been hit since the start of the Tanker war, of which only ten were Kuwaiti. In comparison to the number of Tankers that sailed through the Gulf every month, totalling to 169 to 196, the percentage of Kuwait tankers hit was minimal and amounted to less than one percent. Therefore the level of hostilities during that periods was not of major concern and did not warrant an increase in foreign naval activity.\(^{216}\)

Most of these attacks were launched by Iraq which had hit twice as many tankers as Iran. Iraq exported all its oil through various pipe lines overland, because Iran had destroyed Iraqi oil export capability by sea in the first week of the war. Iran however, had no outlet through pipe line and was therefore, most dependent on free navigation in the Gulf, without which it could not export its oil.\(^{217}\) With respect to the issue of freedom of navigation Iran saw a distinct double standard in U.S policy in the Gulf. Between March 1984 and March 1987, 173 oil tankers and other commercial ships were reportedly attacked in the Gulf war. About 70 percent of the attacks on commercial shipping came from Iraq. Iraq initiated the tanker war to compel Iran to retaliate by attacking ships carrying goods to Saudi Arabia and Kuwait and other Iraq's major allies. From the Iranian perspective, the massive U.S military presence in the Gulf had an adverse effect on freedom of navigation as the number of strikes against


\(^{217}\) R.K. Ramazani n. 216, p. 62.
the ships in the Gulf increased by 56 percent from 1986 to 1987. U.S Senator Samm Nun, the Chairman of the Armed Services Committee observed later that Kuwait’s request was aimed “to draw superpowers in to the Iran-Iraq war... to force negotiated end... there is no economic motive.” The real objective of Kuwait and Iraq was to draw in Washington and Moscow so deeply that they would be forced to move decisively to end the war.

This assumption was supported by the fact that although Kuwait originally opposed any foreign involvement in the Gulf, it shifted its position subsequently. Earlier pronouncements by its foreign and defence ministers, during GCC meeting in April 1981, and on 20 February 1984, indicated that Kuwait would resist any foreign intervention at all levels. The strategic guidelines, laid down at the founding of the GCC affirmed that security arrangements in the Gulf were the responsibility of its people and rejected foreign military bases and encroachment in the area, especially by the U.S. These views were reaffirmed during the 1982 summit, with the establishment of a Joint Rapid Deployment Force under a Unified Command, and an agreement to coordinate policies on weapons acquisition. It could conceivably be argued that Kuwait’s volte-face in 1986, on the question of self reliance was attributable to Iraqi pressure. Kuwait’s request to all five permanent members of the UN Security Council for protection was aimed to deflect political criticism domestically and regionally for having sought the protection of the U.S which firmly stood behind Israel.

222. El-Shazly, n. 204, p. 272.
While France and China declined to take part, Britain offered protection to two reflagged tankers and re-registered three more, after a formal request by Kuwait on 15th July 1987. For the previous six years, the Royal Navy had quietly escorted British tankers through the Gulf which had been fitted with two laser weapons. Oil Minister Sheikh Ali Khalifah al-Sabbah, in January 1987, officially floated the idea of reflagging again for which Washington gave its qualified approval. Since the matter was not intergovernmental issue, the U.S directed Kuwait to submit to the stringent regulations of the U.S Coast Guards (USCG) code. However, it did not promise naval protection to the tankers. The hesitation and the ensuing slow process were due to fears that the powerful American labour unions would insist on reflagged tankers to be wholly or partly manned by U.S crew which the KOTC hoped to avoid doing. Moreover, congress members were concerned that American shipping companies who operated tankers registered elsewhere such as Panama, or Liberia, and flying ‘flags of convenience’, would lobby them and demand that protection be extended to their vessels as well. Furthermore, it was feared that the Pentagon would oppose such a move on grounds that this task would overtax the Middle East Task Force in financial terms and over stretch its capabilities in terms of material and manpower.223

US Protection to Kuwaiti Tankers: Soviet Factor

In its official U.S statements on 23 January and 25 February 1987, President Reagan expressed his fear that Iran-Iraq war might spill over and threaten the security of other Gulf states. He reaffirmed that the U.S was determined to ensure the free flow of oil through the Strait of Hormuz and referred explicitly to his commitment ‘to support’ the self-defence of our friends in the region. But in these statements,

223. ibid, p. 275.
indicated that he was interested in an international effort to bring Iran into negotiations, to solve the conflict. It suggested that the U.S wished to express its growing concern with the war diplomatically rather than its active involvement in the Gulf itself.\footnote{224}{See U.S. Department of State, "U.S. Policy in the Persian Gulf", Special Report, no. 166, July 1987, p. 8. cited in Mc Naugher, n. 201, p. 173.}

Consequently in March 1987, Moscow and KOTC representative signed an agreement to reflag three Kuwait tankers and provided them with escorts. Knowing about these plans President Reagan gave his approval for the protection of all, 11 Kuwaiti tankers on 7 March and instructed various department to finesse details. In return Kuwait was asked to pledge that its port facilities and those of either Gulf Arab states would not be made available to the Soviet fleet. The Soviet presence in the area would thus be undercut, and an increase in their naval activity in the Gulf forestalled which would have been necessary for protection of Kuwait's reflagged tankers. The suddenness of the shift signalled Reagan's determination to exclude the Soviets from sharing in the reflagging operation, and was a clear indication of his obsessive preoccupation with the Soviet threat of its enhanced influence in the Gulf.\footnote{225}{El-Shazly, n. 204, pp. 275-6. Also see R.J. Ciarocchi, "U.S - Soviet and West European Naval Forces in the Persian Gulf Region". Congressional Research Service Report to Congress, 8 December 1987, no. 87-956, p. 7 cited in ibid.}

Secretary of Defence Caspar Weinberger made it clear that an American refusal to honour the Kuwaiti request would have created a vacuum in the Gulf into which Soviet power had been projected. Furthermore in May 1987, President Reagan justified and clarified the need for an expanded U.S naval presence in the Gulf. "The use of the vital sea lanes of the Persian Gulf will not be dictated by Iranians. These lanes will not be allowed to come under the control of the Soviet Union. The Persian Gulf will remain open to navigation by the nations of the
world."226 Thus having begun as a low key move to reassure Kuwait, reflagging became more formidable vehicle for keeping the Soviets out of the Gulf.227 Eventhough, Washington tried to use its leverage in Kuwait to withdraw its request for Soviet protection, Kuwait proceeded with the signing of its contract with Moscow. Whether this was a deliberate tactical move because negotiations with Washington were slow, was matter of conjecture. This move could also be seen as an attempt to secure the backing of both superpowers against Tehran as part of a scheme to check the perceived dangers of its exhortations to Kuwaits to emulate the Iranian revolution.228

In addition, America was not only motivated to contain Iran at a time when it looked to make a decisive break through in the land war by capturing the Iraqi city of Basra. It hoped that a decisive intervention would purge the discredit brought by the Iran-Contra affair, both at home and among the U.S' Arab allies as it had a traumatic effect on the American public and on countries such as Saudi Arabia which had put their trust in the U.S. It was an affair which threatened to destroy the Reagan presidency and undermine the U.S role in the Middle East. After the Irangate revelations those who saw Saudi Arabia as the key US ally in the region, notably the Secretary of State George Shultz, sharply switched away from seeking a rapprochement with Iran towards a policy of containing it. The essence of all this moves was that the U.S became in Gulf an undeclared ally of Iraq to pressure Iran to end the war.229

228. El-Shazly, n. 204, p. 276.
The U.S policy towards the Iran-Iraq war consistently aimed to further American interests. These elements were articulated by Department of State as follows:

Now we don’t have a new policy in the Gulf. It’s been consistent ever since World War II.... It reflects our long standing strategic, economic and political interests there .... The Gulf is a cross road of vital economic and political importance to the free world .... Our strategic interest is to ensure that it does not come under the domination of a power hostile to the United States, Our allies, or our friends in the region .... We also have strong political ties to the friendly moderate Arab states of the Gulf region .... If Iran succeeds, the regional balance of power would shift dangerously against our Arab friends and against American and Western interests.\(^{230}\)

In addition to the political, strategic, and economic objectives outlined by the Department of State, there was another objective. Secretary of Defense Caspar Weinberger, in testimony before the House Armed Services Committee had stated “The fundamental issue is leadership, the leadership of the free world to resist the forces of anarchy and tyranny.”\(^{231}\) It was clear from the statement that U.S was aiming to contain Iranian expansionism. The ability of the Iranians to re-group their forces and to engage in repeated offensives against Iraq enabling them to occupy some of the latter’s territories convinced American policy makers that a military victory by Iraq ceased to be a possibility. This conclusion brought the two countries closer to each other because Iranian victory was against the U.S interests. This calculation also played a major role in reflagging policy.\(^{232}\) All other rationale such as ensuring the free flow of oil, preventing soviet encroachments and defending freedom of navigation were not


persuasive. The U.S Senate Committee on Foreign Relations report pointed out that the oil supplies had not been jeopardized but on the contrary, the heavy and increasing use of pipelines for Gulf oil export had essentially eliminated the Strait of Hormuz as a critical choke point on world oil supplies. The possibilities of Soviet gains in the region, were severely limited by Arab antagonism to Soviet power and purpose. The issue of freedom of navigation was not very convincing because the U.S reflagging policy covered only eleven Kuwaiti oil tankers compared to over six hundred monthly transits through the Gulf made by ships of all nations.233

Eventhough, after the disclosure of Iran-Contra affair President Reagan who satanized the Iranian revolutionary regime for years, announced that the “Iranian revolution is a fact of history” and between American and Iranian basic interests there need be no permanent conflict. It was only a political platitude rather than a change of attitude towards Tehran. What the President really thought about Iran came out later when he called it a “barbaric country”. The real reason for dealing secretly with Iran had been the president’s obsession to obtain the release of American hostages, which the Iranians fully exploited to get the arms they needed for the war against Iraq.234

The reflagging of the Kuwaiti tankers, Washington believed, would help to save Iraq from defeat and the other Arab Gulf states from following, Iraq’s fate. If the United States did not meet the Kuwaiti request, according to Defense Secretary Weinberger, “the Gulf would soon became a monument to Iranian intimidation and

234. Ramazani, n. 216, p. 63.
indiscriminate attacks on shipping."\textsuperscript{235} What Weinberger really meant was that in the eyes of the Reagan administration, a fiercely independent Iran would aid the Soviet objectives in the Gulf. Just as in the 1951 - 1953 period when Washington equated Iranian nationalism with communism, it now equated Islamic revolution with Marxism. The underlying reason for these similar assumptions was the doctrinaire conception of the third world as an arena of Soviet-American political and ideological rivalry. It did not allow the U.S to consider adequately the crucial local and regional conditions.\textsuperscript{236}

Furthermore, on 15 June 1987, Weinberger in an extensive report to congress on security arrangements in the Gulf specified that the U.S. policy aims were to contain the influence of the Soviet Union and limit Iran’s attempts to establish hegemony in the area. The following day his ideas were defined in a testimony before the Senate Foreign Relations Committee by the Under Secretary of State for Political Affairs Michael H. Amacost, who also detailed the plan to protect Kuwait tankers in the Gulf.\textsuperscript{237} The reflagging offered a potential source of benefit, for U.S. Its strategic requirements could result in the establishment of permanent bases, vital for long term military presence in the region. Washington was not about to lose such an opportunity and Weinberger made the point clear by demanding the provision of naval bases and aircraft landing rights in the GCC states to protect shipping.\textsuperscript{238}

In an attempt to discourage them from acquiescing to such a demand Rafsanjani threatened that Iran would ‘occupy the base and port and drive the Americans from

\textsuperscript{235} Quoted in ibid.
\textsuperscript{236} ibid.
\textsuperscript{237} El-Shazly, n. 204, p. 280.
there. Iranian military power was in no way comparable to that of the U.S and the challenge was designed to bully Iran’s Gulf neighbours.

Despite all the political pressures exerted by Iran in the Gulf capitals, the Pentagon’s cherished ambition was fulfilled when these states signed bilateral military memoranda, providing rights to base U.S forces in the G.C.C. States. The Congress members had proposed several bills to obstruct the government’s decision to allow the reflagging unless approval was extracted from Kuwait to allow the basing of U.S. mine sweepers in its ports. However, the U.S administration was able to preempt opposition from congress after the Stark incident.239

**Stark Incident**

The U.S.S Stark, a radar frigate was attacked by Iraqi Mirage F -1EQ on 17 May 1987, about 85 miles northeast of Bahrain and 60 miles South of the Iranian exclusion zone. It fired two Exocet missiles, both of which hit the ship, resulting in the death of 37 American Sailors. It suddenly transformed the growing U.S commitment in the Gulf from a low level political military activity handled at the expert level into a major American political crisis.240 It generated a heated domestic debate over whether the U.S should ever have military forces in the area. According to Weinberger “the ‘debate in the wake of the ... attack on the USS Stark... heightened perceptions’ among Americans that conditions in the Gulf had deteriorated, ‘focused attention on U.S policies in this key region of the world’, and raised questions as to the nature of the future line of conduct.”241.

239. ibid, pp. 281-2.
241. Quoted from text provided by U.S Department of Defence in El Shazly, n. 204, p. 282.
The need to justify the policy publicly and especially on Capitol Hill changed the scope of operation. What had began as ‘business as usual’ quickly became a full-time protection operation. Within three days of the Stark attack, Admiral William Crowe, the Chairman of the Joint Chiefs of Staff, was given presidential approval to increase METF size from six ships to nine. With the congress pressing to ensure that the administration had covered all possible contingencies, the Defence Department raised it further. By the time, the first convoy of reflagged Kuwaiti tankers began its journey on 17 July 1987, the U.S fleet in or near the Gulf had grown to roughly 33 vessels.242

The Stark incident raised questions such as; was the Iraqi military command impatient with the lengthy procedures and preparations for the reflagging operation? Did Saddam Hussein issue order to his air force to hit a U.S ship so as to precipitate events and force the Americans to augment their naval presence in the Gulf? Was this a deliberate Iraqi ploy to draw the super powers into the conflict? Instead of conducting a thorough probe, the matter was dealt with swiftly by the highest authorities in Washington, and Baghdad and the episode was discarded in a matter of hours. The Iraqi government offered an apology and promised to compensate for human and material losses. It was followed by statements and reports by administration officials in which anti Iranian rhetoric coincided with arguments in favour of protecting Kuwaiti tankers and also to assist the Iraqi leadership to attain its objective to end the war.

A day after the incident, Reagan issued a statement underscoring his administration’s commitment to ensure the free flow of oil through the Strait of Hormuz and support the self defense of U.S allies in the Gulf. He stated that the

navy’s mission was to safeguard, the crucial interests in the region. Most importantly for the Iraqis, he called on the international community to increase their diplomatic efforts and hasten a peaceful settlement of the Iran-Iraq war. On the same day, President ordered a high state of alert for U.S vessels in the area. Iran and Iraq were notified of this change of status and warned that approaching aircraft would be shot down, unless they provided ‘adequate notification of their intentions’. Despite the vigorous protests issued to the government of Iraq demanding reparations for the loss of life and the ships damage, the Assistant Secretary of State Richard Murphy affirmed that U.S relations with Iraq and the GCC States were friendly. He also pledged the administration’s support for self-defence of these states and argued the international community to intensify efforts to bring the conflict to an end.

Above all, On 21 May 1987 George Shultz sent identical letters to the President of the Senate, George Bush and to the Speaker of the House of Representatives, Jim Wright. The Secretary of State informed the Congressional leadership that the administration had no reason to believe that the Stark incident was intentional or that it would recur. Shultz then singled out Iran as the party responsible for threatening the free flow of oil and freedom of navigation, and for spreading the conflict geographically to the lower Gulf; thus heightening the risks to all littoral states. He also informed Congress of the administrations decision to proceed with plans to protect a number of Kuwaiti tankers, to press for international action to end the war.243

US support for Iraq against Iran was made explicit when the Assistant Secretary of Defense, Richard Armitage, stated on 29 May. “We can’t stand to see Iraq defeated”. This sealed the death certificate of U.S neutrality in Iran- Iraq war, and this myth was officially laid to rest. However, the fact that retaliation against the Iraqis

for the attack on the USS Stark was never under any consideration, instead, Washington’s war was directed against Tehran. It brought forth a disparaging remark by Rafsanjani who declared that the U.S Navy was a paper tiger and proposed no threat to Iran. American statements, communiques and reports revealed the unfolding of a distinct anti-Iran and pro-Iraqi course. The assault on the USS Stark could have pitted U.S forces against Iraq. Instead, it almost immediately accelerated the mechanism for the escort operation code named Earnest Will.244

**Operation Earnest Will**

While the administration spoke seriously of the general problem of Iranian power in the Gulf, it continued to down play the Iranian threat to U.S naval vessels. In his statement before Congress in June, Weinberger held that ‘Iranian threat to U.S forces was primarily based on potential identification errors or a unilateral decision of a local commander’. The assumption remained that ‘Iran had generally not attacked merchant ships associated with super power and avoided confrontation with warships of any nation’. But he believed that Iran would use mines against Kuwaiti ports as part of a ‘...non-attributable ... attack against Kuwait.’245 Assistant Secretary of State Richard Murphy also remarked that an Iranian attack on a U.S naval vessel could provoke a U.S-Iranian war, but he did not think Iran would attack. It would ‘add a new dimension’ to the Gulf conflict, namely a second war with the U.S.246 Under Secretary of State Michael Armacost stated that reflagging’s principal purpose was to help Kuwait to counter immediate intimidation and thereby discourage Iran from similar attempts against the other moderate Gulf states. It also implied that defending Kuwaiti vessels flying U.S flags would deter Iranian attacks on other vessels, or that the U.S might

244. ibid, pp. 291-2.
reflag the vessels of other friendly Arab states if Iran sought to coerce them as it had coerced Kuwait. Weinberger was clearer in asserting that ‘MIDEASTFOR was tasked with providing protection to U.S flaged vessels including the reflagged Kuwaiti vessels suiting within or transiting through the international waters of the Gulf of Oman, Strait of Hormuz, and the Persian Gulf. He argued that the continued presence of U.S forces in the Persian Gulf act as a moderating element with regard to the Iran-Iraq war. 247

As seen from Tehran in committing itself to protect the Kuwaiti oil tankers by military means, the U.S was clearly siding with Iraq against Iran in the war. Washington was no longer neutral either in the choice of its means or its ends. Its naval escorts protected only the oil tankers of Kuwait. This new commitment threatened Iran of its major means of retaliation against Iraqi attacks on its oil tankers. The American naval escorts were also seen as one sided in their overriding objective to stop Iran from winning the war. The massive American military build up was perceived as a threat to Iran’s wider interest as well. Logically, it challenged Iran’s claim to religious privacy in the region. Politically, it represented an attempt by yet another great foreign power in the history of imperial rivalries to contain Iran’s power and influence in the Persian Gulf. Therefore it posed greater challenges than Soviet frigates and mine sweepers in the Gulf which posed no significant threat. Therefore Iran called for the withdrawal of all foreign warships from the Gulf region especially the U.S. 248

The reaction against the perceived American military intervention in the Iraq-Iran tanker war could find a tragic expression in the eruption of riots at Mecca on 31 July 1987 in which several hundred Iranians died in the clash between Iranian pilgrims and

248. Ramazani, n. 216, pp. 63-64.
the Saudi Arabian police. Ever since President Carter admitted the Shah to the U.S in October 1979 had any American action created such an emotional outburst as the entry of the first American naval convoy in the Persian Gulf on 22 July 1987. It took about 10 days as in 1979, for the frustrated resentment of the masses to reach fever pitch. If the earlier mob demonstrations led to the seizure of the U.S embassy; these triggered the riots in Mecca. In the former incident, the frenzied crowds, spontaneously and without the prior approval of Ayatollah Ruhollah Khomeini, occupied the U.S embassy. This time, the angry masses actually acted in violation of Khomeini’s specific instructions and rioted in Mecca. Iran saw Kuwait’s invitation to the US as a deliberate Iraqi sponsored strategy to involve outside powers in the war, to prevent Iraq’s otherwise imminent defeat. It therefore saw willingness of the superpowers to align as proof of their similarity, their opportunism and their propensity for collusion. As the war became an object of super power competition and involvement, Iran found it had fewer cards to play. Lacking much prospect of striking a bargain with a newly inflamed U.S, its leaders sought to avoid the unprecedentedly angry conflict with the Americans. It adopted peripheral strategy of indirect attacks on U.S ships and forces, the tankers under convoy or those nations supporting the reflagging effort which it thought might lead the congress and the American people to demand that the U.S halt its reflagging effort, or even withdraw from the Gulf. Iran had, achieved two significant limited victories over the U.S under somewhat similar circumstances. The first was the seizure of U.S embassy in Tehran. The second was the U.S withdrawal from Lebanon after the car bombing of the U.S embassy and then of the U.S Marine Corps barracks in Beirut.

249. ibid, p. 64.
US-IRANIAN MARITIME CONFRONTATION

The ship Bridgeton of the U.S convoy which started on schedule on 22 July 1987 struck in a mine on 24 July, 19 miles west of Farsi Island, and about 50 miles north of the Jungmah departure channel. The Pasdaran could speed from their headquarters under the cover of darkness and lay mine fields at one of the many chock points between the multitude of coral reefs and tiny islands. It did not seem to have been taken into account by the organizers of the convoy.

The disabling of the Bridgeton, the pride of the Kuwaiti tanker fleet was a major propaganda victory for Iran because the U.S had been challenged by the relatively decrepit Revolutionary Guards Navy manned by young zealots. The incident aroused criticism and discussions about the U.S operation. First criticism concentrated on the fact that normal procedures to examine the matter by various agencies was not followed. It was clear that the decision was made without inter-agency consultations. The Joint Chiefs of Staff were consulted only for a very short time before the operation and no contingency plans were prepared to address the threat of mine warfare. Admiral Bernson admitted that despite warnings by intelligence sources, the convoys route was not checked for mines.252

Secondly, the resolve to reflag was negatively premised. It meant to contain Soviet and Iranian influence in the Gulf. On 16 June, Reagan warned that ‘in a word if we don’t do the job, the Soviets will’. To which Kuwait’s Under Secretary of Foreign Affairs, Suleyman Majid al-Shahan responded by commenting that the ‘mentality of Hollywood’ affected decisions in Washington, noting that Soviet ships sailed quietly in the Gulf ‘for some time’, and asking ‘so what has changed’.

252. El Shazly, n. 204, p. 294, 301.
Thirdly, the consequences were not seriously weighed, and none of the officials seemed to have sought about whether America was wading in to a quagmire. Militarily, this would drive the U.S to escalate and broaden the level of activity of its forces because clear objectives and long term plans were not defined. It would also damage the U.S politically. Iran geostrategically the most important Gulf state could ally with its neighbour, the Soviet Union, by giving them a common cause. The plan almost disregarded Iran’s capabilities and willingness to retaliate and failed to take in to account the possibility that the U.S was engaging itself in an expanded and prolonged military operation, one from which it would be unable to extricate itself. Its strategy’s success was based on the assumption of Iranian inaction. But on the contrary, the high-flying spectacle of the U.S Navy was bound to inspire revolutionary zeal and strengthen the Iranians will to retaliate against the ‘Great Satan’. Kayhan Tehran International confirmed this when it wrote on 28 June “The very possibility, though faint that they will get an opportunity to encounter American troops in the Persian Gulf is drawing huge crowds to the recruitment centers” 253

Fourthly, the escort operations was thought to redress America’s low esteem among Arab countries. U.S officials told congress that Washington’s political influence was damaged after the disclosure of covert arms sales to Iran. But infact, allowing U.S forces to operate from bases in GCC states endangered the very existence of their brittle regimes and could have eroded their domestic support. Ultimately the protection of Kuwaiti tankers led to escalating tit-for-tat clashes between U.S and Iranian forces and their confrontation became particularly virulent. 254

254. El Shazly, n. 204, pp. 302, 304.
Tit for Tat Clashes

One such an incident was the Iran Ajr operation of 21 September 1987 when the armed U.S helicopters from the frigate Sarrett caught Iranian landing craft Iran Ajr laying mines in the northern Gulf. The ship was captured and three Iranian sailors were killed. 26 of them returned to Iran via Oman. It provided more embarrassment than provocation in Iran. The turning point in the escalation of hostilities was reached on 6 October 1987. For the first time an American flagged Kuwaiti ship, Sea Isle City, was hit by an Iranian missile while in Kuwaiti territorial waters. The incident seriously damaged American credibility and as a result four days after, on 19 October American warships destroyed the Rostum offshore oil platform well, south in the Gulf. It was on the ground that it was being used by Iranian Revolutionary Guards as a communications centre. Like the seizure of the Iran Ajr this military operation was well conceived. It was a limited strike on a target having much to do with Iran’s general harassment of Gulf shipping. That the target was not a producing oil platform obviated the strike’s effects on oil markets. Those on the platform were given time to evacuate before shelling commenced. The whole operation was couched in rhetoric suggesting that the U.S had no desire to escalate. Moreover, despite warnings from Iranian experts that retaliation might be extremely costly, the operation had the designed deterrent effect. The Iranians seemed as anxious as the Americans to avoid a conflict, but the lull was broken on 14 April 1988, when U.S frigate Samuel B. Roberts was hit by a mine about 55 miles north east of Quatar. In a retaliatory action U.S destroyed two Iranian oil platforms Sassan and Sirri and sank one Iran speedboat and damaged two.


Iran retaliated on 22 October. It fired a missile into Kuwait’s Sea Island terminal. Once again its action was more restrained than rhetoric. Iran’s response was always tempered by the fact that its leaders accorded the highest priority to the pursuit of the war against Iraq. The opening of a new war front would soak Iranian energies and deflect resources from the major war. In this instance Iran retaliated by hitting Kuwaiti rather than an American target.\(^{257}\)

Following the mining of USS Samuel Roberts, Washington on 29 April had changed its rules of engagement. The U.S Secretary of Defence Frank Carlucci now stated that U.S warships would assist nearby neutral merchantmen if they came under attack. The conditions were that such ships would be flying the flag of non-belligerent nations. They would be sailing outside the declared war or exclusion zones and that they would be neither carrying contraband nor resisting legitimate investigations by belligerents. However, the Pasdaran Naval presence in the Straits of Hormuz caused the Americans a major operational problem. Therefore, the JCS decided to send in Ticonderoga (CG47) class cruiser with Aegis Weapon System and selected the USS Vincennes. Briefings to the Vincennes’ commander provided undue emphasis up on Tehran’s routine threats against the U.S. On 3 July a helicopter from the Vincennes while patrolling detected an aircraft leaving Bandar-e Abbas airport and due to crew errors this was reported as a number of hostile F-14 Tom Cats and shot down by the cruiser’s missiles. But the aircraft was an Iran Airbus A. 300 B2 airline which was late on a scheduled flight to Dubai; 296 passengers were dead.\(^{258}\)

Iran’s Foreign Minister, Ali Akbar Vilayati, demanded the UN condemn the U.S action. President Reagan stated that the only U.S interest in the Persian Gulf was peace and this tragedy reinforced the need to achieve that goal with all possible speed.

\(^{257}\) Ramazani, n. 216, p. 87
Despite the national and international outrage, Iran was careful not to challenge the U.S Navy by using its Silkworm missiles in covering the Straits of Hormuz. The airbus incident had a profound psychological effect upon the leadership in Tehran. They started to realise that a military victory was an illusion. The Iranian population was also reaching a breaking point. Diplomatically Iran was isolated. Economically it faced ruin. As a result, on 14 July the most senior political, military and theological leaders met in Tehran and decided that unconditional acceptance of the UN Resolution 598 was unavoidable and recommended the same to Khomeini who reluctantly accepted it. (see the text of the resolution in appendix.)

THE ROAD TO PEACE: IRAN'S DOMESTIC COMPULSIONS

In fact the destruction of an Iran-Airbus by U.S. provided a convenient and face saving occasion for the Iran to announce the decision to accept the ceasefire. It gave Iranian leaders a moral cover of martyrdom and suffering in the face of an unjust superior force to camouflage the comprehensive defeat of there political goals. The following analysis proves that the war came to an end neither as a result of a solution to the main bone of contention nor due to the gesture of goodwill and understanding between the waring nations. The compulsions which led Iran to the negotiating table was the fear that if war continued, its own revolution might be in jeopardy.

Iran’s military success since 1982 were ephemeral and costly, with long gaps between major offensive. Since then Iranians were unable to frame a strategy to accomplish their war aim to overthrow Iraqi leadership. To achieve it Iran needed either to defeat Iraq’s forces decisively or to capture major strategic assets like Basra or Baghdad to precipitate its surrender. It remained impossible because of their

259. ibid, pp. 175-7.
redundant defence lines. This gap between aims and capabilities was widened and eventually precipitated the process that led to the end of the war. Iran fought the war without dependable rich allies or access to weapons systems compatible with those in its inventory, and even without the benefits of its own best trained minds. While the instruments for prosecuting the war were dwindling, Iraqi air attacks and the sharp drop in the price of oil in 1986 made the replacement of weapons economically onerous. At the same time the inventory of arms inherited from the Shah’s day could no longer be cannibalised and had to be replaced. Furthermore, Operation Staunch in place since 1984, was being taken more seriously by the U.S. The Reagan administration was in a vengeful mood after the revelations of Irangate. East European countries, China, and North Korea began to limit their supplies to Iran. Thus Iran’s access to arms was being curtailed precisely at a time when its strategy called for more resources.260

The gap between Iran’s military needs and its political aims had widened as the war went on. On every quantitative index of power, Iraq’s position, compared to that of Iran, improved year by year. In terms of arms purchases, for instance, Iraq spend more than Iran during every year between 1981 and 1985, in ratios varying between 6 and 3 to 1.261 In military expenditures, Iraq consistently outspent Iran and maintained a constant rate of between $12 and $14 billion in 1985 - 1986 to $5.89 billion in the next year and to between $6 and $8 billion in the succeeding years. As the war dragged on Iraq gained increasing access to superior sources of arms. In 1984, it managed a 2.5:1 superiority in tanks and a 4:1 superiority in aircraft and armoured personnel


carriers (A Pcs). In artillery, however, it had 3:4 inferiority. These ratios widened by 1988 to a 4:1 superiority in tanks, 10:1 in aircraft, and 3:1 in artillery. The commander of the Revolutionary Guards Mohsen Rezai, was to say after the war thus:

They had armour and we did not. If our circumstances in the war are not taken into account when comparisons are made with classical warfare, it will be a major error on the part of the analysts. We were unarmed infantrymen against the enemy’s cavalry. There are few instances in the history of Islam of such a war.

Even Iran’s much vaunted demographic advantage of 3:1 was not much in evidence at the battle field towards the end of the war. Whereas between 1986 and 1988 Iraq was able to increase its manpower by some 150,000 men and expanded and reorganised its forces from 30 to 39 infantry divisions. Iran’s manpower fell in the same period by 100,000 men. In addition to a declining pool of volunteers necessitating greater reliance on conscripts who could not match the former in zeal. Iran’s war effort was also hampered by logistic difficulties. These stemmed partly from political decisions such as the fielding of two sets of armed forces, the regular military, and the Revolutionary Guards, who duplicated each other and did not always work harmoniously. It was compounded, with the difficulty of supplying an astonishing variety of ammunition and spare parts to the troops partly of Western origin, partly of Soviet bloc, rest from third sources, and of indigenous manufacture.


264. Figures are derived from the annual international Institute of Strategic Studies (1133) Military Balance, 1984-1988 cited in ibid.
of Basra offensive Iranians were unable to maintain a logistic supply line of weapons to front-line troops, and they suffered tremendous losses of non commissioned and junior field officers. As the offensive went they had the last of the high-technology weapons acquired from the US in the arms-for-hostages deal. After that they were forced to rely on East European, Chinese, and North Korean weapons of lower-quality. Since then Iran had no anti-aircraft missiles left in its inventory. It was down to only 40 serviceable fighter aircraft compared to Iraq’s 600, and had reached a “red line” on most weapon systems. Thus the war was becoming harder for Iran to prosecute militarily. At the same time Iraq’s strategy of internationalising the conflict was beginning to bear fruit. In 1986 the Tanker war had expanded, with more ships hit and more casualties than the cumulative totals of the preceding years. Iraq’s aircraft, with new missiles and air-refueling capabilities, were now ranging up to Larak and Lavan terminals, thus placing all Iran’s oil terminals at risk.

In response, Iran had not only threatened to close the Strait of Hormuz but also targeted those Gulf states known to be actively supporting Iraq’s war effort. Iran’s accusation that Kuwait served as a transshipment point for all arms destined for Iraq, a hub of all anti Iranian policies and an undeclared belligerent, was not seriously contested. But none of the superpowers nor the GCC states were prepared to admit Iran’s legitimate right to target the shipping destined for the Gulf states as a response to Iraq’s attacks. On the other hand the US and her allies defended the Iraqi allies in the policy of containing the Gulf war. The more sustained became Iraq’s attacks the more acute became the pressure on Iran to submit passively or to exert pressure militarily on the Gulf states. Unable to find Iraqi targets in the waterway, Iran was left with no other option than attacking Kuwait. Thus it found itself playing into Iraq’s hand by bringing the US into a direct confrontation with Iran.

As a result there was a virtual schism between Persians and Arabs in the Gulf especially after the Mecca incident in July. This schism was symbolised by the Arab summit conference in Amman in November 1987. It gave priority for the resolution of the Gulf war in Arab councils. The concerting of policies by the superpowers in the United Nations in the form of Security Council Resolution 598 was another indicator of the degree to which Iran's conduct of the war had aroused international concern and even stimulated a parallel response. For the resolution, despite all its apparently neutral terminology, was manifestly aimed at arresting Iran's continuation of the war, in as much as it threatened mandatory sanctions in the form of an arms embargo if a ceasefire was not accepted.\textsuperscript{267}

By mid 1987 Iran had done little to cultivate the friendship of either super powers and much to push the two together in their efforts to contain and end the war. Soviet leaders, particularly Andrei Gromyko, repeatedly counselled Iranian official that “three years of negotiation are better than one day of war.” In December 1987 Gromyko prophetically told the Iranian ambassador that the longer it takes Iran's leaders to reach the conclusion that it needs to end the war, the less favourable it would be for Iran.\textsuperscript{268} Iranian leaders consistently over estimated both their own centrality in international affairs and the importance of oil, while remaining insensitive to the changing nature of relations between the super powers. So they were unable to manoeuvre between the super powers. Iran's ideological inflexibility shackled its diplomacy and prevented credible threats to “go toward the west” or “ally with the east.”\textsuperscript{269}

Therefore in the course of the war, the Security Council's permanent members exhibited various degrees of tilt towards Iraq. As such, the councils decisions were tactically associated with Iraqi war aims. Iran's dashed hope was that in its resolution, the security council would address the withdrawal of forces and condemn armed

\textsuperscript{267} ibid.

\textsuperscript{268} Pravda, 5 December 1987; Izvestiya 8 December 1987 cited in ibid, p. 138-9.

\textsuperscript{269} ibid, p. 139.
aggression. Justifying the council's approach the US Ambassador Mc Henry maintained. “Iran could hardly complain about the council’s back luster response, for Iran had ignored the Security Councils resolution on the hostages”.\textsuperscript{270}

Due to its involvement in the hostage crisis and its approach to the Tudeh Party, the Islamic Republic of Iran’s image in the Security Council suffered. Absorbed in domestic considerations, the Iranian officials were diverted from pursuing an active diplomacy at the UN. On the other hand, though aware of Iraq’s fallacious rationalisations, the permanent members did not have access to first hand and reliable information on the situation of the war fronts and the enormity of the Iraqi aggression. Thus due to Iran’s international image and the council’s reluctant attitude in the early days of the war, Iraq mustered all the support it could get.

\textbf{Diplomatic Isolation}

In the course of the war the U.N. Security Council adopted seven resolutions, all of which showed the council member’s favourable stance vis-a-vis Iraq. The one sided nature of the resolutions emanated from several factors.

(1) The two super powers had reached a strategic consensus over the war’s outcome. They had decided that the victory of either belligerent should be prevented.

(2) Drawing from supports provided by the international community and by the Arab conservative states, Iraq exercised greater leverage over the councils non-permanent members.

(3) Lack of international sympathy towards Iranian domestic dilemmas.\textsuperscript{271}


\textsuperscript{271} For a brief account of various U.N resolution adopted by Security Council on the War during the 1980-1988 period. See ibid, pp. 373-82.
Furthermore when Iran raised allegation about Iraqi's chemical attack against Iranians soldiers at the war front the UN Secretary General appointed a mission for the "purpose of obtaining an authoritative and independent opinion". The mission in its report concluded that chemical weapons had been used against Iranian soldiers during March 1985. However the report was silent about Iraqi complicity in the use of chemical weapons against Iran.\(^{272}\) The Security Council on consideration of the said reports declared that it was "appalled that chemical weapons have been used against Iranian soldiers during the month of March 1985..." and strongly condemned "the renewed use of chemical weapons in the conflict and any possible future use of such weapons." The words "against Iranian soldiers" were a clear indication of the much softened attitude of the Security Council towards Iran. The Security Council responded merely by condemning the use of chemical weapons without making any mention of either Iran or Iranian casualties.\(^{273}\)

By 25 February 1986, an Iranian offensive into Iraqi territory had escalated to the point where Iran was again alleging the use of chemical weapons by Iraq. Many times on previous occasions Iran requested the Secretary General to despatch an


investigation mission to the area. Since the adoption of the Security Council Resolution 582 (1986), the Secretary General sent a team of specialists to investigate the matter. The mission in its report unanimously concluded that “on many occasions, Iraqi forces have used chemical weapons against Iranian forces, most recently in course of the present Iranian offensive into Iraqi territory”. The Security Council had again condemned by naming Iraq for its repeated and large scale use of chemical weapons.274

However Iraq resumed the use of chemical weapons at the front, notably during the attack in February 1988 on the town Halabja in the north. It’s psychological effects might have been worse than the military ones. But it did not escape notice in Iran that the international outcry over documented use of these banned substances were relatively restrained when Iranian soldiers or villages were targeted. Rafsanjani later told the Revolutionary Guards that the war had shown chemical and biological weapons to be “very decisive”, and that “all the moral teachings of the world are not very effective when war reaches a serious position.”275

On the other hand ever since the war began in 1980, Iraq remained consistent in its resolve to cooperate in a UN negotiated peace settlement. Until that was achieved, Iraq argued that it was bound to resort to such methods of warfare as were made necessary by the dictates of war. It remained critical of Iran in that the latter while ignoring all appeals for a comprehensive solution to the conflict, time and again sought the solution to isolated issues on a priority basis. In this back drop Iran remained recalcitrant towards the various UN resolutions for peace.276

The revolution’s rhetoric, neither ‘East nor West’ could have been a constructive diplomatic move to project Iran as a world in itself. But what appeared to be indignant was an element of contradiction in its diplomatic policy towards the outside countries. Khomeini had always viewed his regime as a model of righteousness for the muslims, whereas the other muslim nations were disbelievers and a sinful mankind. Thus at the regional level Iran’s relation with her sunni dominated neighbouring muslim countries turned out to be bitter. The bitterness was exacerbated by her continued threat of an export of Islamic fundamentalism on Shi’ite line to countries like Saudi Arabia, Kuwait, Bahrain, Lebanon and Egypt where there are large Shi’ite populations.277

Iran’s attitudes towards the superpowers exhibited a violent diplomacy as evincible in the following words of Ayatollah Khomeini.

The superpowers are responsible for all world corruption. For this reason Muslims should mobilize the oppressed and chained nations so that the superpower can be pushed out of the scene and the governments can be handed over to the oppressed. But this must be done in a way that teaches the super powers a lesson. They must both be humiliated and punished for the wrongs they have done to the Muslims. They must be slapped in the face or punched on the mouth. Through violence the satanic majority will be made to submit to the righteous few.278

In addition Iran’s relations with European powers like Britain, France, West Germany, Italy, Netherlands and other West European countries were tense and hostile.

In the end Iran even failed to court any support from radical countries like Libya and Syria who supported her with arms and spare parts at the initial stage of the war. This total diplomatic isolation was the result of the following factors in its foreign policy. (i) The regime had been overtly dogmatic; flexibility and compromise found no place in the policy making of the fundamentalist leaders. Islamic militancy seemed


to be the only way open to them. (ii) Lack of foresightedness on the part of the leaders (iii) Iran’s over-confidence and pride in its intrinsic value of being placed in one of the world’s most strategic location. (iv) Iranian urge to take revenge on the superpowers for their past deeds. On the contrary Iraq exploited the situation to its advantage by abandoning isolationist and confrontationist position to cultivate sympathy and support of the international community by accepting the UN resolution 598 of 20 July 1987. By winning friends across the border through tact, diplomacy and deceit, Iraq could overcome many of the constraints both at home and abroad. For Iran the negative effects of her isolationism began to creep up slowly as the war proceeded on, despite serious constraints and limitations on her part. “One of the many things we did in the revolutionary atmosphere was constantly to make enemies”, speaker Rafsanjani admitted, “We pushed those who could have been neutral into hostility”.279

Thus the political collapse of Iraq now looked more remote. Furthermore, the U.S. fleet together with that of five European allies had taken on the appearance of a permanent fixture, less vulnerable and therefore less susceptible to political intimidation than the land presence in Lebanon (1982-1983) with which Iranian leaders erroneously compared it.280

**New US approach: Two Track Policy**

Meantime, there was a dramatic shift in U.S policy, following the embarrassments of the Iran-Contra scandal. A whole new team of experienced officers came to the White House under Frank Carlucci and led a turn-around in U.S. Policy on the Gulf War. On 23 January 1987, President Reagan announced a new two track policy of exerting diplomatic pressure on Iran to sue for peace and bolstering U.S military support for

the Arab Gulf States. Most important, the President announced that the United States was determined to bring the war “to the promptest possible negotiated end, without victor or vanquished.” The offer of reflagging Kuwaiti vessels followed in March, but so did a very active U.S. diplomatic effort to develop a broadly shared and comprehensive peace plan, culminating in U.N Security Council Resolution 598 on 20 July 1987. As the U.S. tilt towards Iraq accelerated, the U.S. did push for an arms embargo against Iran, but it was resisted by the U.N. Secretariat and the other permanent members, particularly the Soviet Union, which argued for more time to press Iran to accept the Resolution 598 package. Sensing the increasing hostile attitudes in the U.N., Iranians subsided their revolutionary posture and rhetoric which prompted the U.S. to take more balanced approach in the U.N. The U.S. ambassador declared that Iraq’s armed aggression was in violation of the U.N. Charter and the spirit of the 1970 declaration on “friendly relations” and that it was a threat to the Iranian national integrity. Subsequently, U.S. handling of the Airbus attack in the Security Council succeeded in pushing what Iran called the “litmus test” for fairness to its concerns. In the debate US Vice-President George Bush criticized both Iran and Iraq for refusing to agree to a ceasefire, particularly with regard to attacks by both nations on Gulf shipping. President Saddam Hussein criticized the Bush line as ‘twisted logic’, but it was the first time that Iran had heard an even handed approach. The expression of regret and offers of compensation to families also aided in this process. Iran had also sensed its own strong diplomatic isolation when it failed to get a sponsor for a resolution condemning the United States for the attack, but behind the scenes the United States worked with Paulo Nogueira-Batiste of Brazil, the President of the Council, for a compromise language acceptable to Iran. Ironically, both the Iran-Contra

affair and the Airbus attack, which were deeply embarrassing to Washington, drew the administration to work more constructively through the United Nations. Hence Resolution 598 was deliberately written and balanced in a form that in case Iran rejected it, grounds for her reprimandation and punishment would be paved. The Security Council members, and particularly the U.S expected Iran to reject the resolution. As such Washington was leading an effort for the adoption of a resolution calling for a mandatory halt of arms shipment to Iran. The drafters of the arms embargo resolution were taken by surprise when Iran offered to observe a ceasefire.

Meantime, the U.S-Iranian maritime conflict in April 1988 and the simultaneous Iraqi victory at Fao prompted the Iranian leadership to reassess their approach to the war. The confrontation was not only causing a deep split within Iranian ruling circles but also endangering the very existence of the revolution. While the hardliners demanded an all out confrontation with the U.S the moderates led by Rafsanjani opposed to it, because of the shaky and fragile position of Iran at home and abroad. The isolation and economic collapse had deeply impinged the morale of the people.

**Economic Deprivation**

The economic consequences of the long dragging war had been appalling for Iran. It was the revenue from oil that financed the war machinery, but the fall of oil revenue, together with decline of dollar value, had forced the government to cut down expenses on development activities. The war consumed 40% of Iran's annual revenue. The non-military sectors had been left weak and underdeveloped as their resources had progressively been drained. The oil revenues accounted for about 95% of all income. The immediate result of the fighting was a reduction in income from $13.5 bn in 1980

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283. Sigler, n. 264, p. 151.
to $9.3bn in the following year. In 1984 onwards Iraqi attacks on tankers affected it further. It reduced the purchases of arms already spread thin across army, Pasdaran and Basij irregulars which accounted for its failure to launch any major offensive against the enemy. The economic instability prevailed markedly by soaring unemployment, inflation, lack of consumer goods, fall in the standard of living, dire shortage of foreign exchange, power shortage and labour disputes.\textsuperscript{286} According to an observer, "The deliberate picking of economic targets for strikes through aerial bombing and artillery shelling had mauled ports, oil refineries and upcoming industries and put the clock of modernization by at least a decade."\textsuperscript{287}

The desperate state of the economy had frequently been the topic of heated debate in Iran’s Majlis and Khomeini’s revolution was discredited by many for its mismanagement of the economy. By 1987 it became apparent that if the war was to continue, then Iran would need to become involved in foreign debts, presumably by means of credits from Western countries. However Iran’s political position did not permit her to adopt such a course of action.\textsuperscript{288}

Thus anticipating serious problems for the government, the top officials began to call for a decisive effort to end the war. While Rafsanjani spoke of the need to deny Iraq any more time to end the war President Khomeini referred to the international conspiracy to prolong the war by bolstering Iraq’s forces. He also admitted that the no war no peace situation was definitely harming Iran. The tenor of these remarks indicated that, the Iranian leadership was growing apprehensive about

\begin{footnotesize}
\textsuperscript{286} Azad, n. 277, P. 444. Also See King, n. 221, p. 26.
\textsuperscript{288} Azad, n. 277, p. 447. Also see Newsweek 22 August 1988.
\end{footnotesize}
the country’s ability to sustain the war indefinitely. The Iranians were becoming more and more resistive against the revolutionary leadership.

**Anti-War Movement**

There had been a close link between economic privation and public opposition to the war, particularly among the poor. The continued shortage and the rapaciousness of hoarders had led to a growing restiveness amongst the population. Unlike the familiar economic protests or occasional middle class outburst, for the first time in 1985, there was popular anti-war demonstrations. Eventhough, the government blamed the profiteers and “economic terrorists” for the discontent the authorities were aware about the public’s grievances about the continuance of the war. Voices had even been heard both in and out of government, questioning the wisdom of the war. On several occasion, Ayatollah Khomeini himself inveighed against the faint hearts and defended the continued losses. A notable opposition voice and focus of discontent had been that of Mehdi Bazargan, the former Prime Minister, and head of the Liberation Movement of Iran. He made scathing attack on the regime and denounced the futility of the war. He called for a referendum on the issue. The distinguished Shi’ite cleric Grand Ayatollah Qomi Tabatabai also publicly condemned the war as unIslamic.

What distinguished this from earlier criticisms were the impact it now evoked in many sectors of society. For the stoical populace of the Islamic republic, economic hardships and other privations such as fuel rationing and electricity cuts were tolerable in the cause of victory, but not otherwise. Now there was evidently precious little optimism about this goal even among the high priests of war. This set for a radical rethinking of policy. What lent its urgency was the evidence that Iran’s soldiers were unwilling and unable to continue the

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289. King, n. 221, p. 27.
fight. The masses began to question the moral authority of Khomeini - the vanguard of the revolution. The conflicts began to surface between the army and the revolutionary guards and also between the pragmatists and the hardliners. War weariness began to grip Iran and the military enlistments dropped sharply. The normal contingent of 3,000,000 Baseiji (volunteers) attached to Iran's revolutionary guards finally had fallen off by one third. The military provision ran short of arms and spare parts. All these factors exerted a cumulative pressure on Iran's vitality. As a result Iran's war drives in the last stage of the war were doomed to successive failures.

The turning point had been seen in Iran's failure to seize the strategic port city of Basra through human wave tactics. It ended with the death toll of 15,000 Iranians, mostly teenagers. It generated open unrest from within Iran's armed forces over what was described as a ridiculous tactic of human waves. The leaflets circulated protested at the futility of continuing this stupid and painful war. Moreover, in the so called war of cities many Iranian cities came under Iraq's Soviet made Scud-B-ground to ground missiles. It was estimated that between February and April 1988, 160 missile attacks were made on urban areas where there was the concentration of civilian population. Another cataclysmic experience for Iran had been the Iraq's use of chemical weapons at Halabja in northern Iraq in March 1988, It demoralized the Iranian troops. This had led to a series of rapid Iraqi military victories. These included the recapture of the Fao peninsula by units of the elite Presidential Guards in April 1988, followed by the defeat of the Iranian Revolutionary Guards at Shalamcheh in May, the over running of the Majnoon islands in June, the 40 Kilometer thrust into Iran in the Zubaidat area, and the capture of Dehloran.

290. ibid, pp. 23-24. Also see Chubbin, n. 260, p. 142.
292. Sigler, n. 264, p. 149.
Iraq's newfound confidence and belligerence on the battlefield came as a surprise to the Iranians, who were accustomed not so much to reacting as to dictating the time and place of engagements. The Iranians knew that the U.S was providing Iraq with detailed intelligence data to aid Iraqi bombing on Iranian targets. Therefore, both the range of Iraqi aircrafts and the accuracy of their bombing against Iran's oil refineries and terminals had improved tremendously. For Iranians these were the result of U.S-Iraqi military coordination and joint plan of action to defeat Iran. It culminated in the downing of an Iranian Airbus. The incident clarified openly the U.S stand that its interests in the Gulf would be protected at any cost and if need arise, the U.S would flex its muscles well. Moreover, the shot down gave the moderate political figures in Tehran a chance to highlight the futility of continuing the war, and to appreciate that the U.S would probably never allow Iraq to lose.

In view of the situation of colossal human and economic tragedy and deep division within Iran in the power struggle for the succession of Khomeini, Rafsanjani, the powerful pragmatic speaker of Parliament Majlis who became the commander of the armed forces convinced a highly reluctant Khomeini that the continuation of the war now would threaten the very survival of the Iranian Revolution. It prompted the Khomeini to "drink the poison of compromise" that was an unconditional acceptance of U.N. Resolution 598. This historic and important decision marked the end of Iran-Iraq conflict. But it further estranged the US-Iranian relationship and reinforced the mutual hatred, suspicion and hostility between them.

293. Chubin, n. 260, n. 142.
