

Rethinking Iran-Contra: A Much Darker Story?

The Iran-Contra/ October Surprise was the missing link in a larger American political narrative

By [Robert Parry](#)

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This article was first published in 2010. Iran Contra was it 30 years ago in 1986, or as revealed by Robert Parry in 1980?

The conventional view of the Iran-Contra scandal is that it covered the period 1985-86, when President Ronald Reagan became concerned about the fate of American hostages in Lebanon and agreed to secretly sell weapons to Iran's Islamist government to gain its help in freeing the captives.

Supposedly, the scheme went awry when White House aide Oliver North and other participants got carried away, including North's decision to divert profits from the arms sales to another one of Reagan's priorities, the Nicaraguan contra rebels whose CIA assistance had been cut off by Congress.

The Iran-Contra scandal was exposed in fall of 1986 after the shooting down of a North supply plane over Nicaragua and revelations in Lebanon of Reagan's arms sales to Iran. A White House staff shake-up, including North's firing, and some wrist-slaps from Congress for Reagan's alleged inattention to details resolved the scandal, at least that was how Official Washington saw it.

The few dissenters who wouldn't accept that tidy conclusion – such as Iran-Contra special prosecutor Lawrence Walsh – were mocked and marginalized by the news media, including the Washington Post (which ran an article concluding that Walsh's consistency in pursuing the scandal was “so un-Washington” and that he would depart as “a perceived loser”).

But an accumulating body of evidence suggests that the traditional view of Iran-Contra was mistaken, that this conventional understanding of the scandal was like starting a novel in the middle and assuming you're reading the opening chapter.

Indeed, it now appears clear that the Iran-Contra Affair began five years earlier in 1980, with what has often been treated as a separate controversy, called the October Surprise case, dealing with alleged contacts between Reagan's presidential campaign and Iran.

In view of the latest evidence – and [the crumbling of the long-running October Surprise cover-up](#) – there appears to have been a single Iran-Contra narrative spanning the entire 12 years of the Reagan and Bush I administration, and representing a much darker story.

And it was not simply a tale of Republican electoral skullduggery and treachery, but possibly even more troubling, a story of [rogue CIA officers and Israel's Likud hardliners sabotaging a](#)

[sitting U.S. president](#), Jimmy Carter.

Plus, with Washington's failure to get at the larger truth about the Iran-Contra Affair, crucial patterns were set: Republicans acted aggressively, Democrats behaved timidly, and the U.S. national news media was transformed from Watergate-era watchdogs, to lapdogs and finally to guard dogs protecting national security wrongdoing.

In that sense, the Iran-Contra/October Surprise scandal represented the missing link in a larger American political narrative covering the sweep of several decades, explaining how the United States shifted away from a nation grappling with epochal problems, from energy dependence and environmental degradation to bloated military budgets and an obsession with empire.

For all his shortcomings and half-measures, President Carter had begun promoting solar and other alternative energies; he pushed conservation programs and worked to reduce the federal deficit; and abroad, he advocated greater respect for human rights and pulled back from the imperial presidency.

More on point, he cashiered many of the freewheeling Cold Warriors of the CIA and demanded land-for-peace concessions from Israel.

Unacceptable Dangers

Carter's potential second term presented unacceptable dangers to some powerful interests at home and overseas. The CIA Old Boys (whom legendary CIA officer Miles Copeland deemed "the CIA within the CIA") thought they understood the true national interests even if the lazy-minded public and weak-kneed politicians didn't.

Israeli Prime Minister Menachem Begin and his Likud Party believed in a "Greater Israel" and were determined not to trade any more land conquered in the Six-Day War of 1967 for promises of peace with Palestinians and other Arabs. In 1980, Begin was still fuming over Carter's Camp David pressure on him to surrender the Sinai in exchange for a peace deal with Egypt.

In other words, the deep-seated concerns of many influential forces intersected in 1980, all with a common desire to sink Carter's reelection campaign. And the best way to do that was to undermine his efforts to gain the freedom of 52 American hostages then held in Iran. [For details, see Consortiumnews.com's "[The CIA/Likud Sinking of Jimmy Carter](#)."]]

The secret relationships, born of the 1980 hostage dealings, created the framework for the Reagan administration's approval of Israel's clandestine arms shipments to Iran beginning immediately after Reagan took office in 1981, just as the American hostages were finally released. Those initial Israeli arms sales gradually evolved into the Iran-Contra weapons transfers.

Thus, when the Iran-Contra scandal surfaced in fall 1986, the subsequent cover-up was not simply to protect Reagan from possible impeachment for violating the Arms Export Control Act and the congressional ban on military aid to the Nicaraguan contras, but from exposure of the even darker, earlier phase of the scandal, which would implicate Israel and the CIA.

In authorizing the first investigation of Iran-Contra, Reagan's Attorney General Edwin Meese

set the chronological parameters as 1985 and 1986. Congressional inquiries also focused on that narrow time frame, despite indications that the scandal began earlier, such as the mystery of an Israeli-chartered arms flight that was shot down in July 1981 after straying into Soviet air space.

Only late in the Iran-Contra criminal investigation did Walsh and his investigative team begin suspecting that the only explanation for the futile arms-for-hostage dealings regarding Lebanon in 1985-86 – when each freed hostage was replaced by a new captive – was that the tripartite relationship of Iran-Israel-and-Reagan predated the Lebanese crisis, going back to 1980.

That was one reason why Walsh's investigators asked George H.W. Bush's national security adviser (and former CIA officer) Donald Gregg about his possible role in delaying the release of the hostages in 1980. His denial was judged deceptive by an FBI polygrapher.

'People on High'

Nicholas Veliotis, Reagan's assistant secretary of state for the Middle East, described his discovery of the earlier Iran connections after the Israeli plane went down in the Soviet Union in 1981.

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

In checking out the Israeli flight, Veliotis came to believe that the Reagan camp's dealings with Iran dated back to before the 1980 election.

"It seems to have started in earnest in the period probably prior to the election of 1980, as the Israelis had identified who would become the new players in the national security area in the Reagan administration," Veliotis said. "And I understand some contacts were made at that time."

Though some two dozen witnesses – including senior Iranian officials and a wide range of other international players – have expanded on Veliotis's discovery, the pressure became overpowering in the final years of George H.W. Bush's presidency not to accept the obvious conclusions. [For details of the evidence, see Robert Parry's [Secrecy & Privilege](#).]

It was easier for all involved – surely the Republicans but also the Democrats and much of the Washington press corps – to discredit the corroborated 1980 allegations. Taking the lead was the neoconservative New Republic.

In fall 1991, as Congress was deliberating whether to conduct a full investigation of the October Surprise issue, Steven Emerson, a journalist with close ties to Likud, produced a cover story for The New Republic claiming to prove the allegations were a "myth."

Newsweek published a matching cover story also attacking the October Surprise allegations. The article, I was told, had been ordered up by executive editor Maynard Parker who was known inside Newsweek as a close ally of the CIA and an admirer of prominent neocon Elliott Abrams.

The two articles were influential in shaping Washington's conventional wisdom, but they

were both based on a misreading of attendance documents at a London historical conference which William Casey had gone to in July 1980.

The two publications put Casey at the conference on one key date – thus supposedly proving he could not have attended an alleged Madrid meeting with Iranian emissaries. However, after the two stories appeared, follow-up interviews with conference participants, including historian Robert Dallek, conclusively showed that Casey wasn't at the conference until later.

Veteran journalist Craig Unger, who had worked on the Newsweek cover story, said the magazine knew the Casey alibi was bogus but still used it. "It was the most dishonest thing that I've been through in my life in journalism," Unger later told me.

However, even though the Newsweek and New Republic stories had themselves been debunked, that didn't stop other neoconservative-dominated publications, like the Wall Street Journal, from ladling out ridicule on anyone who dared take the October Surprise case seriously.

Peculiar Journalism

Emerson also was a close friend of Michael Zeldin, the deputy chief counsel for the House task force that investigated the October Surprise issue in 1992. Though the task force had to jettison Emerson's bogus Casey alibi, House investigators told me Emerson frequently visited the task force's offices and advised Zeldin and others how to read the October Surprise evidence.

Subsequent examinations of Emerson's peculiar brand of journalism (which invariably toed the Likud line and often demonized Muslims) revealed that Emerson had financial ties to right-wing funders such as Richard Mellon Scaife and had hosted right-wing Israeli intelligence commander Yigal Carmon when Carmon came to Washington to lobby against Middle East peace talks.

In 1999, a [study of Emerson's history](#) by John F. Sugg for Fairness and Accuracy in Reporting's magazine "Extra!" quoted an Associated Press reporter who had worked with Emerson on a project as saying of Emerson and Carmon: "I have no doubt these guys are working together."

The Jerusalem Post reported that Emerson has "close ties to Israeli intelligence." And "Victor Ostrovsky, who defected from Israel's Mossad intelligence agency and has written books disclosing its secrets, calls Emerson 'the horn' — because he trumpets Mossad claims," Sugg reported.

Yet, the way Washington was working by the end of the 12-year Reagan-Bush-41 era, there was little interest in getting to the bottom of a difficult national security scandal. The House task force simply applied some fantastical logic, such as claiming that because someone wrote down Casey's home phone number on another key date that proved he was at home, to conclude nothing had happened.

Between the House task force's finding of "no credible evidence" and the subsequent ridicule heaped on the allegations by major U.S. news outlets, the October Surprise case was cast aside as a "conspiracy theory," which is how it is still categorized by Washington's insiders and [by Wikipedia](#).

However, subsequent disclosures have revealed that a flood of new evidence incriminating the Republicans arrived at the House task force in its final weeks, in December 1992, so much so that chief counsel Lawrence Barcella says he recommended that task force chairman, Rep. Lee Hamilton, D-Indiana, extend the investigation for several months. However, Barcella said Hamilton refused, citing procedural difficulties.

Instead, the incriminating evidence was simply kept from other task force members, and the investigation was shut down with a finding of Republican innocence. It even appears that a late-arriving report from the Russian government about its own intelligence on the case – corroborating allegations of a Republican-Iranian deal – was not even shown to Hamilton, the chairman.

When questioned this year, Hamilton told me he had no recollection of ever seeing the Russian report (though it was addressed to him) and Barcella added that he didn't "recall whether I showed [Hamilton] the Russian report or not." [See Consortiumnews.com's "[Key October Surprise Evidence Hidden](#)."]]

According to other recent interviews, dissent within the task force over some of the irrational arguments being used to clear the Republicans was suppressed by Hamilton and Barcella. [See Consortiumnews.com's "[The Tricky October Surprise Report](#)."]]

In other words, Official Washington preferred to sweep this unpleasant scandal under the rug rather than confront the facts and their troubling implications.

Yet, with Reagan remaining a conservative icon and his anti-government policies still in vogue among millions of Americans – slashing taxes for the rich, weakening corporate regulations, rejecting alternative energy, and expanding the military budget – the lost history of this broader Iran-Contra scandal has turned out to be a case that what the country didn't know did turn out to hurt it.

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

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