

Introduction

Contragate and Counterterrorism: An Overview

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CRIME AND SOCIAL JUSTICE IS PLEASED TO OFFER THIS TIMELY SPECIAL DOUBLE ISSUE on state terrorism, political corruption, and crime. The issue was initially conceived well before the Iran-Contragate scandal broke when we undertook to publish papers delivered at an April 1986 symposium on “State Terrorism in the Third World” organized by Heinz Dieterich in Frankfurt, West Germany. The symposium became unexpectedly timely as a consequence of the Reagan administration’s decision to bomb Libya “in self-defense” under the pretext of countering state terrorism. The topic has remained of enduring interest to Global Options’ Terrorism Watch and to other authors working along similar lines whose works also appear in this issue.

The theme “Contragate and Counterterrorism” was chosen to highlight the wrongdoing and strategic excesses of the Reagan presidency. On the one hand, Contragate appears to signify simultaneous changes underway in the right-wing governing alliance at the federal level, and disarray in Reagan administration counterterrorism policy. On the other hand, abundant evidence of systematic criminality exists in relation to the bribery of foreign officials, the skimming off of profits from arms trafficking in support of world-spanning covert wars. Narcotics traffickers and arms dealers, supplemented by right-wing philanthropists seeking tax write-offs, have joined foreign governments in supporting a war and a terrorist mercenary force the American public has repeatedly rejected.

As in the 1972–1974 Watergate and the 1976–1978 Koreagate scandals, there are allegations of foreign funds (with the potential for blackmail) introduced to influence U.S. electoral elections and congressional votes. *New York Times* columnist Anthony Lewis observed that, like Watergate, there is sufficient evidence to charge individuals for conspiracy to defraud the U.S. government, in this case with respect to money siphoned off from arms sales to the *contras*, under the United States Criminal Code, Section 371 of Title 18. Besides perjury and obstruction of

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justice, another relevant statute would be Section 2778 of Title 22 which makes it a crime, punishable by two years in prison and a \$100,000 fine, to export arms illegally (March 24, 1987).

Why were Reagan administration counterterrorism officials so prominent in this scandal? Is the policy in disarray because its implementation has been hypocritical, or because it has fostered instability in the Third World and removed large markets from the arena of legal trade relations at a time when major industries are bursting from overcapacity and many Latin American debtors have ceased to pay the interest, much less the principal, on mammoth loans? From a corporate vantage point, no doubt, a fundamental irrationality governs when it is necessary for Cuban soldiers to protect American oilmen at Chevron's Angola operation against terrorist attacks staged by U.S.-supported UNITA forces and South African commandos.

How can this black-and-white policy be sustained in a world where the nemesis of Libyan terrorism, according to Maas (1986), was made a reality by former CIA officers, Special Forces and Green Beret trainers (and assassins), U.S. explosives manufacturers, and weapons producers? In which the chief entrepreneur of that program, convicted felon Edwin Wilson, could plausibly argue from his cell in Marion Federal Penitentiary that nothing he had done in Libya was different from what Washington was doing covertly in dozens of other countries? In which similar offshore enterprises, "private" armies, and logistical support systems have operated for years to sustain the Nicaraguan *contra* terrorist forces under the guidance of National Security Council (NSC) counterterrorism staff and CIA liaison officers?

In the passages below, I will touch upon themes that are implicit or explicit in many of the contributions to this issue. Most prominent is the reality that law breaking has become an endemic feature of the U.S. imperial presidency. Constitutional restraints on the arbitrary and abusive exercise of executive power have been undermined whenever the invocation of national security interests has served as a veil of secrecy drawn over the executive's conduct of foreign policy. The counterterrorism program of the Reagan administration lends itself to secrecy, unaccountability, corruption, and, ultimately, to a violation of democracy. Having become central to a national scandal, the choice for the administration lies either in altering its policy of state terrorism or in professionalizing its execution. The current prospect for change is not promising.

The first section of this issue sets out to resolve definitional questions regarding the semantic and political uses of the concepts of terrorism, antiterrorism, and counterterrorism. The relation of counterterrorism policy to the dominant features of Reagan administration foreign-policy initiatives, and to the violations of international law with which this presidency has become associated, is also developed. Subsequent sections address the two primary foci of the current scandal: state terrorism and the conflicts in Central America and the Middle East.

Contributions on Central and Latin America propose the existence of an international terror network which is integral to the political superstructure of U.S.

client-state economies, where human and political rights are eroded with each improvement of the business climate for U.S.-based multinational and transnational corporations. Case studies of the repressive instruments required to create this climate—subversion of national economies, coup d'état, torture, and the annihilation of the political opposition through systematic disappearances and death squad activity—point to systematic cooperation between global frontier managers, such as the Israeli-U.S. connection, and continent-wide coordination between death squad and intelligence forces. The reason behind the Reagan administration's obstinate adherence to its *contra* terrorist policy against Nicaragua, in contrast to its more pragmatic approach in Mozambique, for example, is explored in terms of the specific obligations issuing from the domestic and international political alliances with ultra-rightist organizations which helped put Reagan into office in 1980.

The third section deals with the Middle East, in particular the strategic relationship between the United States and Israel, and the crisis in Lebanon. The counterterrorism policy of Israel, much admired by policymakers in Washington, also contributed to the adoption of arms sales as an instrument of foreign policy *vis-à-vis* Iran. Current investigation shows that this covert policy was operationalized using the same private apparatus and foreign funding sources that support the *contra* infrastructure.

The remaining sections of the issue include contributions on the Reagan administration's use of the McCarran-Walter Act in the immigration case of Margaret Randall, which represents a wider pattern of ideologically motivated exclusion of divergent points of view, and dangerous infringement of the constitutional right to freedom of speech; on the inhuman conditions resulting from the 22-month lockdown ordered by the Federal Bureau of Prisons at Marion Federal Penitentiary in Illinois; and on new questions raised about the Cold-War effort of the Reagan administration to disseminate accounts of the papal assassination attempt of 1981, which purposefully and incorrectly lay blame on the Soviet Union and Bulgaria for a crime perpetrated by a well-known right-wing terrorist.

In presenting the complex issues involved in "Contragate and Counterterrorism," we have attempted to strike a balance between structural causes and conspiratorial motives. Social scientists have traditionally frowned upon theories suggesting the operation of a conspiracy as, at best, too heavily weighted toward the subjective factor and, at worst, as the wild delusions of the powerless, while political realists insist that human agents guide the situational logic that conditions change. Recent history provides adequate evidence that the New Right has outthought and outplanned the political center and the Left, and that its leaders who provide strategic guidance, its managers, and its members have, since the mid-1950s, displayed a corporatist vision and a staying power that we discount only at our collective peril. The Contragate scandal *has* revealed the operation of an undeniable conspiracy to carry out a foreign policy in violation of the will of Congress, of the American people, and perhaps even against the interests of sectors of the executive branch

itself. As is customary, when a U.S. government falls from a crisis of confidence, the sacrificial lambs are the operational and membership layers of the governing structure, and only exceptionally the strategists and funders.

The broad outline of this conspiracy is contained in the affidavit for a federal civil lawsuit filed against many of the principals in the Conragate scandal written by the plaintiff's attorney Daniel Sheehan (1986). This affidavit has, to date, proved to be highly accurate and is useful background material for researchers wishing to dig deeper into the scandal. Using the Racketeer Influenced and Corrupt Organizations Act (RICO), created in 1970, the attorneys at the Christic Institute have attempted to establish the existence of the illegal, private *contra* support network involved in gunrunning, drug smuggling, murder, terrorism, and other crimes in order to bring its members to justice.

The Privatization of Special Operations and Counterterrorism

The individuals who face possible prosecution are ardent defenders of the Reagan Doctrine; they are the cadre inside and outside the government who have performed an activist role in promoting a single-minded, global anticommunist counterrevolution. The powers that be certainly do not fault their resolve. They do, however, lodge criticisms of their planning, execution, and professionalism. On the one hand, the policymakers tended far too much to the details of gun running and bribe paying, and far too little to the exploding Third World debt crisis and to the international isolation of the U.S. resulting from their military unilateralism. On the other hand, they got caught cold running these criminal enterprises, embarrassingly so.

The network called Project Democracy by Oliver North involved its own communications system, secret envoys, leased ships and airplanes, offshore bank accounts and corporations, as well as a divergent array of private groups—former high-ranking military officers and intelligence personnel, anticommunist Cubans exiles, and conservative groups concerned with stemming the tide of communism in Central America. Individuals at the logistical level have been shown to have remarkably similar historical and political profiles. That profile reflects the overlapping long-term friendship circles of participants in the Joint Unconventional Warfare Task Force in Vietnam in the 1960s, including Operation Phoenix, the CIA-directed assassination and “counterterror” program of which former CIA Director William Casey’s friend, General Singlaub, was the on-site commander (Anderson, 1986: 151; *San Francisco Chronicle*, February 2, 1987; Snapp, 1977: 12).

This Special Operations Group (SOG) reflected Singlaub’s unconventional warfare approach, including the secret assassination activities of a unit recruited and operated under the supervision of the CIA Station Chief in Laos, Theodore Shackley, and his deputy Thomas Clines (both of whom had previously run the CIA’s clandestine war against Cuba). Oliver North served along the Demilitarized Zone and may have been one of Singlaub’s deputies in the program; the Deputy Air Wing Commander for SOG airborne resupply was Air Force General Richard

Secord, a man with special operations expertise in expediting the movement of cargo from one place to another, who, by some accounts, saved North's life there. Secord's superior was General Harry "Heine" Aderholt (Maas, 1986: 31; Sheehan, 1986: 34; *Insight*, February 12, 1987; *New York Times*, October 24, 1986). Edwin Wilson had delivered tons of equipment and supplies under the cover of his Maritime Consulting proprietary (Maas, 1986: 31), while Erich von Marbod had become arbiter of all military assistance to Vietnam as the comptroller of the Defense Security Assistance Agency, and at the fall of Saigon personally directed the destruction or removal by sea and air of U.S. military hardware (*Ibid.*: 36; 53). The brother of another key figure in the *contra* scandal, Robert Owen, was a member of an Army Special Forces unit in the SOG. Assistant Defense Secretary Richard Armitage, who also figures in the scandal, administered funds for the Phoenix Project during his tour at the Saigon U.S. Office of Naval Operations from 1973 to the fall of Vietnam in April 1975 (*U.S. News & World Report*, December 15, 1986: 23; Sheehan, 1986: 35; *Time*, March 9, 1987).

Others central to the private *contra* resupply operation were anti-Castro Cubans, members of the 2506 Brigade, who had worked under Shackley and Clines in the CIA's covert war against Cuba during the Kennedy administration as members of the special team that infiltrated into Cuba prior to the April 1961 Bay of Pigs invasion. According to Sheehan (1986: 32), these individuals were recruited and trained as political assassins by the Havana and Tampa Mafia figure, Santos Trafficante, in a CIA program under the supervision of E. Howard Hunt, of Watergate renown (see also Powers, 1979: 187).

One, Felix Rodriguez ("Max Gómez"), a friend of Shackley and Vice President Bush, who had also been a member of the CIA unit responsible for the death of Che Guevara in Bolivia in 1967, was sent to Vietnam in the early 1970s as a CIA airmobile counterinsurgency expert. A second ex-CIA Cuban was Luis Posada ("Ramon Medina"), who escaped in August 1985 from a Venezuelan prison after awaiting trial (along with the terrorist Orlando Bosch) on charges linked to the Cubana airliner bombing which killed 73 people (*San Francisco Chronicle*, November 4, 1986; *New York Times*, October 12, 1986; October 13, 1986; October 16, 1986; October 22, 1986). A third Cuban, a former CIA sabotage and assassination expert named Rafael Quintero, supervised the arrival of weapons in Central America and coordinated weapons drops inside Nicaragua as part of a network including Richard Secord, Albert Hakim, and Thomas Clines (*San Francisco Examiner*, December 7, 1986). Quintero was replaced by the Secord employee, Robert Dutton, in 1986 (*Ibid.*), who had worked with Secord in Iran prior to the fall of the Shah, as had von Marbod, Edwin Wilson, and Albert Hakim, Secord's business partner who sold surveillance systems to the Shah's secret police (Savak). The privatization of foreign policy was already well developed at that point, as Shackley, Clines, Secord, and Armitage supervised, directed, and participated in a non-government

covert “antiterrorist” assassination program set up by Edwin Wilson to eliminate potential opponents of the Shah (Sheehan, 1986: 36–37).

This private foreign policy was an analog to the formal contractual relation these individuals entered into with Nicaraguan dictator Anastasio Somoza in an operation which was eventually taken over by the CIA in June 1981, when President Reagan authorized the CIA to undertake the financing, training, and military supply of the Honduras-based *contras*. When Congress was drafting the Boland Amendment in 1983, Oliver North contacted Shackley, Clines, Hakim, and Secord, and had them reactivate their military supply operation to the *contras* (Sheehan, 1986: 40–41). A former White House official stated that the administration already had private backup because the “handwriting was on the wall in 1982” (*U.S. New & World Report*, December 15, 1986).

WACL, Countersubversion, and Counterterrorism

North was also instructed by William Casey, and perhaps others on the NSC, including George Bush (*New York Times*, March 25, 1987), to contact Robert Owen of Gray & Company (a Washington, D.C., public relations firm). Owen was to publicly solicit funds and assistance for the *contras* in coordination with John K. Singlaub’s U.S. Council on World Freedom (Sheehan, 1986: 16), set up on November 22, 1981, four days after a secret approval by Reagan of a CIA plan to begin direct assistance to the *contras* (Anderson, 1986: 150–152; Dickey, 1983: 112). This underscores a second essential element in the Project Democracy profile: affiliation with the Taiwanese and South Korean supported World Anti-Communist League (WACL), which maintained a low profile until Singlaub’s leadership of that organization was widely publicized in relation to his role, along with North and Secord, in the *contra* resupply network. These two networks are linked in their origins: the CIA with Shackley, Clines, Singlaub, and former deputy director of intelligence, Ray Cline, were central to the creation in 1954 of the Asian People’s Anti-Communist League (APACL), the predecessor of WACL (Sheehan, Amended Complaint, 1986: 15; Anderson, 1986: 55).

As Anderson (1986: 155) points out, if the memberships of officers of the United States Council for World Freedom in other New Right organizations are taken together, they give WACL a voice in all the major coalitions of the American New Right movement. WACL affiliates would come to engage in joint operations in Central America, and act as unofficial envoys of the Reagan administration in establishing links with ultra-rightists in Guatemala, El Salvador, and Honduras. The action-oriented members of WACL organizations repudiated a reliance on electoral change, having discovered that the state, even under the control of the most right-wing president in history, failed to serve as the ideal motor of their anticommunist revolution. Although they remained deeply embedded in governmental structures, they revitalized WACL to carry out their own foreign policy, and to forge their own alliances internationally. WACL moved to support “freedom fighters” in Third

World anticommunist insurgencies, especially in Angola, Mozambique, Ethiopia, Laos, Cambodia, Vietnam, Nicaragua, and Afghanistan, and its U.S. affiliates also moved to maintain dossiers on domestic “subversives” (*Ibid.*, 1986: 258).

The counterterrorist drive launched at the onset of Reagan’s first term in office had not ultimately served to radically expand the FBI’s covert intelligence functions to 1950s or even pre-Watergate levels, as the Right had hoped, despite the FBI’s re-invigorated statutory capabilities. The post-Watergate FBI under William Webster had been compelled, as had the CIA under Admiral Stansfield Turner and President Reagan’s current national security adviser, Frank Carlucci, to purge long-term covert operatives accustomed to unlawful J. Edgar Hoover-era methods. The FBI lacked an empirical basis to justify increasing its antiterrorist staff and budget because real incidents were continually diminishing, totaling 52 in 1979, 30 in 1980, and only 17 in 1986 (Motley, 1983: 16). Nonetheless, pressure was applied from the Senate Subcommittee on Security and Terrorism and from high-level military analysts, such as Colonel James B. Motley at the National War College, in an effort to exploit terrorism as the primary political means to reconstitute domestic and international intelligence structures.

Webster tended to reject the term “subversion” because of its definitional unclarity: the operational consequences of accepting an expansive concept of terrorism that encompassed criminal and noncriminal activities were covert, secret intelligence operations instead of narrower criminal investigations based on probable cause that a law may be violated. As a result, dossier building and surveillance of the corporate right’s domestic opposition was privatized, institutionalized most notably in the terrorism and subversion-oriented Western Goals (the brainchild of the late chairman of the John Birch Society, Larry P. McDonald),¹ in Lyndon LaRouche’s informant network, and most recently, in other as yet unnamed right-wing groups and foreign agents under investigation for the 59 nationwide political burglaries by the House Judiciary Subcommittee on Civil and Constitutional Rights. What the FBI has been doing with its massive budget increases in recent years, it should be cautioned, remains to be analyzed.

Counterterrorism in Law and Language

The FBI’s cautious approach to countersubversion was not replicated by foreign policy officials. Gregory Shank’s article in this issue, “Counter-terrorism and Foreign Policy,” argues that chief policymakers in the NSC adopted the broader definition of terrorism to guide international relations. Secretary of State George Shultz, for instance, articulated a widely held right-wing belief that terrorism is a weapon of global unconventional warfare aimed at U.S. strategic interests. This echoed Rand Corporation and Heritage Foundation terrorism analysts, who forecast that low-intensity conflict would be the primary challenge to the U.S. through the end of the 20th century; it also echoed the unconventional warfare activist orientation of General Singlaub’s U.S. WACL chapter, founded in 1981

just as Reagan forces had assumed federal power. Secretary Shultz also actively pushed the idea that conventional military attacks against terrorist targets should accompany unconventional warfare. Within the Reagan administration the notion of rolling back “communist terrorism” was coupled with 19th century “just war” ideology and grafted onto Brigadier General Ed Lansdale’s counterinsurgency warfare premise of a democratic anticommunist revolution. These concepts are the ideological mainstays of the Reagan Doctrine.

Secretary Shultz’ public proclamations emphasized that “we do not practice terrorism, and we seek to build a world...in which human rights are respected by all governments, a world based on the rule of law.” Edward Herman’s article in this issue analyses the semantics of terrorism which make possible the “if I don’t like it, call it terrorism” approach to this complex phenomenon. The article outlines the intellectual illusions created in state-supported analyses through the systematic exclusion of governments as the dominant practitioners of state terror, and points to U.S.-supported dictatorships, where death squads have operated as an extension of the state repressive apparatus and there has been the wholesale use of terror as a mode of governance. The use of “counterterrorism” in western terrorism semantics fills the need created to describe the policies of the United States, South Africa, El Salvador, and Guatemala, all of which “do not engage in terrorism,” as Secretary Shultz points out. Their attacks on their enemies require the use of alternate words. The term “retaliation” is handy, but it implies a response to an immediately preceding act. Longer-term, continuous assaults on bases and populations of “terrorists” are therefore termed “counterterrorism” to disguise their function as state terrorism. When the Reagan administration announced that human rights would be replaced by terrorism (“the ultimate abuse of human rights”) as a guiding principle of U.S. foreign policy, this indicated its tacit shift toward WACL’s “counterterrorism.”

During the Carter administration counterterrorist national command and policy formulation had become located in the Special Coordination Committee (SCC) of the National Security Council (NSC). Members of the SCC are statutory members of the current NSC—e.g., President Reagan, Vice President Bush, Secretary of State Shultz, and Secretary of Defense Weinberger, the chairman of the Joint Chiefs of Staff, Adm. William J. Crowe, and the Director of Central Intelligence at the time of the scandal, William Casey. These officials are served by a staff directed by the national security adviser. Initially, two interagency groups, both chaired by representatives of the State Department, coordinated the program and provided guidance: one, the strategic Executive Committee on Terrorism (with representatives from the CIA, the NSC, and the Departments of State, Defense, Justice, Treasury, Transportation, and Energy), and two, the 29-agency Working Group on Terrorism. In theory, the Department of State is mandated to conduct foreign relations, and charged with developing and refining policy with regard to international terrorist threats and incidents involving U.S. citizens and interests abroad, operating through its Office for Counterterrorism and Emergency Planning (Motley, 1983: 34–37).

In December 1985, the Reagan administration released an abridged version of Vice President Bush's National Security Council Task Force on Terrorism. The Task Force members, it should be noted, included many who have recently gained Contragate notoriety: William Casey, Adm. John Poindexter, Donald Gregg, Oliver North, Lt. Gen. John Moellering, Lt. Col. Douglas Menarchik, Charles Allen, Craig Fuller, Craig Coy, and Lt. Col. Robert Earl. The report recommended creation of a full-time NSC position with support staff to coordinate two counterterrorism units (*Village Voice*, March 24, 1987). Within the NSC's delegation of tasks, Lieutenant Colonel Oliver North—the deputy director of the political-military affairs division (the covert operations arm under President Reagan)—was the foremost candidate. He served for five years under a variety of national security advisers and ultimately held two crucial and related portfolios: the *contra* war effort, and the antiterrorist and counterterrorism policy (*San Francisco Chronicle*, November 25, 1986; January 21, 1987). Perhaps North exaggerated when he told the right-wing Concerned Women for America that he briefed President Reagan twice weekly on these two areas; there is no doubt, however, that Reagan liked North, the born-again Christian possessing academic and hands-on experience with low-intensity warfare. He called him Ollie and a hero (*San Francisco Chronicle*, December 7, 1986; March 2, 1987; *New York Times*, December 4, 1986).

North guided the interagency counterterrorism group at the White House, meeting with, among others, Oliver B. Revell, an assistant executive director of the FBI and NSC consultant who was compelled to remove himself from the FBI's Iran arms sales criminal investigation once North became a suspect (*New York Times*, December 4, 1986). Charles Allen, the national intelligence officer for terrorism at the CIA, also worked with North, and eventually was to transmit to Iran intelligence about Iraq's war effort using the former Savak agent and arms middle-man, Manucher Ghorbanifar, as part of the arms-for-hostages deal (*New York Times*, February 27, 1987).

Like the *contra* war, counterterrorism policy became lodged in a unit parallel to the established structure. It was here that some principals in the scandal operated beyond the pale of institutional accountability. Major General Secord (who ran Project Democracy along with North and Singlaub) helped run a secret counterterrorism unit authorized by President Reagan in April 1984 with the signing of National Security Decision Directive 138. This document reportedly was drafted by Oliver North and promoted pre-emptive military strikes against terrorist targets. The counterterrorism unit was first proposed in 1982 and 1983, and reported directly to the NSC at the White House. It was intended to "take tough approaches to terrorism" by circumventing the State Department, Defense Department, and the CIA because of their reluctant, slow, and supposedly leak-prone bureaucracies (*San Francisco Examiner*, March 8, 1987). Colonel Robert L. Earl, North's assistant at the NSC who helped former national security adviser Robert C. McFarlane prepare a misleading chronology of the Iran initiative, was a member of the special

counterterrorism unit (*New York Times*, March 18, 1987; *San Francisco Chronicle*, March 19, 1987).

After the U.S. bombing of Libya in April 1986, North blamed the CIA for the death of an American hostage who was killed by his Lebanese captors in retaliation. He referred to circumventing the interdepartmental group on terrorism and recruiting a 40-man, U.S.-controlled Druse force that reported to Secord and Amiram Nir, the Israeli counterterrorism adviser to Prime Minister Peres (who may owe his selection for the job to his consultative role on Vice President Bush's National Security Council Task Force on Terrorism) (*New York Times*, March 2, 1987; *San Francisco Chronicle*, December 4, 1986). As a result of the Conragate scandal, Congress may investigate whether the NSC covert unit operated in conjunction with the Pentagon's Intelligence Support Activity unit in carrying out the 1985 car bombing in Beirut which killed 80 people (an action attributed to the CIA). It is also this unit which would have carried out proposed kidnappings of terrorist suspects authorized by President Reagan in 1986 (*New York Times*, February 24, 1987; Bamford, 1986).

In 1986, the Defense Department's National Security Agency provided North with 15 encryption devices (which have "disappeared") for "counterterrorist activities" which he, Secord, and a Costa Rica-based CIA agent ("Thomas Castillo") used to create a private communications network outside the purview of other government agencies with which they communicated with members of the private *contra* supply network (Tower Commission, in *New York Times*, February 27, 1987; March 25, 1987; *San Francisco Examiner*, March 22, 1987). The counterterrorism of Project Democracy had as its wider goal purposefully directed terror aimed at restoring the status quo ante in Nicaragua. Because this goal was not explicit public policy and clearly violated international law, its true nature was disguised.

Donald Pfof's article in this issue, "Reagan's Nicaraguan Policy: A Case Study of Deviance and Crime," analyzes these Reagan administration violations of international and domestic law, as well as the policy's ideological underpinnings. The article argues that U.S. policy toward Nicaragua must be considered a species of political crime, differing from the more conventional criminological approach, which has legitimated such interventions by characterizing them as "political policing." The catalogue of crimes in the Irangate-Conragate scandal minimally includes conspiracy to obstruct justice, conspiracy to commit perjury before Congress, and conspiracy to defraud the federal government. Other laws or acts of Congress possibly violated by the secret financing of the *contras* are the Boland Amendment, which prohibited military aid to the *contras* by federal agencies, and the Arms Export Control Act, which bars military aid to any country supporting terrorism. Also violated was the Neutrality Act, which makes it a criminal offense to aid or participate in military expeditions against countries with which the U.S. is at peace. Internationally, the World Court decided that U.S. actions against Nicaragua were contrary to international law, and as Shank and Pfof argue, a counterterrorism

policy that resorts to pre-emptive military strikes against sovereign states under the U.N.'s collective self-defense doctrine, also violates international law.

Contragate and the Reagan Doctrine

Despite early recognition of many of these violations, the Reagan administration, in its effort to reverse public antipathy to intervening in foreign revolutions, successfully exploited public fear of “random” nonstate terrorist violence as the primary ideological vehicle to replace moribund anticommunism. Funding the *contra* terrorist war against Nicaragua was presented by the administration as part of a seemingly coherent antiterrorist global strategy and moral imperative that encompassed:

1. Classical counterinsurgency warfare (against “terrorist subversion” that had evolved into guerrilla war) in Central America, utilizing Special Operations Forces (SOF) supplemented by police and intelligence service training programs in “counterterrorism”;
2. Long-term “*contra*”-type rollback operations in Asia, Africa, the Near East, and Central America against U.S.-defined “state terrorist” regimes (i.e., socialist or radical nationalist states outside the U.S. sphere of interest), also employing SOF units in conjunction with mercenary armies. The Reagan Doctrine here tapped WACL, with its expertise in unconventional warfare, including terrorism, as a “third option” (in Theodore Shackley’s term) against the “Soviet Empire”;
3. Short-term “active self-defense against terrorism”-type operations featuring pre-emptive military actions, such as the combined SOF and quick-strike conventional forces launched against Grenada and Libya, was viewed as a low-risk, high-payoff variant of the Reagan Doctrine.

The seeming coherence in this triad belied fissures in the Reagan Doctrine. According to conservative analysts, resistance to the doctrine emanated from a faction in the executive branch that preferred a strategy of negotiations with Afghanistan, Angola, and Nicaragua. Negotiations were geared to a “political transition model,” that is, forcing a change in the current government by requiring the incorporation of U.S.-sponsored anticommunist insurgents into these governments (through “free elections” and “democratic reforms”), and the elimination of their reliance on Soviet-bloc assistance. This group included most of the State Department, the military officers in the Department of Defense, and some key CIA officials such as former Deputy Director John N. McMahon, who opposed the Afghan program and resisted arms sales to Iran not authorized by the president.

The second faction, which pursued a strategy of violently overthrowing these governments and replacing them with more pliable anticommunist regimes composed of the prerevolutionary ruling strata, included key members of the National Security Council staff, ranking Defense Department civilians (Secretary Weinberger, Nestor

Sanchez, and Richard Armitage), the CIA (Director Casey, his task force chief on Nicaragua, and Clair George, the deputy director for clandestine operations), and the Assistant Secretary of State for Inter-American Affairs Elliott Abrams (*Insight*, March 16, 1987: 11; *San Francisco Chronicle*, February 2, 1987). In Congress, it was a Democrat, Congressman Stephen J. Solarz (N.Y.), who provided the primary impetus for funding the mercenary terrorists.

In 1981, President Reagan signed National Security Decision Directive 17, which was a secret declaration of covert war against Nicaragua (Bamford, 1987). Project Democracy, the parallel foreign policy apparatus born of the Reagan administration's antidemocratic thrust, was first mentioned by Reagan in a 1982 speech. But the worldwide network, funded initially by foreign governments as early as 1981, became the covert manifestation of the Reagan Doctrine beginning in 1983 (*San Francisco Chronicle*, February 16, 1987). At that time the White House was displeased with State Department reluctance, and believed that Reagan Doctrine initiatives had to be run covertly in order to circumvent opposition. Responsibility for coordinating the program fell to the National Security Council staff, which was empowered to implement it by a January 1983 presidential national security decision directive that permitted the council to coordinate interagency "political action strategies" against the Soviet Union and its "surrogates" (*Insight*, March 16, 1987). This, it is said, was the genesis of the series of events documented in the Tower Commission report.

State Terrorism in the Americas

The *contra* terrorist war against Nicaragua is modeled after the CIA's covert war against the Cuban Revolution, which had represented the first rift in U.S. hemispheric hegemony. As James Petras points out in "Political Economy of State Terror: Chile, El Salvador, and Brazil" in this issue, the *contra* war is part of a wider process which has witnessed the growth and proliferation of state terror networks in Latin America that are part of, and in most cases subordinated to, an ongoing global terror network. Washington has become the organizational center for a variety of institutions, agencies, and training programs which provide the expertise, financing, and technology to service client-state terrorist institutions. Since the 1970s, this expertise has been supplemented by private services run by former intelligence and military officers.

All recent administrations, democratic and republican, have supported this network, and it has served as a significant foreign policy instrument. Martha Huggins' article, "U.S.-Supported State Terror: A History of Police Training in Latin America," is a case study of the official export of technologies of repression by the U.S. to client regimes to improve their capacity to destroy oppositional political and social movements through death squad activity and disappearances. In 1974 Congress prohibited funding for CIA and USAID-directed police training because of widely publicized human rights abuses; that function was then assumed by Taiwan's

WACL-related Political Warfare Cadres Academy which trained, among others, the El Salvadoran death-squad organizer Roberto D'Aubuisson (Anderson, 1986). Subsequently, a pliant Congress allowed the Reagan administration to re-institute U.S.-supported programs in Central America as "counterterror" assistance against fabricated Nicaraguan and Cuban "terrorism."

Peter Dale Scott's article, "Contragate: Reagan, Foreign Money, and the *Contra* Deal," focuses on the network of former CIA officials and agents of influence as well as other international backers of the *contras*, who comprise what a Senate Committee report has described as the CIA's "world-wide infrastructure." Scott argues on the one hand that there are signs that Contragate represents both the illegal intervention of these backers in U.S. elections through the recycling of foreign-based funds, and the factional struggle for power hinging on relations with the intelligence community. On the other hand, Scott says, Contragate is the collusion and conspiracy to install and maintain a U.S. covert operation (despite the expressed will of Congress) that can be traced, first to the decisions of successive CIA directors to scale down and virtually eliminate clandestine services, and, second, to the existence of "offshore" intelligence operations (elements of Project Democracy), which grew as the CIA's covert assets were dispersed.²

These reforms of the CIA had the effect of building a powerful coalition of both Americans (ousted CIA clandestine operators, the Taiwan-Somoza Lobby, and the American Security Council) and foreigners (the World Anti-Communist League, and the secret Masonic Lodge guiding right-wing government actions across Italy, P-2) who were determined to restore the clandestine services. The rightward shift of political power as a result of the 1980 presidential election sharpened the prospects for a revival of domestic intelligence structures and operations and suggested a return to the weapon of secrecy afforded by intelligence, which permits unaccountability and freedom from the control of constitutional constraints and norms restricting official state action, and freedom from prohibitions on interfering with political expression.

The strong domestic lobby for U.S. covert operations included long-established spokesmen and funders of a "forward strategy," "political warfare," and "low-intensity conflict," grouped primarily in the most powerful of the manifestations of the military-industrial complex, the American Security Council (ASC).³ The ASC had aided Taiwan's foreign policy creation, the World Anti-Communist League, by setting up the American Council for World Freedom. Before Reagan, however, WACL had been marginal to U.S. foreign policy partly because of the recurring involvement of its personnel in the international drug traffic, but also because the U.S. chapter had come under the control of extreme racists who were decidedly too profascist for domestic consumption.

In 1980, the ASC received the support of those CIA veterans of the clandestine services who had been eased or kicked out of the CIA. The ASC's affiliate, the Coalition for Peace Through Strength (CPTS), drew together some of the most

influential elected officials and former military officers, and was headed by General Singlaub and General Daniel O. Graham as well as retired Joint Chiefs of Staff Chairman Admiral Thomas Moorer of Western Goals (Anderson, 1986: 157).

Covert Funding Mechanisms and Political Corruption

After passage of the Boland Amendment the administration conspired to continue the *contra* program ostensibly outside the State Department and the CIA. This had two operational consequences: the first was to turn to extragovernmental expertise in the military and logistical aspects of covert war (Singlaub, Secord, and his business partners); the second was to secure covert funding outside congressional channels.

In the 1950s, the CIA had directly disbursed millions of dollars to pro-U.S. officials, politicians, political parties, unions, and news media in Europe and throughout the Third World. In the 1960s, after these payments had been exposed and became a domestic scandal, payments to the CIA's foreign networks were continued through a global system of "commissions" or political payoffs (including laundered U.S. Air Force funds) made by Lockheed Corporation to its foreign representatives such as Adnan Khashoggi, a Saudi businessman who is close to the Saudi royal family (Scott, 1986; Hougan, 1979). Partly as a result of the reforms of the CIA, U.S. and foreign CIA agents of the 1950s became the affluent arms salesmen of the 1970s, and individuals such as Khashoggi, wishing to leave a mark on history beyond accumulated wealth, engaged in diplomatic efforts. Khashoggi was an architect of improved Iran-Israel-U.S. relations, as well as of the current Saudi Arabia-South Korea entente, which underlies the *contra*-supporting World Anti-Communist League (Scott, 1986).

Since the Carter presidency, a third system of payments for covert U.S. operations abroad had evolved: the hidden "costs" in the shipment of U.S. arms sales. As with the "commissions," these costs are borne by the foreign purchaser. Under this system middle-men would purchase government aircraft and weapons at a low "manufacturer's cost," and sell them to nations at the much higher "replacement cost." The U.S. government would be reimbursed at the lower cost, and the difference was transferred to finance privately run covert operations. These government deals would therefore take place under the control of private companies directed most recently by retired U.S. military personnel and foreign middlemen (*Ibid.*). This is the contour of much of the Project Democracy funding scheme.

The "privatization" of the *contra* war began with the decision of high Reagan administration officials to circumvent planned congressional restraints on the CIA after it was caught violating international law in 1983 with the mining of civilian harbors in Nicaragua and the passing out of manuals advocating the physical assassination of civilian government authorities inside Nicaragua to bring about the overthrow of that government. To date, it is known that former CIA Director William Casey moved the operation to the NSC where North was located in order to claim executive privilege, were Congress to investigate its activities. Sheehan

(1986: 16) makes the claim—as yet not verified by other sources—that Edwin Meese, George Bush, and Robert McFarlane conceived of this plan.

Arms Sales As Foreign Policy

When the U.S. intervenes abroad using weapons sales in excess of \$14 million as a tool of diplomacy, the permission of Congress is required. An administration proposal to sell \$354 million worth of missiles to Saudi Arabia immediately after the U.S. bombing of Libya in April 1986 was therefore debated in Congress. Supporters of the sale claimed that in order to combat the terrorist threat posed by Libya, U.S. arms sales were needed to cement relations with “moderate Arab states” such as Saudi Arabia. Assistant Secretary of State Richard Murphy said the sales were needed to send “a political signal” to the Iranians, whose military successes against Iraq had placed Saudi oil fields in jeopardy (*New York Times*, April 18, 1986).

To fund the *contras* through arms sales was surely to employ such sales as a tool of foreign policy without congressional approval. This situation benefited central figures in Contragate such as Clines, Secord, and von Marbod, who had become involved in the covert arms flow to the *contras*. Although he was to become a member of the Pentagon’s Special Operations Policy Advisory Group following his official retirement in 1983, Secord became a private arms supplier to the *contras*, operating much as Edwin Wilson had. His connections with the *contras*, with the rulers of Iran, and with the royal house of Saudi Arabia especially suited him for the role, and his affiliations were considered unmatched by anyone in the military. As it turned out, the funneling of Saudi millions to the *contras* in 1984 and 1985 was through Secord and Hakim. In 1985, Prince Bandar, the Saudi Ambassador to the U.S., asked a California businessman to initiate unrelated business dealings with Secord and Hakim, both to mask the proposed *contra* funding deal and to help General Secord’s business. Secord had participated in the controversial \$8.5 billion sale of AWACS aircraft to Saudi Arabia in 1981, a deal which generated millions for the *contras* in 1981, and as much as \$250 million for the WACL-supported antigovernment guerrillas in Afghanistan. This diversion of funds flowed from an agreement made by Saudi Arabia’s King Fahd and Prince Bandar bin Sultan. *Contra* leaders admit receiving \$32 million from Saudi Arabia as a result of the AWACS deal (*San Francisco Examiner*, July 27, 1986; *Newsweek*, December 15, 1986; *US News and World Report*, December 15, 1986; *New York Times*, February 4, 1987; *San Francisco Examiner*, March 15, 1987).

A complex of interests was at stake in the covert Saudi role other than financing the U.S.-Iran arms pipeline. Indeed, the move toward improved relations with Iran favored by King Fahd resulted in a power struggle in the royal family. Prince Sultan, the Saudi Defense Minister, had argued for a rapprochement with Iran after assessing that its close ally, Iraq, was unlikely to win its war with Iran. Part of that bridging effort would require supporting Iran’s \$18-a-barrel price for oil (*New York Times*, November 27, 1986). Vice President Bush and his Republican allies from

Texas publicly supported the \$18 price. Khashoggi was a key intermediary in securing the necessary degree of mutual understanding between Iran and Saudi Arabia. According to Scott (1986), the Iran-Israel-U.S. arms deals have been interpreted as only one aspect in this process of strengthening Saudi-Iranian understanding.

State Terrorism in the Middle East

Irangate demonstrates that the U.S.-Israeli strategic partnership shares a common global perspective, but the respective goals within that strategy conceal divergent material and political interests. Similar to the U.S., Israeli counterterrorism officials and private arms merchants figure prominently in this scandal, where covert operations—such as the bribery of Iranian officials to gain influence and the diversion of millions of dollars to Project Democracy—were funded through cash transfers resulting from overpayments (hidden costs) by Iran in its purchases of U.S. weapons. Although the Reagan administration had adamantly denounced state-supported terrorism in the Middle East and the “outrageous weapons deals made by Western European nations with the terrorist states in pursuit of appeasement,” in August 1985 President Reagan approved the first shipment of U.S. arms by Israel to Iran (Anderson, *San Francisco Chronicle*, December 1, 1986). A schism between publicly stated counterterrorism policy and practice had developed under the mantle of intelligence gathering, the rationale for which was freeing hostages (and thereby picking up votes in the 1986 congressional elections), and combating terrorism.

U.S. government hypocrisy also extended to excusing the state terrorism of its allies in the Middle East. Noam Chomsky’s article, “International Terrorism: Image and Reality,” analyzes the Israeli model of countersubversive “antiterrorism” that the U.S. foreign policy elite (most notably Secretary of State Shultz and former CIA Director Casey) came to uncritically embrace. That policy reduced itself to the subjection of entire populations, such as southern Lebanon, to unremitting terrorism and foreign domination in the name of eliminating the “evil scourge of terrorism.”

The policy of selling arms to Iranian “moderates” was not debated either in the U.S. or in Israel. While the U.S. ostensibly desired a war without victors, an important elite consensus in Israel sought a war without end. Politicians such as Ariel Sharon and Shimon Peres, and intelligence people like Yitzhak Shamir and Foreign Minister David Kimche shared this view (Aronson, 1987: 20). David Kimche, a 30-year veteran and one-time deputy director of Israel’s Mossad intelligence service who has long been a central figure in developing Israel’s counterterrorism policy, met twice with Oliver North in 1985 (*San Francisco Chronicle*, November 24, 1986; *New York Times*, December 30, 1986). Jacob Nimrodi, a founder of, and former colonel in, Israeli military intelligence and a military attaché in Teheran for a decade, was an important part of that consensus. Nimrodi, believed to be one of the richest men in Israel because of his arms deals with the Shah of Iran, was instrumental in opening up the U.S.-Israel pipeline to Iran and had agreed to sell

U.S. weapons to Iran as early as 1981 (*New York Times*, December 1, 1986; *San Francisco Examiner*, November 30, 1986).

Both Nimrodi and Al Schwimmer, the American-born founder of Israel Aircraft Industries, benefited from opening up the weapons pipeline and are close friends of Israeli Prime Minister Shimon Peres. Peres participated in the original arrangements worked out between Iran and Washington, exchanging arms for hostages (*New York Times*, December 1, 1986; *San Francisco Chronicle*, November 27, 1986).

Jan Nederveen Pieterse's "The Washington-Tel Aviv Connection: Global Frontier Management" analyzes the history of the long-term U.S.-Israeli strategic relationship, including Israel's engagement in the military conflict against Nicaragua since 1981, and Israel's possible geopolitical interests in arming Iran. The article extensively details the history of U.S. arms sales to Israel, and Israel's economic dependence on the U.S., which totals a flow of \$3 billion this year (*Insight*, February 23, 1987). It also supports part of the Tower Commission report, which concluded that Israeli motives in arming Iran included the promotion of its arms export industry, the weakening of its old adversary, Iraq, and the desire to draw the U.S. into arms sales to Iran in order to distance the U.S. from the Arab world, and ultimately to establish Israel as the only real strategic partner of the U.S. in the region (*New York Times*, February 27, 1987).

Other authors have proposed that the U.S. was drawn into an Israeli scheme favoring arms sales to develop intelligence contacts within Iran because NSC aide's were uncritically attracted by Israeli intelligence capabilities and political analysis (Aronson, 1987; *New York Times*, November 27, 1986). These included Robert McFarlane; Dennis Ross, the NSC's Middle East specialist; Howard Teicher, the NSC's senior director of political-military affairs; the late Donald R. Fortier, who was a deputy Assistant to the President; and Michael Ledeen, an NSC counterterrorism consultant hired by McFarlane, and a founder of the Jewish Institute for National Security Affairs in Washington, which supports a close alliance with Israel (*New York Times*, November 27, 1986).

As the State Department terrorism expert in Reagan's first term, Ledeen sought public support for covert actions aimed at the assassination of terrorists; he also hawked the idea, repeated by the American Security Council, that Nicaragua's Sandinista government had organized "a vast drugs and arms-smuggling network to finance their terrorists and guerrillas, flooding our country with narcotics" (*New York Times*, February 2, 1987).

A friend of Theodore Shackley and recipient of Shackley's 1984 summary of Ghorbanifar's proposal, Ledeen played a decisive role in the initial stages of the Iran weapons-and-bribes initiative, coordinating directly with Israel's Foreign Minister David Kimche and Prime Minister Peres (*Ibid.*). Amiram Nir, the counterterrorism adviser to the Israeli Prime Minister, alleged to Oliver North in a memo printed by the Tower Commission report that Ledeen profited by as much as \$50 for each missile the Iranians got (*New York Times*, March 25, 1987). Ledeen denies it and

has repeatedly denied being an agent of Israel's intelligence service, Mossad, but the Israeli government refused to go on record retracting Nir's statement (*Ibid.*; *New York Times*, February 2, 1987).

Many of the principals in the current scandal were participants in the failed April 1980 U.S. hostage rescue attempt in Teheran. The operation included Secord, North, Hakim, and Cyrus Hashemi, a cousin of Ali Akbar Hashemi Rafsanjani, the "moderate" speaker of the Iranian parliament, who first revealed Washington's secret arms shipments (*New York Times*, January 16, 1987; *Insight*, January 12, 1987; *San Francisco Chronicle*, January 6, 1987; November 29, 1986). This constellation of individuals was central to carrying out—and perhaps played a role in shaping—the new U.S. covert policy *vis-à-vis* Iran. Since the early 1980s, Hakim had tried to continue doing business with Iran and to persuade the Reagan administration to improve relations with Iran. In April 1984, Cyrus Hashemi stated after meeting with Manucher Ghorbanifar (the first go-between for the U.S.-Israel-Iran deals) that the two men planned to "go and buy weapons through Albert Hakim in the U.S. and sell them to Iran" (*New York Times*, January 16, 1987; *San Francisco Chronicle*, December 5, 1986).

Privatization of the Iran arms sales policy had as its entree a January 17, 1986, secret intelligence finding signed by President Reagan which authorized the CIA to "interfere in the affairs of a foreign country," and to assist "third parties," as well as foreign countries, in shipping weapons. The operation was an extension of an Israeli initiative designed to gather intelligence and to shape the behavior of the regime of Ayatollah Ruhollah Khomeini and his successor. When turning the project over in July 1985, Israel's Foreign Minister David Kimche handed Robert McFarlane an intelligence source—a senior ayatollah in Teheran—developed by Mossad through channels opened with secret Israeli arms sales to Iran (*San Francisco Chronicle*, November 24, 1986). The State Department and Defense Secretary Weinberger reportedly opposed the plan largely because the covert operation gave the CIA and NSC in the White House leading roles in developing and managing new foreign policies toward Iran (*Ibid.*).

To their dismay, in January 1986, Nimrodi, Schwimmer, and Kimche were replaced by the Prime Minister's counterterrorism expert, Amiram Nir. According to the Israeli newspaper *Yedioth Aharonoth*, Prime Minister Peres was uncomfortable with the idea of an Israeli, especially one of his friends, making commissions on the transactions. Perhaps more pointedly, *Haaretz* reported that some Israeli mediators had "meddled" with the bank account in Switzerland that was used to channel money from the Iranians to the Americans and eventually to the *contras* (*New York Times*, December 1, 1987).

This meddling, combined with the Israeli arms merchants' substitution of obsolete anti-aircraft missile parts to Iran in November 1985, led North to bring Secord into the operation. Ledeen was cut out, and although Ghorbanifar flunked a polygraph test ordered by CIA Director Casey, he was allowed to continue on.

The Tower Commission report states that in December 1986, North proposed that Secord “control Mr. Ghorbanifar and the delivery operation.” Thus it came to pass that in January 1986, direct U.S. arms shipments ensued within the operational framework of the Project Democracy financial empire under Hakim, the NSC counterterrorism unit, and a CIA official, George Cave. The shift stripped the White House of deniability, however, and crossing over personnel and financial conduits jeopardized the security of both operations (*New York Times*, February 27, 1987; *San Francisco Chronicle*, December 1, 1986). For his part, Ghorbanifar states that the CIA was far more deeply involved than has become known in setting up arms sales via the Hashemi “channel,” and it demanded complete control over all participants. “If you don’t follow their route, they cut you out” (*Insight*, April 13, 1987: 20). Pieterse alludes in this issue to a series of arrests surrounding illegal arms sales to Iran that took place precisely in this period. Cyrus Hashemi had been an informant who cooperated in setting up a U.S. Customs Service sting. Among those arrested were employees of Adnan Khashoggi, an Israeli general, and other Israeli agents (*San Francisco Chronicle*, January 6, 1987; *In These Times*, February 11–17, 1987; *New York Times*, December 1, 1986).

Bribery of Foreign Officials

Corruption of the U.S. and Israeli political systems through a blurring of the distinction between private interests and public policy had as a counterpart the reported bribing of officials in Iran. The Iranian leadership, beginning with Ayatollah Khomeini, had a keen interest in keeping open the pipeline to coveted U.S. weaponry and spare parts. Oliver North, it appears, did not create, but rather inherited the Israeli system of seeking intelligence by overcharging Iran and funneling the surplus back to Iranian “moderates” in the form of bribes. Beginning in January 1986, North attempted to use this surplus to bankroll the *contras* as well (*San Francisco Chronicle*, February 2, 1987). Millions of dollars in payments from the arms sales had been made by Ghorbanifar to Ayatollah Hussein Ali Montazeri, a protégé of Ayatollah Ruhollah Khomeini. Money for the bribes was loaned to Ghorbanifar by Adnan Khashoggi (*New York Times*, March 18, 1987).

The leader of the Global Islamic Movement, Mehdi Hashemi, was arrested in October 1986 on charges of treason at which time he confessed to working for Montazeri. Before the arrest, the organization received a commission of 3% to 5% on any weapons procurements for Iran’s Revolutionary Guards. The Global Islamic Movement allegedly has helped fund and organize terrorist groups in Lebanon, including the Party of God, which has taken responsibility for much of the hostage taking (*Ibid.*). As much as \$6 million in “political contributions” were subsequently made to the Iranian Speaker of Parliament, Hojatolislam Hashemi Rafsanjani, the “second channel” mentioned in the Tower Commission report. That channel, it so happens, is the Hakim-Secord-Shackley-Clines connection. As the report also indicates, it was Shackley, “a former United States intelligence officer,” who was

told by Ghorbanifar that there might have to be “payment of a cash ransom for the hostages in Beirut” (*Ibid.*). In July 1986, Cyrus Hashemi suddenly died in London. In November his cousin would reveal the covert arms arrangement with the U.S. which Cyrus had worked years to arrange.

Domestic Political Fall Out

Conragate is at once the story of an ideological anticommunist crusade laced by petty corruption and bureaucratic competition, and an elite-level battle over control of the U.S. foreign policy apparatus. Post-World War II U.S. history is marked by struggles between traditional global reactionaries advocating the military rollback of socialist states on the one hand, and the internationalist elite sponsors of containment of the Soviet Union on the other. Right-wing rollback forces embedded in the government, Congress, the media, and the “military-industrial complex” have mounted several historic counterattacks on prevailing containment doctrine in response to real or perceived disequilibrium in the balance of nuclear terror between the U.S., Soviet Union, and China. The first was in the 1949–1950 period when the Soviet Union exploded its first nuclear device. The McCarthy purges of the labor unions, the State Department, and the attempted assault on the Army followed. The second was in 1964, when China acquired the capacity to explode an atomic bomb. In that year the Vietnam War escalated from covert to overt with the “Tonkin Gulf incident,” while in the U.S., the far Right captured the Republican Party machinery and attempted to acquire federal power through the Goldwater campaign. The latest instance, which arguably rests on the right-wing insistence that the Soviet Union gained nuclear superiority over the U.S. during the Carter administration, is the ascent to the presidency of the Reagan Right.

Conragate shares characteristics with previous right-wing initiatives, and there have been signs of changes underway in the right-wing “establishment” that could presage further oligarchic consolidation upward. The governing alliance during the Reagan years has been characterized by the incorporation of the right-wing professional and small-business sector into a corporate ruling stratum that had shifted radically rightward during the 1970s. Tensions in that alliance over the post-Reagan leadership succession have combined with the downward economic and social movement of its base to produce a disintegrative effect on the movement as a whole. An internecine struggle erupted publicly in the conservative movement prior to the 1986 congressional elections in the form of strategy feuding that reflected a deeper doctrinal dispute initiated by conservative ideologues pushing a more activist social agenda to forestall defection of voters to the Democratic Party. A more profound malaise lies in the old-line Goldwater conservatives’ recognition of having learned “how little is accomplished by winning elections.” They have also criticized administration neoconservatives for serving as pragmatic technicians of welfare state compromises and misrepresenting the label of conservatism. Military policy — primarily making Star Wars, or SDI, operational — alone united all factions

(*New York Times*, October 25, 1987). SDI is defended as part of the right-wing rollback agenda because by forcing the USSR into costly weapons expenditures, economic modernization efforts could be crippled. At Reykjavik, President Reagan was willing to accept large reductions in offensive strategic nuclear weapons because SDI's effectiveness is enhanced the fewer the missiles there are to defend against. As Gould and Bodenheimer (1987) point out, at Reykjavik President Reagan's incompetent understanding of nuclear strategy led him to agree to the elimination of all nuclear weapons over 10 years, including bombers and cruise missiles that, in combination with SDI, would have been most advantageous for U.S. nuclear superiority. This massive blunder seems to have been a prelude to Contragate, for it angered the rightwing and that faction of the U.S. ruling elite supporting a more moderate foreign policy position, whose uneasy alliance has marked the entire Reagan presidency.

After the Irangate scandal broke in November 1986, members of Reagan's "kitchen cabinet" reportedly pressed for a cabinet shake-up that called for the replacement of Secretary of State Shultz, White House Chief of Staff Donald Regan, and national security adviser Adm. John Poindexter, and sought to replace them with Reagan Doctrine hardliners Caspar Weinberger, Drew Lewis, and Jeane Kirkpatrick (*San Francisco Examiner*, November 23, 1986).⁴ Secretary Shultz came under fire from conservative presidential hopeful Jack Kemp, who called on Shultz to resign for "violating the Reagan Doctrine" because he held discussions with Oliver Tambo of the African National Congress. The day after the rumored shake-up was publicized, President Reagan and Attorney General Meese made the historic and damaging disclosure of the diversion of Iran arms sales funds to the *contras*.

As events unfold, the political forces which achieved dominance over the foreign policy apparatus on the eve of November 24, 1986, will become clearer. It could be said that this struggle is the real story behind the Contragate scandal. The kitchen cabinet's "right-wing coup" did not succeed in its goal, for Secretary Shultz did not resign, although Donald Regan and John Poindexter were compelled to tender their resignations. Key Reagan Doctrine supporters subsequently formed a "forget about Iran-a-smear" lobbying coalition in December 1986, calling it America at Risk. It was actively supported from within the administration by Education Secretary William Bennett, former political affairs director, Patrick J. Buchanan, and budget director, James T. Miller. Among the coalition's 20-odd members were the core of President Reagan's "grass-roots" support: the American Security Council (of which Oliver North has been an active adviser), the Citizens for Reagan (which in the 1986 elections had tried to engineer the defeat of congressional candidates who opposed funding the *contras*), the American Conservative Union, the Concerned Women for America, and Citizens for America, among a range of other groups that had supported Reagan's anticommunist foreign policy agenda (*New York Times*, January 17, 1987).

The long-range implications of the executive-level personnel changes for foreign policy are still a matter of conjecture. The newly appointed national security adviser, Frank Carlucci, has traditionally been disliked by reactionaries because of his role with Stansfield Turner in firing the CIA's covert directorate, but he appears to be attempting to forge a conservative consensus similar to that of his predecessors. It is known that Carlucci once ordered the reinstatement of General Secord when Secord was faced with legal problems stemming from his connections with Edwin Wilson, and he also hired Erich von Marbod into the private arms sales business. Carlucci and von Marbod worked for a subsidiary of Sears Roebuck, historically a major corporate backer of the American Security Council (Maas, 1986: 288). The chair of President Reagan's Iran investigative commission, John Tower—whose sister is married to an arms merchant who supplied arms for the CIA-backed coup in Guatemala in 1954, Samuel Cummings—has appeared in ASC propaganda films on the communist threat in Central America (*New York Times*, December 4, 1986; ASC, "Crisis in the Americas"). The question is who, indeed, Carlucci and other new advisers represent in the highest councils of elite policy making.

Some of the new Reagan administration staff choices have led to dissatisfaction by sectors of the Right because they had considered Reagan the last great hope of carrying out their global anticommunist agenda. Richard Viguerie howled that President Reagan had abandoned every pretense of standing up against the Washington establishment (*Time*, March 23, 1987: 26), and even went so far as to suggest over the nationally televised "Nightline" that Reagan himself should resign over Contragate.

In part, Reagan's Republican Party successes in 1980 and 1984 produced hard times for New Right fundraisers such as Mr. Viguerie, who was forced to sell his national magazine, *Conservative Digest*, and to put his company's headquarters up for sale in order to fend off creditors. Further, the flagship of right-wing think tanks, the American Enterprise Institute, was forced to cut its staff and program in order to recover its financial solvency (*New York Times*, January 14, 1986; January 19, 1987). This apparent paradox is based in the flow of contributions to the Republican Party proper instead of New Right organizations.

In greater measure, however, these symptoms of the Right's relative misfortunes result directly from the fall in world oil prices. It has been widely reported that Texas oil multimillionaires such as the late Clint Murchison, Jr., John Connally, and Nelson Bunker Hunt, face bankruptcy as a result of the low world market price of oil. The fiscal crisis Texas is experiencing itself stems from the fall in oil revenue (*Insight*, March 30, 1987). The domestic consequence politically has been a diminishing role for the once disproportionately influential right-wing domestic oil interests, which earlier had funneled a major share of all funds received by the New Right's political action committees (the financial base of Viguerie's crumbled empire), but their total contribution has fallen significantly in recent years (*Washington Post*, November 7, 1986). Internationally, the negotiations for increased oil prices with

Saudi Arabia and Iran, championed by Vice President Bush, were central to his goal of developing and securing a reactionary base in the Republican Party as the 1988 presidential candidate. Promoting high world-market prices for oil as a tried-and-true mechanism for financing world arms sales through petro-dollars would also sit well with the interests of the military-industrial complex, which had supported the Reagan presidency (just as the super-rich executives at EXXON, Mobil, Standard Oil, and other large oil-related transnationals also had done).

The current scandal may mean hard times for the Reagan Doctrine as well: in March 1986, conservatives in Congress and at the Heritage Foundation pressed the administration to officially scrap the accord made with the Mozambican government, and instead to support the South Africa-based terrorist Mozambique National Resistance Movement. That effort failed. Although the Reagan Doctrine may be down, it is not out. Frank Carlucci announced increased aid to anticommunist insurgents in Afghanistan; CIA support to the *contras* in supplying intelligence to facilitate terrorist bombings has accelerated; and a new CIA counterinsurgency program in the Philippines was announced after revelations that Singlaub had been plotting in a Marcos stronghold along with Asians and others who had served in the Special Forces in Vietnam (*New York Times*, February 20, 1987; *San Francisco Chronicle*, February 18, 1987; February 16, 1987).

Some key players in the Doctrine's game plan have now been dislodged or have resigned from government—William Casey, Oliver North, Nestor Sanchez, John Poindexter, Richard Perle, Patrick Buchanan, and Lewis Tambs—but with the exception of Casey, the composition of the council setting the policies has not changed. The World Anti-Communist League, which gave teeth to the Reagan Doctrine and strongly reinforced the antidemocratic tendencies already prominent in ruling circles, will undoubtedly continue its active private foreign policy. The disenchanted Right seems intent on making the Reagan Doctrine its primary issue in the 1988 presidential election. The trained, activist cadre of prior CIA special operations would certainly play a role in keeping the Reagan Doctrine on the agenda.

Conclusion

Some of the covert structures underlying the counterterrorism policy have been revealed again to be instruments central to a president's ability to conduct what amounts to a secret foreign policy. This is not unique to the Reagan administration. For 30 years, despite the Constitution, successive presidents have conducted secret wars without the advice and consent of Congress. Watergate, which narrowly construed the vast wrongdoing of the Nixon administration, did succeed in setting precedents on the abuse of power.

The force of public opinion made it necessary for an antidemocratic administration to transgress the law in its arrogant effort to rule the globe. Perhaps the law can again force a retreat from hypocrisy, and counterterrorism will no longer surreptitiously dominate foreign policy. Admiral William J. Crowe of the Joint Chiefs of

Staff stated, “in 1981 our counterterrorism capability was extremely limited. Now we probably have the best in the world” (*San Francisco Chronicle*, November 4, 1986). It would be difficult to argue that the upgrading was objectively beneficial for the American people, much less the peoples of the Third World. Future improvement appears risky at best. When Frank Carlucci became the NSC head, he consolidated counterterrorism and narcotics control with intelligence and created a single unit, replacing E. de Graffenreid with Barry Kelly, who served in the CIA’s clandestine service during Carlucci’s tour as deputy director (*San Francisco Chronicle*, January 1, 1987: A-1). The Tower Commission lodged the criticism that the operation was run unprofessionally. What will happen now that experts are in charge?

NOTES

1. The Los Angeles Police Department’s Public Disorder Intelligence Division, which kept records on “enemies of the state,” including the National Lawyers Guild, had officers who removed files, computerized them, and sent them to Western Goals—which turned them over to a California grand jury after negotiating immunity from prosecution. Western Goals also obtained information from Exxon and Security Pacific Bank. Among its sponsors is a major John Birch Society supporter, Nelson Bunker Hunt (Anderson, 1986: 155; 160; 304 *fn.*).

2. This reform had meant financial and political disaster for these CIA-subsidized parallel operations, and led former covert agents into illegal operations. They faced possible prosecution unless the election of Reagan and the restoration of CIA covert operations would result in the restoration of a de facto “CIA immunity” to prevent investigation of their past activities. Covertly supported individuals and organizations in client regimes were no less interested in a restoration of their funding.

3. That matrix included the China Lobby, the Cuba Lobby, veterans of the covert war in Indochina, the Somoza Lobby, and other militant exponents of what came to be called the Reagan Doctrine. The network of lobbies and foundations also included the Heritage Foundation; Georgetown’s Center for Strategic and International Studies (CSIS); the Hoover Institution; the Association of Former Intelligence Officers, which David Phillips (head of the CIA’s Latin America covert action department at the time of the U.S. coup in Chile) formed on his retirement from the CIA; the Center for Peace Through Strength, at that time headed by General Daniel P. Graham, the former chief of the Defense Intelligence Agency, and current head of High Frontiers—which is heavily connected with the Unification Church through CAUSA—who led the intelligence revival forces along with James Angleton and Ray Cline (an ex-CIA Deputy Director who is also a senior associate of CSIS and an official of the AFIO).

4. A driving force behind the Reagan presidency by 1980 was Reagan’s “kitchen cabinet” of L.A. millionaires, which included American Security Council backers such as Earle M. Jorgenson, Jack Wrather, and Lockheed investor William Wilson. Two other prominent backers of the ASC (oilmen A.C. Rubel and Henry Salvatori) were also part of the trio (with Holmes Tuttle) of Los Angeles millionaires who had launched Reagan into politics after the Goldwater debacle of 1964. As Scott points out in this issue, the China-Taiwan Lobby was a crucial component of the ASC program.

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