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Last Updated: 11/13/2023

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NSC

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

8215

445135

C0071

RS

FG031

FG006-12

November 15, 1986

MEMORANDUM FOR DAVID L. CHEW

FROM: RODNEY B. MCDANIEL *RBM*

SUBJECT: Report to the Congress on the
Iran Emergency

The NSC has reviewed the subject report (Tab A) and recommends that it be forwarded to the Congress without change.

Attachment

Tab A Report to Congress

NSC # 860 8215

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

November 14, 1986

ACTION

SIGNED

MEMORANDUM FOR RODNEY B. McDANIEL

FROM: SHIRIN TAHIR-KHELI *SK*

SUBJECT: Report to the Congress on the
Iran Emergency

Attached at Tab I for your signature is a memo to Chew recommending that the subject report be forwarded to Congress without change.

OK
Dennis Ross, Howard Teicher, *ST* ~~Ron Sable~~, Steve Danzansky and Ron Sable concur. *Jim Stark* *APF*

RECOMMENDATION

That you sign the memo at Tab I.

Approve _____ Disapprove _____

Attachments

Tab I Memo to David Chew
Tab A Report to Congress



THE SECRETARY OF THE TREASURY
WASHINGTON

November 13, 1986

Dear Mr. President:

Under the International Emergency Economic Powers Act, you are required to submit every six months a report to the Congress concerning the Iranian emergency declared in Executive Order No. 12170 on November 14, 1979. The next report is due on November 14, 1986.

Enclosed is a proposed report covering the six-month period since your last submission on this subject. The proposed report indicates in its initial paragraph that it covers only matters concerning the national emergency with respect to Iran that was declared on November 14, 1979. It is not intended to report on all activities regarding Iran.

Your last report to Congress on this matter, dated May 23, 1986, is also enclosed for your reference.

I recommend that you sign and transmit the proposed report to the Congress.

Respectfully,

James A. Baker, III

The President
The White House
Washington, D.C. 20500

Enclosures

TO THE CONGRESS OF THE UNITED STATES:

This report is made pursuant to Section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. Section 1703(c), and, like previous reports, discusses only matters concerning the national emergency with respect to Iran that was declared in Executive Order No. 12170 of November 14, 1979. This report covers matters that have occurred since the report I made on May 23, 1986.

1. The Iran-United States Claims Tribunal, established at The Hague pursuant to the Claims Settlement Agreement of January 19, 1981, continues to make progress in arbitrating the claims before it. Since my last report, the Tribunal has rendered 37 more decisions for a total of 260 final decisions. Of that total, 197 have been awards in favor of American claimants; 119 were awards on agreed terms, authorizing and approving payment of settlements negotiated by the parties, and 78 were adjudicated decisions. The Tribunal has dismissed a total of 17 claims on the merits, and 33 for jurisdictional reasons. As of November 1, 1986, total payments to successful American claimants from the Security Account, held by the NV Settlement Bank, stood at approximately \$681 million.

In January 1986, the payment of awards in favor of U.S. nationals caused the balance of the Security Account to fall for the first time below \$500 million, thus triggering Iran's

obligation to replenish. Iran acted quickly in instructing replenishment from interest earned on the Security Account, which is also held by the NV Settlement Bank. Although technical difficulties involving the concerned central banks delayed actual replenishment for several months, a procedure has now been established which should make future transfers administratively simple. On October 10, 1986, replenishment was again triggered, and the second replenishment occurred on October 27, 1986.

In cases between the two governments, the Tribunal has to date issued three decisions in favor of each government, dismissed one claim that had been filed by the United States, and dismissed four claims that had been filed by Iran. In addition, Iran has withdrawn fifteen of its government-to-government claims, while the United States has withdrawn three.

2. The Tribunal continues to make progress in the arbitration of claims of U.S. nationals for \$250,000 or more. More than 50 percent of the claims have now been disposed of through adjudication, settlement, or voluntary withdrawal, leaving 251 such claims on the docket. Among recent cases, two U.S. claimant companies received large awards totalling approximately \$91 million. Other decisions were notable for the legal precedents set by the Tribunal: in one case, the Tribunal valued an expropriated service company at its going concern value, taking into account the negative impacts of the Iranian revolution on its business, rather than using the net book value of the

business as advocated by Iran. In a second legally significant decision, the Tribunal held that an order by a local Iranian court prohibiting an Iranian company from making lease payments or returning equipment to the U.S. claimant constituted a taking by the Government of Iran requiring compensation under international law. Both these decisions should prove helpful to other U.S. claimants before the Tribunal.

3. The Tribunal continues to process claims of U.S. nationals against Iran of less than \$250,000 each. Iran has not to date been willing to negotiate a lump sum settlement of these claims. While the Tribunal's progress is slower than we would like, 50 additional claims have been selected by the Tribunal for active arbitration, making the total number of active small claims 170. The Department of State has submitted more than 44,000 pages of text and evidence in support of these claims, and additional pleadings are being filed weekly.

Since my last report, the Tribunal has held seven hearings on claims under \$250,000, and issued awards in three contested claims, raising the total number of such decisions to five, of which four favored the American claimant. These decisions will help in establishing guidelines for the adjudication or settlement of similar small claims. To date, American claimants have also received fifteen awards on agreed terms reflecting settlements.

4. The Department of State continues to coordinate the efforts of concerned governmental agencies in presenting U.S. claims against Iran as well as responses by the U.S. Government to claims brought against it by Iran. Since my last report, the Department has filed pleadings in nine government-to-government claims based on contracts for the provision of goods and services. The Tribunal issued a decision holding the U.S. Atomic Energy Commission liable for simple interest at the rate of 10% per annum on a previously-issued principal award of approximately \$8 million in favor of the Atomic Energy Organization of Iran. The Tribunal dismissed two major claims brought by the Ministry of Defense of Iran against the U.S. Government based on the alleged breach of contract by a U.S. defense contractor, finding that the U.S. Government was not a proper respondent. Forty-two government-to-government claims remain pending.

In addition to work on the government-to-government claims, the Department of State, working together with the Department of the Treasury and the Department of Justice, filed four pleadings in disputes concerning the interpretation and/or performance of various provisions of the Algiers Accords. Since my last report, the Tribunal has held no hearings on interpretive disputes. It did, however, render its decision on Iran's request that different, and more stringent, standards be established by the Full Tribunal for proof of nationality of corporate claimants. Iran had contended that, under earlier decisions by the individual Chambers, some publicly-held corporate claimants had been

permitted to establish their United States nationality through insufficient evidence. The Full Tribunal held that no general rule is required, and that none would be feasible given the widely-varying fact situations in which corporate nationality must be determined. Thus, the individual Chambers can continue to approach each determination flexibly and pragmatically, as urged by the United States.

In August, following Iran's first replenishment of the Security Account, the Tribunal issued its decision on Iran's claim for the balance remaining from the \$3.667 billion transferred in January 1981 to the Federal Reserve Bank of New York, as fiscal agent for the United States, for the payment of Iran's syndicated indebtedness. The Tribunal determined that Iran is entitled to so much of the remaining balance as is not needed to satisfy outstanding claims against the fund, as soon as the two governments reach agreement on three points: 1) the amount of claims remaining against the fund; 2) the amount not needed for any such claims and thus available for transfer to Iran; and 3) the terms of a release of all claims by Iran against the U.S. for administration of the fund. If the two governments are not able to reach such agreement within four months from the date of the order, either government may apply to the Tribunal for further action.

5. Since my last report, two bank syndicates have completed negotiations with Bank Markazi Jomhuri Islami Iran

(Iran's central bank) and have been paid a total of \$252,723. for interest accruing for the period January 1-18, 1981 ("January Interest"). These payments were made from Dollar Account No. at the Bank of England. Negotiations have been completed and payment of \$482,175.27 is pending for January Interest owed to two other bank syndicates, and Bank Markazi and additional bank syndicates are now negotiating January Interest settlements.

6. Since my last report, there has been one change in Iranian Assets Control Regulations. In response to the Tribunal's decision on Iran's claim to any excess monies held by the Federal Reserve Bank of New York over those required to satisfy Iran's syndicated indebtedness, a new regulation has been issued requiring registration of all claims against the fund, all claims against Dollar Account No. 2, and all claims for January Interest (which, as my previous reports have indicated, are arguably payable out of either fund). 51 Fed. Reg. 37568 (Oct. 23, 1981)

7. The on-going claims settlement process created by the Algiers Accords continues to implicate important diplomatic, financial, and legal interests of the United States and its nationals, and presents an unusual challenge to the national security and foreign policy of the United States. In part, the Iranian Assets Control Regulations issued pursuant to Executive Order No. 12170 continue to play an important role in structuring our relationship with Iran and in enabling the United States properly to implement the Algiers Accords. I shall

-7-

continue to exercise the powers at my disposal to deal with these problems and will continue to report periodically to the Congress on significant developments.

/Ronald Reagan/

The White House

November ____, 1986

Continuation of Iran Emergency

Message to the Congress. May 23, 1986

To the Congress of the United States:

Pursuant to Section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. Section 1703(c), I hereby report to the Congress on developments since my last report of November 13, 1985, concerning the national emergency with respect to Iran that was declared in Executive Order No. 12170 of November 14, 1979.

1. The Iran-United States Claims Tribunal, established at The Hague pursuant to the Claims Settlement Agreement of January 19, 1981 (the "Algiers Accords"), continues to make progress in arbitrating the claims before it. Since my last report, the Tribunal has rendered 29 more decisions for a total of 223 final decisions. Of that total, 167 have been awards in favor of American claimants; 110 were awards on agreed terms, authorizing and approving payment of settlements negotiated by the parties, and 57 were adjudicated decisions. As of April 1, 1986, total payments to successful American claimants from the Security Account stood at approximately \$538 million. In cases between the governments, the Tribunal has issued two decisions in favor of each government, dismissed one claim that had been filed by the United States, and dismissed four claims that had been filed by Iran. In addition, Iran has withdrawn fifteen of its government-to-government claims, while the United States has withdrawn three.

2. The Tribunal continues to make progress in the arbitration of claims of U.S. nationals for \$250,000 or more. More than 40 percent of the claims for over \$250,000 have now been disposed of through adjudication, settlement, or voluntary withdrawal, leaving 292 such claims on the docket. In recent decisions that should prove favorable for many American claimants, the Tribunal decided that principles of international law and the Treaty of Amity, Economic Relations and Consular Rights between the United States and Iran require that Iran provide compensation for the full value of expropriated property, regardless of the legality of the act of expropriation. In two major recent awards on agreed terms, two U.S. oil companies settled their claims against Iran for a total of \$115 million. Settlement discussions continue to proceed between numerous American claimants and Iranian respondents.

3. The Tribunal continues to make progress on claims of U.S. nationals against Iran of less than \$250,000 each. While this process is slower than we would like, more than 120 claims are in active arbitration. The Department of State has submitted more than 34,000 pages of text and evidence in support of these claims. Additional pleadings are being filed weekly. The Tribunal held the first hearings on these claims

in December, and the first two decisions—which may provide a basis for more rapid disposition of many other claims—have recently been filed. Iran has not to date been willing to negotiate a lump sum settlement of these claims. Since my last report, another three small claimants (including one whose claims had been scheduled for a hearing) have received awards on agreed terms, bringing the total number of such awards to fifteen.

4. The Department of State continues to coordinate the efforts of concerned governmental agencies in presenting U.S. claims against Iran as well as responses by the U.S. Government to claims brought against it by Iran. Since my last report, the Department has filed pleadings in eight government-to-government claims based on contracts for the provision of goods and services. The Tribunal recently issued a decision holding that the contractual time limitation on the filing of claims under the Foreign Military Sales program is applicable to FMS-based cases at the Tribunal, but leaving unresolved the question of the evidentiary requirements applicable in proving shipment of goods under the contracts.

In addition to work on the government-to-government claims, the Department of State, working together with the Department of the Treasury and the Department of Justice, filed five pleadings in disputes concerning the interpretation and/or performance of various provisions of the Algiers Accords. The Tribunal held two hearings on interpretive disputes. The first dealt with the standard of proof that a corporate claimant must satisfy to establish that it enjoys the requisite U.S. or Iranian nationality for bringing a claim before the Tribunal. The second hearing dealt with the disposition of the balance remaining from the \$3.667 billion transferred in January 1981 to the Federal Reserve Bank of New York, as fiscal agent for the United States, for the payment of Iran's syndicated indebtedness.

5. The "Agreed Clarification on Payment of January Interest out of Dollar Account No. 2," which I mentioned in my previous report, was signed on November 20, 1985, by the Federal Reserve Bank of New York, as fiscal agent of the United States, and by Bank Markazi Jomhuri Islami Iran (Iran's

central bank), acting on behalf of the Government of Iran, its agencies, instrumentalities or controlled entities. This Agreed Clarification allows interest still owing on Iran's syndicated debt for the period January 1-18, 1981 ("January Interest"), to be paid from Dollar Account No. 2 at the Bank of England. Bank Markazi is now in the process of negotiating January Interest settlements with the relevant bank syndicates.

Since my last report, no settlements of nonsyndicated debt claims of U.S. banks against Iran have been paid from Dollar Account No. 2. Thus, among banks responding to a December 1981 *Federal Register* notice requiring the registration of all U.S. banks with claims against Dollar Account No. 2, about 16 banks have yet to settle their claims. In addition, a number of those banks that have already reached settlements with Iran have reserved claims against Dollar Account No. 2. The balance in Dollar Account No. 2 currently exceeds \$625 million, an amount clearly sufficient to satisfy both outstanding nonsyndicated debt claims and the January Interest claims now payable out of this account.

6. There have been no changes in the Iranian Assets Control Regulations since my last report.

7. My last report described a bench ruling issued by the United States Claims Court in a Sperry Corporation challenge to the two-percent administrative fee that had been deducted from Tribunal awards paid to U.S. claimants from the Security Account, pursuant to a Treasury Department directive license to the Federal Reserve Bank of New York. As I reported, Title V of the "Foreign Relations Authorization Act, Fiscal Years 1986 and 1987," Public Law 99-93 (P.L. 99-93), replaced the fee deducted pursuant to this directive license with somewhat lower statutory fees. I noted that, in light of this legislation, it was unlikely that the Claims Court would issue a judgment based on its bench ruling, but that Sperry Corporation, in a continuation of its litigation, was challenging the constitutionality of P.L. 99-93.

Since my last report, the Claims Court has rejected Sperry's challenge to P.L. 99-93, although no judgment has yet been issued. Because P.L. 99-93 was made effective as of the date the Treasury Depart-

ment directive license was issued, June 7, 1982, the Claims Court indicated that it would dismiss as moot Sperry's challenge to the two-percent fee deducted pursuant to the directive license. I also reported that the Treasury Department was in the process of refunding to all affected claimants the difference between the prior two-percent fee and the one-and-one-half-percent fee (one percent on amounts above \$5 million) authorized by P.L. 99-93. This process was completed in December 1985. The refunds totalled approximately \$2.6 million.

8. The claims settlement process created by the Algiers Accords continues to affect important diplomatic, financial, and legal interests of the United States and its nationals, and relations with Iran present an unusual challenge to the national security and foreign policy of the United States. The Iranian Assets Control Regulations issued pursuant to Executive Order No. 12170 continue to play an important role in regulating our relationship with Iran and in enabling the United States properly to implement the Algiers Accords. I shall continue to exercise the powers at my disposal to deal with these problems and will continue to report periodically to the Congress on significant developments.

Ronald Reagan

The White House,
May 23, 1986.

11/14

NATIONAL SECURITY COUNCIL

Spoke to Dan

Mankes in the Executive
Clerks office, who told
me he had asked
Treasury for this report.
Dan asked me to
forward the pkg in
its current format as
his office will redo
the separate letters to
the Speaker of the House
and President of the
Senate.

ST-K.

National Security Council
The White House

Dgr

06 NOV 14 P 6:00

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Package # 8215

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Bob Pearson	<u>1</u>	<u>P</u>	<u>A</u>
Rodney McDaniel	<u>2</u>	<u>[Signature]</u>	
Rodman/Cockell			
Al Keel			
Paul Thompson			
Florence Gantt			
John Poindexter			
Rodney McDaniel			
NSC Secretariat	<u>3</u>	<u>[Signature]</u>	<u>D</u>
Situation Room			

I = Information **A = Action** R = Retain D = Dispatch N = No further Action

cc: VP Regan Buchanan Other [Signature]

COMMENTS Should be seen by: _____
(Date/Time)

RECEIVED 13 NOV 86 20

TO PRESIDENT

FROM BAKER, J

DOCDATE 13 NOV 86

URGENT

KEYWORDS: IRAN

ECONOMICS

CONGRESSIONAL

SUBJECT: RPT TO CONGRESS RE INTL EMERGENCY ECONOMIC POWERS ACT / IRAN / 14 NOV

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ACTION: APPROPRIATE ACTION

DUE: 14 NOV 86 STATUS S FILES WH

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FOR ACTION

FOR CONCURRENCE

FOR INFO

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RODMAN

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Q: How can you explain the basic contradiction in your policy--e.g., on the one hand, urging and pressuring others not to supply arms to the Iranians and at the same time doing so yourself?

PR 016

FG 006-12

A: There are two points here: first, the aim of our arms embargo has been to end the war. We have chosen to make a minor deviation from the arms embargo to serve the very same objective: the objective of finding an honorable end of the war. By developing the dialogue, we have been working to position ourselves as a credible arbiter who would deal with both sides and bring about an end to war. Such an arbiter has been lacking. Even so, as we decided that some provision of military material was required to further the dialogue and establish ourselves as an arbiter, we were determined to provide nothing to alter the balance or to make it easier for Iran to prosecute the war.

That raises the second point. We provided a minimal amount of defensive material and spare parts that could not have even marginally altered the balance or improved the Iranian military position. Very simply, we provided a small token of our seriousness in pursuing the dialogue.

Press Guidance re Iran - Questions & Answers

NSC # 860 8246

Q: Why did you have to use arms to prove your seriousness with your Iranian interlocuters?

A: The decision on arms was a tough one. In the end, we felt it necessary because the Iranians we were dealing with--who were, by the way, under considerable risk--felt this was the currency that would most demonstrate that the American officials genuinely represented the President and were serious about proceeding. We chose to go ahead given the stakes involved, but we calibrated very carefully what we provided both in type and amount.

Q: What can you say to the allies on whom you've leaned so hard to stop the arms flow to Iran?

A: We can say that the embargo still holds and is necessary to make it more difficult for the Iranians to pursue the war. We did nothing to alter this policy or this objective. We served it. Both our effort to staunch the arms flow and our limited sale of defensive arms and spares were designed to build leverage that would increase the prospect for an honorable end to the war. Additionally, the miniscule amount of arms we provided cannot be compared to the flood of arms that have come from elsewhere and that have been central to the Iranian war effort.

Q: What do you say to the moderate Arabs who feel betrayed by your policy?

A: We say that our policy has not changed. We have always recognized the strategic significance of Iran and understood, along with our regional friends, that we have a strong stake in moderating Iranian behavior so that it doesn't export revolution, support terror, and threaten its neighbors. That has guided our efforts. What has also guided our efforts is, of course, our objective of ending the war. The moderate Arabs have consistently come to us and asked us to do all we could to end the war. In taking steps to try to become a credible arbiter, we have been doing precisely that.

Q: What do you have to show for your efforts with the Iranians?

A: First, one cannot underestimate the intrinsic value of the initiation of a dialogue between the U.S. and Iran. Second, we felt that we were making progress on positioning ourselves to become a real arbiter before these efforts became known. Third, we'll have to see what happens now, but we can tell you that in the area of getting Iran to stop its support of terror and hostage taking we think that progress has been made. For example, since the dialogue began, the Iranian government has publicly adopted a position of opposition to terrorism; the Iranians helped

gain the release of the hostages on TWA flight 842 last summer in Beirut; no terror has been directed against us or additional hostages taken by groups associated with the Iranians; the arrest of Mehdi Hashemi signals that those in Iran who favor the use of terror and the export of revolution are being controlled; and, finally, hostages have been returned with the assistance of the Iranians.

Q: Are the Iranians still on the terrorism list?

A: Yes, we've seen some progress and we regard that as encouraging. But we aren't ready to take them off the list.

Q: Did the Israelis play a role in this dialogue?

A: There have been many different countries from different regions that have served or tried to serve as intermediaries. Beyond that, we won't go into specifics on who did or didn't play such a role.

Q: Have you been winking at Israeli arms deliveries or other deliveries during this period of dialogue?

A: No. Our policy of opposing arms shipments has remained firm and been applied with vigor during this period. All of the shipments associated with our dialogue were miniscule and could have been carried on one transport aircraft.

Q: Have you ended your policy of neutrality in the war?

A: No. Our policy was and is that we want an honorable end to the war. No victors, no vanquished. We have attempted to bring about an end to the war and we remain neutral in it.

NATIONAL SECURITY COUNCIL EXECUTIVE SECRETARIAT STAFFING DOCUMENT

TIME STAMP

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SYSTEM LOG NUMBER: 8246

ACTION OFFICER: FOR INFORMATION ONLY DUE: _____

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CONCURRENCES/COMMENTS*

PHONE* to action officer at ext. _____

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COMMENTS

*** FOR RECORD PURPOSES ***

RECEIVED 15 NOV 86 10

TO POINDEXTER

FROM PLATT, N

DOCDATE 14 NOV 86

Q+A

KEYWORDS: IRAN

SUBJECT: ADDL PRESS GUIDANCE RE IRAN /Q+A's

ACTION: FOR RECORD PURPOSES DUE: STATUS C FILES WH

FOR ACTION

FOR CONCURRENCE

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THE DEPUTY SECRETARY OF STATE
WASHINGTON

CJ

November 25, 1986

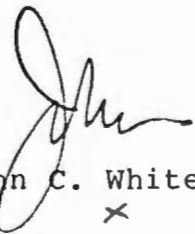
McBry

MEMORANDUM FOR: THE PRESIDENT

Dear Mr. President:

I am distressed that some of the reporting of my three-hour testimony yesterday before the House Foreign Affairs Committee indicated disagreement with your policies. Please know that this is not the case. A review of the record, taken as a whole, would indicate, I think, that I am strongly supportive. Unfortunately, I'm finding that the media picks and chooses whatever bits and pieces they can find to suit their purposes.

I will continue to do everything I can to get this situation behind us and move on with a positive program. Although a bit bloodied, I am still proud to be part of your team.



John C. Whitehead
x

LETTER WAS HAND-CARRIED BY SECURANTS TO ROSEBORNE

THE WHITE HOUSE
WASHINGTON

445176
4620
C0071
PM

x
Mr. John Chamberlain
C/O King Features Syndicate
235 East 45th Street
New York, N.Y. 10017

Dec 1, 1956

THE WHITE HOUSE

Dear John:

Excellent column - as usual. Will
pan it in to the Press - who needs to
hear a friendly voice

Best,
Pat

Re Fran

Dear Pat:

I wish you'd see this to your
boss. Some of his friends have treated
him shamefully.

Yours
J. C. Chankalen

THE WHITE HOUSE

WASHINGTON

December 1, 1986

MEMORANDUM FOR THE PRESIDENT

FROM: PAT BUCHANAN 

A friendly voice in the press -- with an historic comparison that seems more valid.

MEMORANDUM TO THE PRESIDENT

From Pat Buchanan

A friendly voice in the press---with an historic comparison
that seems more valid.

Tuesday, Nov. 25, '86

Waterbury Republican



John Chamberlain

President Reagan is in real trouble, particularly with good friends such as Bill Buckley and George Will, for his dealings, through third party Israel, with unspecified elements in Iran. But before condemning Reagan outright there should be some soul-searching about the aims and hopes of the president. If these aims and hopes have any chance of realization they should at least be accorded some measure of understanding.

A good way to begin would be to recognize that nothing need go in a straight line in diplomacy. In hoping that a few shipments of arms to Iran would, as a by-product, lead to the release of hostages in addition to buying favor with whatever group may succeed the Ayatollah Khomeini, Reagan could be guilty of self-deception.

But he had the Nixon-Kissinger courting of Red China's Mao Tse-tung and Chou En-lai to tell him that new shadings of policy sometimes click. Our dealings with Mao's successors have not betrayed Taiwan, nor are they likely to. But even in the event that Reagan has made a bad mistake about Iran he is under no compulsion to trade for future hostages if Khomeini continues to support terrorism. As for the shipments to Iran, they could easily be balanced with corresponding shipments to Baghdad.

Although a good case can be made that Reagan has given nothing important away, it still doesn't erase the uncomfortable feeling that the White House has behaved in a duplicitous manner toward American citizens. But what is Reagan to do when premature publicity threatens to ruin his plans?

There should be "advice and consent" in the making of foreign policy, but the president must be given some

WATERBURY



of timing. Foreign policy is not only his to make but his to change.

If there is no possibility that Khomeini might be softened up, then why were the hostages Rev. Benjamin Weir, Rev. Lawrence Jenco and David Jacobson released after the Israeli arms transfers? Reagan was getting somewhere. He has a right to be angered by the threat of a congressional investigation of our Iran policy — or policies — that would only make the release of hostages more difficult.

If Sen. Robert Byrd, who will be majority leader in the new Congress, thinks Reagan has been guilty of illegal deception, he might do some brushing up on history. What Reagan has done in the matter of straying

is as nothing when compared to Franklin Roosevelt's record in secretly undercutting the Neutrality Act of 1939, a bill that was passed with a provision that it did not authorize the convoying of American ships in a combat zone.

When the destroyers Greer and Kearny were hit by German submarines, President Roosevelt told the nation that the Germans had fired first. The true story was that the American ships had been trailing submarines and reporting their positions to the British. The Kearny had dropped depth bombs when on illegal convoy duty. And when Soviet Russia agreed to accept the provisions of the Atlantic Charter, it was with the secret understanding that the com-

they had gained through the Nazi-Soviet Pact. This was only discovered by the public after Yalta.

It was an impeachable matter when Roosevelt persisted in going beyond legislated neutrality in the Atlantic, but there are few people today who would not forgive him for helping to corner the Bismarck.

If things are to break right for Reagan in the Iranian matter, as they presumably broke for Nixon in China, he will be forgiven what has been described as his fibs about the linkage between the armament parts shipments and the hostage releases.

John Chamberlain of Cheshire

Notes

THE WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

CO 071

*John - for
has
card list*

INCOMING

DATE RECEIVED: NOVEMBER 17, 1986

NAME OF CORRESPONDENT: THE HONORABLE ROBERT CHURCH

SUBJECT: WRITES IN SUPPORT OF THE ACTIONS IN IRAN

ROUTE TO: OFFICE/AGENCY	(STAFF NAME)	ACTION		DISPOSITION		
		ACT CODE	DATE YY/MM/DD	TYPE RESP	C D	COMPLETED YY/MM/DD
CRISTY BACH		ORG	86/11/17	NANC		86/11/18 TR
HGA COHIGG		A	86/11/19	TR		C 87/10/86
REFERRAL NOTE:			/ /			/ /
REFERRAL NOTE:			/ /			/ /
REFERRAL NOTE:			/ /			/ /
REFERRAL NOTE:			/ /			/ /

COMMENTS: FORMER WESTCHESTER COUNTY SUPERVISOR

Incoming not returned for filing

ADDITIONAL CORRESPONDENTS: MEDIA:T INDIVIDUAL CODES: 2301

IA MAIL USER CODES: (A) (B) (C)

W

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*ACTION CODES:          *DISPOSITION          *OUTGOING          *
*                       *                       *CORRESPONDENCE:  *
*A-APPROPRIATE ACTION  *A-ANSWERED          *TYPE RESP=INITIALS *
*C-COMMENT/RECOM       *B-NON-SPEC-REFERRAL *                       OF SIGNER *
*D-DRAFT RESPONSE     *C-COMPLETED        *                       CODE = A *
*F-FURNISH FACT SHEET *S-SUSPENDED        *COMPLETED = DATE OF *
*I-INFO COPY/NO ACT NEC *                       *                       OUTGOING *
*R-DIRECT REPLY W/COPY *                       *                       *
*S-FOR-SIGNATURE      *                       *                       *
*X-INTERIM REPLY      *                       *                       *
*****

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REFER QUESTIONS AND ROUTING UPDATES TO CENTRAL REFERENCE
(ROOM 75, OEOB) EXT-2590
KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING
LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS
MANAGEMENT.

THE WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

CO 071

INCOMING

8636375

DATE RECEIVED: NOVEMBER 18, 1986

NAME OF CORRESPONDENT: MAJOR GENERAL ARTHUR B. HANSON

SUBJECT: WRITES ABOUT THE "BY-PLAY" CONCERNING IRAN
AND SUGGESTS THAT IT IS IMPORTANT TO HAVE
PEOPLE ON THE STAFF WHO UNDERSTAND THE MIDDLE
EAST MENTALITY

ROUTE TO: OFFICE/AGENCY (STAFF NAME)	ACTION		DISPOSITION	
	ACT CODE	DATE YY/MM/DD	TYPE RESP	C COMPLETED D YY/MM/DD
RICHARD RILEY	ORG	86/11/18		C 86/11/18 ^{TR}
REFERRAL NOTE: NSMCD A	R	86/11/20	TR	C 86/11/21 AB
REFERRAL NOTE: 99 DOS	R	86/11/25	AB	A 86/12/02
REFERRAL NOTE:		/ /		/ / ^{AB}
REFERRAL NOTE:		/ /		/ /

COMMENTS:

State

ADDITIONAL CORRESPONDENTS: MEDIA:L INDIVIDUAL CODES: _____

MI MAIL USER CODES: (A) _____ (B) _____ (C) _____

*ACTION CODES:	*DISPOSITION	*OUTGOING	*
*	*	*CORRESPONDENCE:	*
*A-APPROPRIATE ACTION	*A-ANSWERED	*TYPE RESP=INITIALS	*
*C-COMMENT/RECOM	*B-NON-SPEC-REFERRAL	* OF SIGNER	*
*D-DRAFT RESPONSE	*C-COMPLETED	* CODE = A	*
*F-FURNISH FACT SHEET	*S-SUSPENDED	*COMPLETED = DATE OF	*
I-INFO COPY/NO ACT NEC		* OUTGOING	*
*R-DIRECT REPLY W/COPY *			*
*S-FOR-SIGNATURE *			*
*X-INTERIM REPLY *			*

REFER QUESTIONS AND ROUTING UPDATES TO CENTRAL REFERENCE
(ROOM 75,OEOP) EXT-2590
KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING
LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS
MANAGEMENT.

(CLASSIFICATION)

DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT
TRANSMITTAL FORM

s/s 8636375
Date December 3, 1986

For: Dr. Alton G. Keel, Jr.
National Security Council
The White House

Reference:

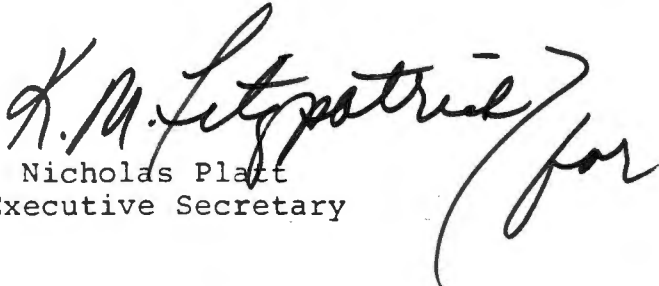
To: President Reagan From: Major Gen. Arthur B. Hanson
USMCR (RET.)
Date: Nov. 14, 1986 Subject: "By-play" re Iran and staff who
understand Middle East mentality
WH Referral Dated: 445381 NSC ID#

 The attached item was sent directly to the
Department of State.

Action Taken:

- A draft reply is attached.
 A draft reply will be forwarded.
 A translation is attached.
 X An information copy of a direct reply is attached.
 We believe no response is necessary for the reason
cited below.
 The Department of State has no objection to the
proposed travel.
 Other.

Remarks:


Nicholas Platt
Executive Secretary

(CLASSIFICATION)



United States Department of State

Washington, D.C. 20520

December 2, 1986

Maj. General Arthur B. Hanson
USMCR (Ret.)
Hanson, O'Brien, Birney and Butler
888 Seventeenth St., NW
Washington, D.C. 20006

Dear General Hanson:

Your letter of 14 November to the President was greatly appreciated, and all the more interesting because your own experience with the Middle East goes back so far. Despite the passage of time, we find ourselves dealing with many of the same problems that existed when you prepared your paper in 1952.

I am in absolute agreement with your emphasis on selecting staff people who have experience in the Middle East. My colleagues share a fascination for the area which goes far beyond current politics. The disclosures of the past few weeks clearly illustrate how vital the region is to American interests, and how important it is that we continue efforts at improving our position there.

Sincerely yours,

A handwritten signature in cursive script that reads "A. Peter Burleigh".

A. Peter Burleigh
Director
Office of Northern Gulf Affairs

8636375

T H E W H I T E H O U S E O F F I C E

REFERRAL

NOVEMBER 25, 1986

TO: DEPARTMENT OF STATE

ACTION REQUESTED:

DIRECT REPLY, FURNISH INFO COPY

DESCRIPTION OF INCOMING:

ID: 445381

MEDIA: LETTER, DATED NOVEMBER 14, 1986

TO: PRESIDENT REAGAN

FROM: MAJOR GENERAL ARTHUR B. HANSON
USMCR (RET.)
HANSON, O'BRIEN, BIRNEY AND BUTLER
888 SEVENTEENTH STREET, N.W.
WASHINGTON DC 20006

SUBJECT: WRITES ABOUT THE "BY-PLAY" CONCERNING IRAN
AND SUGGESTS THAT IT IS IMPORTANT TO HAVE
PEOPLE ON THE STAFF WHO UNDERSTAND THE MIDDLE
EAST MENTALITY

PROMPT ACTION IS ESSENTIAL -- IF REQUIRED ACTION HAS NOT BEEN
TAKEN WITHIN 9 WORKING DAYS OF RECEIPT, PLEASE TELEPHONE THE
UNDERSIGNED AT 456-7486.

RETURN CORRESPONDENCE, WORKSHEET AND COPY OF RESPONSE
(OR DRAFT) TO:
AGENCY LIAISON, ROOM 91, THE WHITE HOUSE, 20500

SALLY KELLEY
DIRECTOR OF AGENCY LIAISON
PRESIDENTIAL CORRESPONDENCE

8
Military Office

445381
8636375

LAW OFFICES
HANSON, O'BRIEN, BIRNEY AND BUTLER

ARTHUR B. HANSON * +
PAUL L. O'BRIEN
ARTHUR A. BIRNEY
WILLIAM J. BUTLER, JR. +
MICHAEL H. McCONIHE *
JEROME C. SCHAEFER *
WILLIAM L. FALLON *
ALEXANDER W. WHITAKER
ARTHUR D. McKEY
GREGORY P. SCHERMER +
STEVEN P. BENSON
VIRGINIA B. SANAIE +

888 SEVENTEENTH STREET, N. W.
WASHINGTON, D. C. 20006

TELEPHONE (202) 298-6161

MARYLAND OFFICE
SUITE 1202
51 MONROE STREET
ROCKVILLE, MARYLAND 20850
TELEPHONE (301) 340-6415

ELISHA HANSON (1888-1962)

TELECOPIER (202) 293-1640
CABLE ADDRESS: HANSON
INTERNATIONAL TELEX 440521

OF COUNSEL
BALA S. NADARAJAH

November 14, 1986

* ADMITTED TO PRACTICE IN MARYLAND
+ ADMITTED TO PRACTICE IN VIRGINIA

President
White House
1600 Pennsylvania Avenue, N. W.
Washington, D. C. 20050

Dear Mr. President:

I obviously have been interested in the by-play concerning Iran this past week.


I would suggest that you have Messrs. Regan, Poindexter and McFarlane review a study that I authored at the Naval War College in 1952 at the Global Strategy School. I was a young Marine Lieutenant Colonel then, but was the Secretary to a Committee "whose report won the Bible". We devoted the burden of our study to Iran, Iraq and the other Persian Gulf countries such as Dubai, Abu Dhabi, Bahrain, Saudia Arabia and Kuwait. We went into the Middle Eastern oil picture in detail and strangely enough our predictions as to what the Arabians would do to the Western world and the timing thereof, joined with their Iranaian, Pakistania and Iraqi friends has proven too true.

We also pointed out the absolute necessity for preventing "Mother" Russia from becoming the dominant force in the Persian Gulf area else our strategic interests would be destroyed om that area for the foreseeable future.

I congratulate you on the efforts you are making to ease the burden, after the Ayatollah goes to his reward, which could not come too soon for the good of the world. Had the Shah been half as bad as he was made out to be, The Ayatollah would have seen his end in Paris, France, years ago.

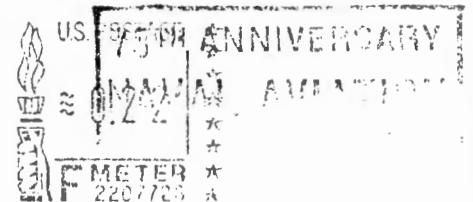
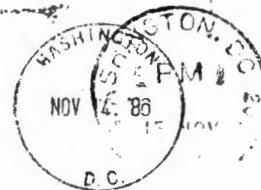
I do think it important that you have people on your staff who understand the Middle Eastern mentality. It is different from the West. That doesn't mean better or worse, but it is different.

Again, I wish you and Mrs. Reagan the best. Keep up the fight. There are more in this country that think highly of you than contrawise.

Respectfully,

Arthur B. Hanson
Major General, USMCR (Ret.)

ABH/rs

LAW OFFICES
HANSON, O'BRIEN, BIRNEY AND BUTLER
888 SEVENTEENTH STREET, N. W.
WASHINGTON, D. C. 20006



President
White House
1600 Pennsylvania Avenue, N. W.
Washington, D. C. 20050

THE WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

CO 071

8636101

INCOMING

DATE RECEIVED: NOVEMBER 18, 1986

NAME OF CORRESPONDENT: DR. MUSA AL-MOUSAWI

SUBJECT: WRITES IN OPPOSITION TO THE RECENT ARMS
NEGOTIATIONS WITH IRAN

ROUTE TO: OFFICE/AGENCY	(STAFF NAME)	ACTION		DISPOSITION	
		ACT CODE	DATE YY/MM/DD	TYPE RESP	C D COMPLETED YY/MM/DD
FINAS KOJELIS		ORG	86/11/18	C	86/11/19 TR
99 DOS	REFERRAL NOTE: _____	R	20/11/20 TR	a	86/12/29 AB
	REFERRAL NOTE: _____		/ /		/ /
	REFERRAL NOTE: _____		/ /		/ /
	REFERRAL NOTE: _____		/ /		/ /
	REFERRAL NOTE: _____		/ /		/ /

COMMENTS: _____

ADDITIONAL CORRESPONDENTS: MEDIA:L INDIVIDUAL CODES: _____

PL MAIL USER CODES: (A) _____ (B) _____ (C) _____

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*ACTION CODES:          *DISPOSITION                *OUTGOING
*                       *                       *CORRESPONDENCE:
*A-APPROPRIATE ACTION  *A-ANSWERED                *TYPE RESP=INITIALS
*C-COMMENT/RECOM       *B-NON-SPEC-REFERRAL      *                       OF SIGNER
*D-DRAFT RESPONSE      *C-COMPLETED              *                       CODE = A
*F-FURNISH FACT SHEET  *S-SUSPENDED              *COMPLETED = DATE OF
*I-INFO COPY/NO ACT NEC*                       *                       OUTGOING
*R-DIRECT REPLY W/COPY *                       *
*S-FOR-SIGNATURE       *                       *
*X-INTERIM REPLY       *                       *
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REFER QUESTIONS AND ROUTING UPDATES TO CENTRAL REFERENCE
(ROOM 75, OEOB) EXT-2590
KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING
LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS
MANAGEMENT.

UNCLASSIFIED
(CLASSIFICATION)

S/S # 8636101

DATE: December 29,
1986

DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT
TRANSMITTAL FORM

FOR: Dr. Alton G. Keel, Jr.
National Security Council
The White House

REFERENCE:

TO: President Reagan FROM: Dr. Musa Al-Mousawi
DATE: November 11, 1986 SUBJECT: Opposes U.S. - Iran
Initiative

WHITE HOUSE REFERRAL DATED: November 21, 1986 NSC# 445405

THE ATTACHED ITEM WAS SENT DIRECTLY
_____ TO THE DEPARTMENT OF STATE

ACTION TAKEN:

- _____ A draft reply is attached
_____ A draft reply will be forwarded
_____ A translation is attached
XXXXX An information copy of a direct reply is attached
_____ We believe no response is necessary for the reason
cited below
_____ Other

REMARKS:

Richard G. Godfrey
for Nicholas Platt
Executive Secretary

UNCLASSIFIED
(CLASSIFICATION)



United States Department of State

Washington, D.C. 20520

Dr. Musa Al-Mousawi, President
The High Islamic Council of the
Americas
Suite 1918
10880 Wilshire Boulevard
Los Angeles, California 90024

Dear Dr. Al-Mousawi:

I am replying to your message to President Reagan concerning the transfer of U.S. arms to Iran.

The United States engaged in an effort to establish contacts with certain groups within the Iranian leadership to explore the possibility of forging a new and better relationship. This was done in order to encourage negotiations to end the war in the Gulf, prevent Soviet expansionism, end Iranian support for international terrorism, and effect the safe return of all hostages from Lebanon.

At a certain point, the U.S. Government was requested to furnish military materiel to Iran as a demonstration of our good faith and the seriousness with which we viewed contact with Iran. The President authorized shipment of a limited quantity of defensive arms to Iran after examining the issue. He realized the risks involved in giving this positive signal to Iran. However, the initiative did not have the outcome that was hoped for, in spite of the soundness of our goals.

Current American policy toward Iran has been clearly stated by Secretary Shultz. In testimony before the House Foreign Affairs Committee on December 8, he said:

"No further arms shipment will be made to Iran by the United States, and we will exert all our influence to discourage arms sales to Iran by others. The reason is that it is Iran which refuses to end the Gulf War, and it is the capability of Iran to continue the war that we must address. Iran cannot expect a better relationship with us until it acts to end the war, ceases its support for terrorism, and uses its influence with those who hold our hostages to achieve their freedom."

I am sending the enclosed material in the belief that you will find it of interest.

Sincerely yours,

George B. High
Senior Deputy Assistant
Secretary for Public Affairs

Enclosure.

8636101

T H E W H I T E H O U S E O F F I C E

REFERRAL

NOVEMBER 21, 1986

TO: DEPARTMENT OF STATE

ACTION REQUESTED:

DIRECT REPLY, FURNISH INFO COPY

DESCRIPTION OF INCOMING:

ID: 445405

MEDIA: LETTER, DATED NOVEMBER 11, 1986

TO: PRESIDENT REAGAN

FROM: DR. MUSA AL-MOUSAWI
PRESIDENT
THE HIGH ISLAMIC COUNCIL OF THE
AMERICAS
SUITE 1918
10880 WILSHIRE BOULEVARD
LOS ANGELES CA 90024

SUBJECT: WRITES IN OPPOSITION TO THE RECENT ARMS
NEGOTIATIONS WITH IRAN

PROMPT ACTION IS ESSENTIAL -- IF REQUIRED ACTION HAS NOT BEEN
TAKEN WITHIN 9 WORKING DAYS OF RECEIPT, PLEASE TELEPHONE THE
UNDERSIGNED AT 456-7486.

RETURN CORRESPONDENCE, WORKSHEET AND COPY OF RESPONSE
(OR DRAFT) TO:
AGENCY LIAISON, ROOM 91, THE WHITE HOUSE, 20500

SALLY KELLEY
DIRECTOR OF AGENCY LIAISON
PRESIDENTIAL CORRESPONDENCE

8

445405

المجلس الإسلامي الأعلى في أمريكا

THE HIGH ISLAMIC COUNCIL OF THE AMERICAS

8636101

h. Kopehs

November 11, 1986
The President Of United States of America,
White House,
Washington ,D.C.

Mr. President Ronald Regan,

Indeed your cooperation for the armament of the Khomainsi Terrorist Regime in Iran, has been proven to millions of moslems around the world, that you and your advisers would sacrifie the lives of thousands of moslems in order to free few hostages.

However, it seems that it has taken your mind away from the fact, that international terrorist organizations have learned that the road to American arms and money is through taking hostages, therefor you have put the lives of thousands of American who live abroad under the mercy of terrorist and criminals consequently, this new lesson is going to cost high inestimateble price which will not be forgotten by history.

May God guid you Mr. President to the righteous path.

Musa Al Mousawi

Dr. Musa Al-Mousawi,
Former Iranian Congressman,
President Of The High Islamic Council of The Americas.

THE WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

ID# 445477

CO 071

INCOMING

DATE RECEIVED: NOVEMBER 19, 1986

NAME OF CORRESPONDENT: THE HONORABLE TED STEVENS

SUBJECT: WRITES IN SUPPORT OF THE IRAN POLICY AND
ENCLOSES COPY OF AN ARTICLE IN THE ANCHORAGE
DAILY NEWS OUTLINING HIS SUPPORT

ROUTE TO: OFFICE/AGENCY	(STAFF NAME)	ACTION		DISPOSITION	
		ACT CODE	DATE YY/MM/DD	TYPE RESP	C COMPLETED D YY/MM/DD
WILLIAM BALL		ORG	86/11/19	CP3	AS86/12/17 AB
	REFERRAL NOTE:		/ /		/ /
	REFERRAL NOTE:		/ /		/ /
	REFERRAL NOTE:		/ /		/ /
	REFERRAL NOTE:		/ /		/ /
	REFERRAL NOTE:		/ /		/ /

COMMENTS: 445477SS **WS**

ADDITIONAL CORRESPONDENTS: MEDIA:L INDIVIDUAL CODES: 1220
MAIL USER CODES: (A) (B) (C)

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*ACTION CODES:          *DISPOSITION          *OUTGOING          *
*                       *                       *CORRESPONDENCE:  *
*A-APPROPRIATE ACTION  *A-ANSWERED          *TYPE RESP=INITIALS *
*C-COMMENT/RECOM       *B-NON-SPEC-REFERRAL *                       OF SIGNER *
*D-DRAFT RESPONSE      *C-COMPLETED        *                       CODE = A *
*F-FURNISH FACT SHEET  *S-SUSPENDED        *COMPLETED = DATE OF *
*I-INFO COPY/NO ACT NEC*                       *                       OUTGOING *
*R-DIRECT REPLY W/COPY *                       *                       *
*S-FOR-SIGNATURE       *                       *                       *
*X-INTERIM REPLY       *                       *                       *
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REFER QUESTIONS AND ROUTING UPDATES TO CENTRAL REFERENCE
(ROOM 75, OEOB) EXT-2590
KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING
LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS
MANAGEMENT.

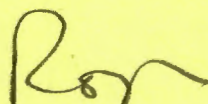
12/17/86

Dear Ted:

Your letter in support of my diplomatic initiative with Iran was thoughtful and very much appreciated. I am pleased that I can count on you to promote America's longstanding goals in the region: to preserve Iran's independence from Soviet domination; to bring an honorable end to the bloody Iran-Iraq war; and to halt the export of subversion and terrorism in the region.

Ted, thank you for your continued support, particularly now during these stormy times. It is heartening to hear a word of encouragement when so many seem to offer only criticism. You have long been a trusted ally and valued friend. I am deeply grateful for your note.

Sincerely,



The Honorable Ted Stevens
United States Senate
Washington, D.C. 20510

RWR:WLB:KRJ:

861217

The President has seen 11/9

THE WHITE HOUSE
WASHINGTON

DEC - 8 1986 4: 11

December 8, 1986

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM L. BALL, III

SUBJECT: Senator Stevens' Personal Letter

In the attached letter, Senator Stevens lets you know that he supports your diplomatic initiative with Iran. The Senator also enclosed an article from the Anchorage Daily News, in which he publicly states that criticism of your policy in Iran is unwarranted.

A short note of thanks from you to the Senator has been prepared. The Counsel's office and the National Security Council have approved your response.

6
TED STEVENS
ALASKA

445477



WB
UNITED STATES SENATE
WASHINGTON, D. C. 20510

November 18, 1986

The President
The White House
Washington, D.C. 20500

Dear Mr. *Row* President:

You had every right to try to establish a "back channel" into Iran. That Iraq-Iran war is the tinderbox of the world.

Don't let timid souls, however well meaning, deter you from daring to do what is right for our nation and the world.

Respectfully,

Ted Stevens
TED STEVENS

Enclosure

THE WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

CO 071

INCOMING

DATE RECEIVED: NOVEMBER 20, 1986

NAME OF CORRESPONDENT: MAJOR GENERAL KENNETH STILES

SUBJECT: WRITES IN SUPPORT OF THE SITUATION WITH
IRAN

ROUTE TO: OFFICE/AGENCY	(STAFF NAME)	ACTION		DISPOSITION	
		ACT CODE	DATE YY/MM/DD	TYPE RESP	C COMPLETED D YY/MM/DD
RICHARD RILEY		ORG	86/11/20		
	REFERRAL NOTE:				
	REFERRAL NOTE:				
	REFERRAL NOTE:				
	REFERRAL NOTE:				
	REFERRAL NOTE:				

99505

C 86/11/21 AB

R 86/11/25 AB

A 86/12/23 AB

COMMENTS: ALSO SIGNED BY MRS. STILES

not DOD

ADDITIONAL CORRESPONDENTS: MEDIA:L INDIVIDUAL CODES:

MI MAIL USER CODES: (A) (B) (C)

*ACTION CODES:	*DISPOSITION	*OUTGOING	*
*	*	*CORRESPONDENCE:	*
*A-APPROPRIATE ACTION	*A-ANSWERED	*TYPE RESP=INITIALS	*
*C-COMMENT/RECOM	*B-NON-SPEC-REFERRAL	OF SIGNER	*
*D-DRAFT RESPONSE	*C-COMPLETED	CODE = A	*
*F-FURNISH FACT SHEET	*S-SUSPENDED	*COMPLETED = DATE OF	*
I-INFO COPY/NO ACT NEC		OUTGOING	*
*R-DIRECT REPLY W/COPY			*
*S-FOR-SIGNATURE			*
*X-INTERIM REPLY			*

REFER QUESTIONS AND ROUTING UPDATES TO CENTRAL REFERENCE
(ROOM 75,OEOR) EXT-2590
KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING
LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS
MANAGEMENT.

UNCLASSIFIED
(CLASSIFICATION)

S/S # 8636502

DATE: December 23.
1986

DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT
TRANSMITTAL FORM

FOR: Dr. Alton G. Keel, Jr.
National Security Council
The White House

REFERENCE:

TO: President Reagan FROM: Major General Kenneth Stiles
DATE: November 18, 1986 SUBJECT: Supports U.S. Iran
Initiative

WHITE HOUSE REFERRAL DATED: November 25, 1986 NSC# 445572

THE ATTACHED ITEM WAS SENT DIRECTLY
TO THE DEPARTMENT OF STATE

ACTION TAKEN:

- A draft reply is attached
 A draft reply will be forwarded
 A translation is attached
XXXXX An information copy of a direct reply is attached
 We believe no response is necessary for the reason
 cited below
 Other

REMARKS:

for India Sarles
Nicholas Platt
Executive Secretary

UNCLASSIFIED
(CLASSIFICATION)

8636502

T H E W H I T E H O U S E O F F I C E

REFERRAL

NOVEMBER 25, 1986

TO: DEPARTMENT OF STATE

ACTION REQUESTED:

DIRECT REPLY, FURNISH INFO COPY

DESCRIPTION OF INCOMING:

ID: 445572

MEDIA: LETTER, DATED NOVEMBER 18, 1986

TO: PRESIDENT REAGAN

FROM: MAJOR GENERAL KENNETH STILES
U.S. AIR FORCE RESERVE RETIRED
328 NORTH OCEAN BOULEVARD
POMPANO BEACH FL 33062

SUBJECT: WRITES IN SUPPORT OF THE SITUATION WITH
IRAN

PROMPT ACTION IS ESSENTIAL -- IF REQUIRED ACTION HAS NOT BEEN
TAKEN WITHIN 9 WORKING DAYS OF RECEIPT, PLEASE TELEPHONE THE
UNDERSIGNED AT 456-7486.

RETURN CORRESPONDENCE, WORKSHEET AND COPY OF RESPONSE
(OR DRAFT) TO:
AGENCY LIAISON, ROOM 91, THE WHITE HOUSE, 20500

SALLY KELLEY
DIRECTOR OF AGENCY LIAISON
PRESIDENTIAL CORRESPONDENCE



United States Department of State

Washington, D.C. 20520

Major General Kenneth Stiles
U.S. Air Force Reserve Retired
328 North Ocean Boulevard
Pompano Beach, Florida 33062

Dear General Stiles:

Thank you for your message to President Reagan concerning the transfer of U.S. arms to Iran. We appreciate having the opportunity to review your comments.

As President Reagan has explained, the Persian Gulf region is important to the United States, and to many of our allies as well, for a variety of strategic, economic, and political reasons. A quarter of the free world's oil flows through the Persian Gulf, and it is vital that Western access to that oil continues. The region is also a strategic focal point for the Soviet Union. The Soviets have long sought to expand their presence and control in the area, and the United States has an important stake in denying the Soviets the opportunity for such an expansion. The long, destructive war between Iran and Iraq also threatens the stability of the area.

In view of these conditions, the United States engaged in an effort to establish contacts with certain groups within the Iranian leadership to explore the possibility of forging a new and better relationship. This was done in order to encourage negotiations to end the war in the Gulf, prevent Soviet expansionism, end Iranian support for international terrorism, and effect the safe return of all hostages from Lebanon.

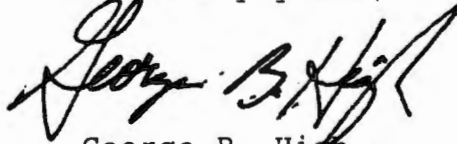
At a certain point, the U.S. Government was requested to furnish military materiel to Iran as a demonstration of our good faith and the seriousness with which we viewed contact with Iran. The President authorized shipment of a limited quantity of defensive arms to Iran after examining the issue. He realized the risks involved in giving this positive signal to Iran. However, the initiative did not have the outcome that was hoped for, in spite of the soundness of our goals.

Current American policy toward Iran has been clearly stated by Secretary Shultz. In testimony before the House Foreign Affairs Committee on December 8, he said:

"No further arms shipment will be made to Iran by the United States, and we will exert all our influence to discourage arms sales to Iran by others. The reason is that it is Iran which refuses to end the Gulf War, and it is the capability of Iran to continue the war that we must address. Iran cannot expect a better relationship with us until it acts to end the war, ceases its support for terrorism, and uses its influence with those who hold our hostages to achieve their freedom."

I am sending the enclosed material in the belief that you will find it of interest.

Sincerely yours,

A handwritten signature in black ink, appearing to read "George B. High". The signature is stylized and cursive.

George B. High
Senior Deputy Assistant
Secretary for Public Affairs

Enclosure.

445572

MAJOR GENERAL KENNETH STILES
UNITED STATES AIR FORCE RESERVE RETIRED
328 NORTH OCEAN BLVD. - POMPANO BEACH, FLORIDA 33062
NOV. THRU APR. (305) 781-5563 - MAY THRU OCT. (603) 353-4879

m office

Nov 18, 1986

THE PRESIDENT OF THE UNITED STATES
THE WHITE HOUSE
WASHINGTON, D.C.

DEAR MR. PRESIDENT:

I AGREE WITH THE CONTACTS YOU MADE WITH IRAN - IT WAS DESIREABLE TO ESTABLISH SOME LINES OF COMMUNICATION WITH LEADERS THERE IN LIGHT OF PAST AND PRESENT DESIGNS OF RUSSIA IN THE AREA.

AFTER WORLD WAR II, RUSSIA OCCUPIED THE PROVINCES OF AZERBAIJAN AND ONLY LEFT AFTER PRESSURE FROM US - AND THE U.N. (MAY 1946)

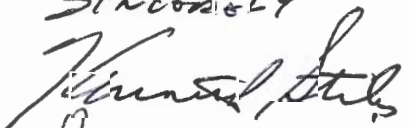
LATER WE HAD A COMMUNIST ^{STATE} LEADER OF IRAN IN PREMIER MUSSADEGH WHO FOLLOWED A NATIONALIZATION POLICY UNTIL FORCED FROM OFFICE. (AUG 1953)

THE IMPORTANCE OF IRAN STRATEGICALLY CANNOT BE STRESSED TOO HIGHLY -

THE MEDIA GAVE YOU A "BUM RAP" IN HIGHLIGHTING ONLY THE IMMEDIATE SITUATION OF A SO-CALLED TRIBE OF DRUGS FOR HOSTAGES - AND IGNORED THE POTENTIAL EFFECTS OF A RUSSIAN DOMINATED IRAN -

I APPRECIATE YOUR LEADERSHIP -

SINCERELY



I agree - Jeane H. Stiles