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*Last Updated: 11/08/2023*

## WHITE HOUSE STAFFING MEMORANDUM

DATE: 12/5/86 ACTION/CONCURRENCE/COMMENT DUE BY: 10:00 a.m. 12/8/86

SUBJECT: TALKING POINTS ON IRAN/CONTRA AFFAIR

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MILLER - ADMIN.	<input type="checkbox"/>	<input type="checkbox"/>
REGAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	POINDEXTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
MILLER - OMB	<input type="checkbox"/>	<input type="checkbox"/>	RYAN	<input type="checkbox"/>	<input type="checkbox"/>
BALL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SPEAKES	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BARBOUR	<input type="checkbox"/>	<input type="checkbox"/>	SPRINKEL	<input type="checkbox"/>	<input type="checkbox"/>
BUCHANAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SVAHN	<input type="checkbox"/>	<input type="checkbox"/>
CHEW	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	THOMAS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DANIELS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	TUTTLE	<input type="checkbox"/>	<input type="checkbox"/>
HENKEL	<input type="checkbox"/>	<input type="checkbox"/>	WALLISON	<input checked="" type="checkbox"/>	<input type="checkbox"/>
KING	<input type="checkbox"/>	<input type="checkbox"/>	GIBSON	<input type="checkbox"/>	<input checked="" type="checkbox"/>
KINGON	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
MASENG	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS: Please provide your comments on the attached directly to Tom Gibson by 10:00 Monday morning, December 8th, with an info copy to my office. Thank you.

RESPONSE:

David L. Chew  
Staff Secretary  
Ext. 2702

THE WHITE HOUSE  
WASHINGTON

**DRAFT**

Iran/Contra Affair -- Executive Summary

- o For six years, the American people have supported the President and have welcomed his leadership.
- o No one has challenged the President's motives in the Iran initiative. The President, as leader, took risks commensurate with possible returns.

Contra Connection

- o Upon learning of excess funds to Contras, the President categorically stated that he had not been informed of the initiative.
- o The President wants all the facts out and has moved with unprecedented speed to organize an investigative effort:
  - 1st -- Ordered an Attorney General review;
  - 2nd -- By Executive Order, created a distinguished bipartisan panel (Tower Commission) to review the management and administration of the NSC;
  - 3rd -- Called for the appointment of a Independent Counsel to look into violations of the law;
  - 4th -- Encouraged Congress to work efficiently and expeditiously in conducting their own investigation
- o The President has already taken personnel steps within the NSC. Frank Carlucci was appointed as the new head of the NSC and has the authority to make necessary changes.
- o Additional information on the Iran/Contra Affair will certainly come to light. It is the purpose of the investigating groups to determine what is fact and what is merely intrigue, and to render their findings.
- o In six years, the President and his supporters have compiled a remarkable record of achievement. Much remains to be done. Initiatives for 1987 will require a unity.

# WHITE HOUSE TALKING POINTS

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## THE PRESIDENT & IRAN/CONTRA AFFAIR

### Leadership, Motives, and Risks

The Iran/Contra Affair began with an assessment by the President that compelling reasons -- ending a bloody war, freeing American hostages, finding a long-term end to terrorism -- warranted the undertaking of a secret initiative to Iran.

- o There were great risks. The President decided that the risks were commensurate with possible returns. History will judge the correctness of the President's decision.
- o Americans elect Presidents to lead. That is what the President has done since January 1981. There is a broad list of 6 years of accomplishments that reflect the benefit of a President willing to take risks.
  - "Reganomics" -- Risk bold tax cutting initiatives to restart a stalled American economic engine.
  - Achille Lauro -- Risk possible violation of "diplomatic procedures" to bring international murderers to justice.
  - Grenada -- Risk the lives of American servicemen to free a country from Communist tyranny and deny the Soviets another staging area in the Caribbean.

### Contra Connection

Unknown to the President, another motive and additional risks were introduced to the Iran initiative by staff of the National Security Council -- financial assistance to freedom fighters in Nicaragua -- a policy that the President and a bipartisan majority in Congress have supported, but with implementation (U.S. funds) through procedures defined by Congress.

- o This free-lance effort was done without the President's knowledge, and represents a circumvention of established procedures for the conduct of U.S. foreign policy and may constitute a violation of U.S. law.
- o The President upon learning of this incident moved immediately to investigate in an orderly manner beginning with the offices of the Attorney General.
- o A swift investigation by the Attorney General revealed the need for additional review.

# WHITE HOUSE TALKING POINTS

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(Iran/Contra Affair, Cont.)

## The President Wants the Facts Out -- Quickly and Forthrightly

- o On November 25 the President stated the facts concerning his involvement in the Contra funds initiative -- he was first advised of the action on November 24 by the Attorney General.
- o A week after learning of the Contra connection and upon the disclosure of additional information by the Attorney General, The President called for the appointment of an Independent Counsel to investigate the possibility of illegal activity.
- o The President has met frequently with leaders of Congress, urged an orderly investigation, and pledged his support.
- o Additional facts will be learned about the Iran/Contra transaction. That is the purpose of the investigations.

## The President Will Fix the Problem

- o By Executive Order, the President empaneled a distinguished bipartisan Special Review Board (Tower, Muskie, Scowcroft) to investigate the procedures of the National Security Council that may have permitted excesses or improprieties.
- o Personnel actions were taken to address existing problems at the National Security Council -- Frank Carlucci was appointed to be the new head of the NSC.

## The President will Continue to Lead and Serve the American People

- o The leadership of President Reagan through six years has fundamentally restored the stature of the Presidency in the American political system.
- o President Reagan's Six-Year Accomplishments are manifold:
  - Four years of economic growth with low inflation;
  - Better stewardship of the taxpayer's dollar by making government work better;
  - Restored international stature for America while getting tough on trade;
  - A vigorous domestic agenda to fight crime, drug abuse, improve education, and salvage Social Security;
  - Promote freedom and democracy in the world; and
  - Work for peace and provide America's security.
- o The President is not finished. Initiatives for continued prosperity, responsible spending, and greater personal and national security for the American people lie ahead in 1987.

# WHITE HOUSE TALKING POINTS

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## CHRONOLOGY -- IRAN/CONTRA AFFAIR

- Mon 11/3 -- Lebanese magazine reports U.S. sent Iran spare parts and ammunition after a September visit to Tehran by Robert McFarlane. A day later, the speaker of Iran's parliament says McFarlane and four others visited Iran.
- Wed 11/5 -- White House confirms the U.S. is working with other countries for the release of hostages in Lebanon.
- Wed 11/12 -- President Reagan meets Congressional leaders, personally acknowledges sending military supplies to Iran.
- Thu 11/13 -- President Reagan addresses the Nation on his secret diplomatic initiative to Iran, says he authorized transfer of small amounts of defensive weapons and spare parts. The President's goals: Ending a bloody war, freeing American hostages, finding a long-term end to terrorism.
- Mon 11/17 -- President Reagan says he has no plans to send additional arms to Iran.
- Wed 11/19 -- President Reagan holds a formal news conference.
- i 11/21 -- Wanting a quick review of the record on implementation of his policy toward Iran that would be independent of the national security establishment, President Reagan directs Attorney General Meese to review the matter and report his findings.
- Sat 11/22 -- Aides to the Attorney General discover excess funds from the Iranian arms sale went to Nicaraguan freedom fighters.
- Mon 11/24 -- Attorney General reports preliminary findings to the President; the President tells the Attorney General he had no knowledge of the diversion. The President orders the Attorney General to make his findings public.
- Tue 11/25 -- President Reagan briefs Congressional leaders; announces reassignment of Admiral Poindexter and dismissal of Lt. Col. North. Attorney General reports to the Nation on his findings to date.
- Wed 11/26 -- President appoints 3-member panel to examine role of NSC.
- Tue 12/2 -- President addresses the Nation; directs the Attorney General to seek appointment of an independent counsel. Names Frank Carlucci as head of NSC.

IRAN BRIEFING MATERIAL

1. Do you think Don Regan should resign?

That's something Fritz Hollings and Joe Biden, among others, have demanded. I don't believe for one minute these two gentlemen -- who have White House ambitions of their own -- have Ronald Reagan's interests in mind.

The people of 49 states elected Ronald Reagan to make those decisions.

Those who focus on Regan's future ignore the looming threats to Ronald Reagan's future. What's at stake here is more important than the White House organization chart: The future of the Reagan agenda is all anyone in this country should care about today.

2. How can you condemn the Democrats for their criticism of the President when Bob Dole, Richard Lugar and others have been just as harsh?

That's a good point. The President needs support, not a batch of resumes, from his fellow Republicans.

It's time members of the Republican Party realize that either we all hang together -- or we will all hang separately.

The Republicans need to think for a moment about how they did in 1980 and 1984 with Ronald Reagan -- and how they did in 1982 and 1986 without him.

All a conservative or a Republican needs to do to make news these days is to attack Ronald Reagan. I know it's hard to resist the temptation to see yourself on television, but the President's supporters should try. When CBS calls, just say no.



3. Is this another Watergate?

Absolutely not. This President has gone the extra mile in getting this thing out in the open.

There is one striking similarity, however: The Left's interest in bringing down another President. Senator Ted Stevens says he was bumped off of three network television shows after he told them he intended to support Ronald Reagan. Stevens finally got on MacNeil-Lehrer and hasn't been heard from since. That's why the FBI wasn't called in sooner -- they were out looking for him.

Yes. There is a whole new generation of reporters out there who missed their chance 12 years ago to win a Pulitzer Prize.

4. If the President is suddenly putting such a premium on loyalty, why didn't he fire George Shultz?

George Shultz hasn't said the President was wrong. He said the policy was debatable and that he argued against it. It would be rather ironic if someone who argued against a policy should be fired because its execution may have misfired.

5. Is our Central American policy now doomed?

It is no more doomed than the Strategic Defense Initiative is doomed, or tax reform is doomed. A number of candidates -- including Senator-elect Graham in Florida and Senator-elect Shelby in Alabama -- said they support the President's policies on Central America. I'm sure their constituents will hold them to these commitments.

We continue to believe the President's policies should be judged on their merits. Those who would abandon our efforts to promote democracy in Central America never supported us from the outset.

6. George Bush said this Iran mess was a mistake. Why doesn't the President admit it and move on?

When these Democrats say, "We want to get this behind us," they're talking about Ronald Reagan.

7. The President said there would be no arms for terrorist nations, then he sold Iran arms. Wasn't that hypocritical?

No. This was not a government-to-government transaction.

8. How can the President get anything out of Congress when they no longer trust him, respect him, or fear him -- and when the people don't believe him?

I disagree with the premise of that question. The only people you hear from are the people who believe all of the above. But that is because to get yourself on television these days, you have to attack Ronald Reagan.

9. Why doesn't the President order Oliver North and John Poindexter to stop "taking the Fifth Amendment" and tell the truth?

Because the President is sworn to uphold the Constitution and they are exercising a constitutional right.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

December 2, 1986

ADDRESS BY THE PRESIDENT  
TO THE NATION

The Oval Office

12:00 P.M. EST

THE PRESIDENT: Good afternoon. Since the outset of the controversy over our policy relating to Iran, I've done everything in my power to make all the facts concerning this matter known to the American people. I can appreciate why some of these things are difficult to comprehend, and you're entitled to have your questions answered. And that's why I've pledged to get to the bottom of this matter.

And I have said earlier that I would welcome the appointment of an independent counsel to look into allegations of illegality in the sale of arms to Iran and the use of funds from these sales to assist the forces opposing the Sandinista government in Nicaragua.

This morning, Attorney General Meese advised me of his decision that his investigation has turned up reasonable grounds to believe that further investigation by an independent counsel would be appropriate. Accordingly, consistent with his responsibilities under the Independent Counsel Act, I immediately urged him to apply to the court here in Washington for the appointment of an independent counsel.

Yesterday, I had my first meeting with the Special Review Board. That Review Board is made up of three men of unquestioned integrity and broad experience in foreign and national security policy. In the meeting with the Board, they promised me a tough, no-nonsense investigation, and I promised them the full cooperation of the White House staff and all agencies of the Executive Branch.

No area of the NSC staff's activities will be immune from review. And when the Board reports to me, I intend to make their conclusions and recommendations available to Congress and to the American people. With the appointment of an independent counsel, we will have in place a dual system for assuring a thorough review of all aspects of this matter.

If illegal acts were undertaken, those who did so will be brought to justice. If actions in implementing my policy were taken without my authorization, knowledge or concurrence, this would be exposed and appropriate corrective steps will be implemented.

I recognize fully the interest of Congress in this matter and the fact that in performing its important oversight and legislative role, Congress will want to inquire into what occurred. We will cooperate fully with these inquiries. I have already taken the unprecedented step of permitting two of my former National Security Advisers to testify before a committee of Congress.

These Congressional inquiries should continue. But I do believe Congress can carry out its duties in getting the facts without disrupting the orderly conduct of a vital part of this nation's government. Accordingly, I am urging the Congress to consider some mechanism that will consolidate its inquiries -- such a step has already been requested by several members of Congress. I support the idea.

In closing, I want to state again that it is my policy to oppose terrorism throughout the world -- to punish those who support it and to make common cause with those who seek to suppress it. This has been my policy and will continue to be my policy.

If the investigative processes now set in motion are given an opportunity to work, all the facts concerning Iran and the transfer of funds to assist the anti-Sandinista forces will shortly be made public. Then the American people -- you -- will be the final arbiters of this controversy. You will have all the facts and will be able to judge for themselves -- yourselves.

I am pleased to announce today that I am appointing Frank Carlucci as Assistant to the President for National Security Affairs. A former Deputy Secretary of Defense, Deputy Director of the CIA, and Ambassador to Portugal, Mr. Carlucci has the depth of experience in foreign affairs, defense, and intelligence matters that uniquely qualify him to serve as my National Security Adviser. The American people will be well-served by his tenure.

Thank you and God bless you.

END

12:04 P.M. EST

THE VICE PRESIDENT  
OFFICE OF THE PRESS SECRETARY

FOR RELEASE

Wednesday, December 3, 1986

CONTACT: 202/456-6772

REMARKS AS DELIVERED BY  
VICE PRESIDENT GEORGE BUSH  
AMERICAN ENTERPRISE INSTITUTE'S  
PUBLIC POLICY LUNCHEON  
WASHINGTON, D.C.  
WEDNESDAY, DECEMBER 3, 1986

Mr. President, at the outset of these remarks, let me just pay my respects to you and thank you for all you do for this wonderful institution, AEI, an institution for which I have so much respect. I'm delighted to see you. Bob Melott, too.

And, of course, I was invited sometime ago by Paul McCracken to come here, and I hope that you'll all be interested in the topic that Paul asked me to address: "Special Drawing Rights, the Snake and its Effect on Disintermediation."

I am delighted to be at this AEI forum. You couldn't have scheduled a better time to discuss public policy. A great many citizens currently are troubled about recent revelations, and I'm grateful for this chance to address some of those concerns of the American people.

There's been much criticism and confusion in recent weeks over the Administration's, our, policies regarding Iran. I understand the skepticism of the American people. The result, as you all know, according to these opinion surveys, is that the Administration's credibility has been hurt. This is especially painful to the President and to me as well. After all, we're in the White House because of the trust that the American people placed in us.

We must restore that trust and so today I'd like to discuss some of the basic concerns that the American people rightfully have about our policy toward Iran -- questions of why we tried to open channels, open channels with a regime that all of us Americans despise; questions of how we can have a policy of not sending arms to Iran and then seemingly do just the opposite; and questions about the operation of the National Security Council staff.

Let me start with a basic concern. Why did we open a dialogue with Iran?

Here was a country that deeply humiliated the United States by kidnapping our diplomats, burning our flag. We still have vivid memories of blindfolded Americans being paraded around our own Embassy in there in Tehran. There is in the hearts of the American people an understandable animosity -- a hatred really -- to Khomeini's Iran. I feel that way myself, to be very honest with you, and so does the President who has been vilified time and time again by Iran's radical leaders; we're told that most Iranians feel the same way about us, the country that they call the Great Satan.

So why have anything to do with them? I'm sorry I didn't bring a map, but if you look at a map, Iran is all that stands between the Soviets and the Gulf oil states. It's all that stands between the Soviets and a warm water port. Either a disintegrating Iran or an overly powerful Iran could threaten the stability of the entire Middle East, and especially those moderate Arab states -- our friends whose stability and independence are absolutely vital to the national security of the United States. We may not like the current Iranian regime, and I've said we don't, but it would be irresponsible to ignore its geopolitical and strategic importance.

That doesn't mean we should simply appease any Iranian regime. It does mean, however, that we can't ignore this looming transition that will soon take place in Iran. Khomeini will pass from the scene. A successor regime will take power, and we must be positioned to serve America's interests, and indeed the interests of the entire free world.

Apart from the strategic reasons, humanitarian concern about American hostages in Lebanon provided another reason to open a channel to Iran. The Iranians themselves are not holding our hostages, but we believe they have influence over those who do hold some of our hostages.

But let me add something very important. In spite of our bitter feelings toward Iran's leadership, we would've tried to begin a dialogue with Iran whether we had hostages in Lebanon or not. In fact, for three years prior to the first hostage kidnappings, this Administration attempted to find reliable -- hopefully moderate -- Iranian channels through which to conduct a responsible dialogue.

And more recently we've been receiving intelligence that pragmatic elements within Iran were beginning to appreciate certain sobering realities. To the east in Afghanistan, we estimate 115,000 Soviet troops are committing atrocities on

Iran's Islamic brothers. To the north, 26 Soviet divisions, right there on Iran's border for whatever opportunities might arise.

To the west, Iran is engaged in a war of unbelievably horrible human dimensions, war with Iraq -- 12-year old kids, 14-year old kids, pressed into service, and then ground up in combat. And at home, Iran is teetering on the economic brink right there in its own front yard, 40 percent unemployment rate. Many Iranian leaders understand that their own survival, and certainly the rebuilding of their economy, may depend on normalizing ties with their neighbors and with the Western world.

So, we for our reasons and certain elements in Iran for their reasons -- in spite of this mutual hatred -- began a tentative, probing dialogue -- which brings us to another question.

How can the United States Government have a policy against countries sending arms to Iran and then turn around and itself send arms? I know the American people simply do not understand this.

When we started talking to the Iranians, both sides were deeply suspicious of each other. And remain so, I might say. Those Iranians who were taking enormous personal risks by just talking to us felt that they needed a signal that their risks were worth it. We were told the signal they required, and we gave them that signal by selling a limited amount of arms -- about one-tenth of one percent of the arms that have supplied by other countries.

Likewise, we needed proof of Iranian seriousness. We required signs of a cessation of Iranian use of terrorism and help in gaining the release of our hostages in Lebanon. And we did see certain positive signs, we have seen them. They opposed, for example, the Pan American hijacking in Karachi and immediately after, they denied landing rights. They interceded with the TWA hijackers in Beirut. And, of course, three hostages once held in Lebanon by the Islamic Jihad are today with their families here in the United States of America.

And I, perhaps President Ford will agree with this, but when you are President, any American held captive against his will anywhere in the world is like your own son or daughter. I know that's the way our President feels about it. But you must remain true to your principles. And I can tell you the President is absolutely convinced that he did not swap arms for hostages.

Still the question remains of how the Administration could violate its own policy of not selling arms to Iran. Simple human



hope explains it perhaps better than anything else. The President hoped that we could open a channel that would serve the interests of the United States and of our allies in a variety of ways. Call it leadership; given 20-20 hindsight, call it a mistaken tactic if you want to; it was risky, but potentially of long-term value.

The shaping of the Iranian policy involved difficult choices. As complex as the public debate on the issue would be, the matter was further clouded by the way in which the President's goals were executed, specifically allegations about certain activities of the National Security Council staff.

Clearly mistakes were made.

Our policy of conducting a dialogue with Iran, which was legitimate and arguable, has become entangled with the separate matter of this NSC investigation.

A week ago Monday afternoon the President learned of possible improprieties. A week ago Monday. On Tuesday, he disclosed the problem to the public and instructed the Attorney General to go forward with a full investigation. On Wednesday, he created a bipartisan commission, outstanding individuals, to review the role of the NSC staff and make recommendations for the future. And just yesterday, he moved to appoint, have the court appoint an independent counsel to ensure a full accounting for any possible wrongdoing.

The President pledged full cooperation with the United States Congress, urging it to consolidate and expedite its inquiries. Yesterday he also named Frank Carlucci, a seasoned professional with broad experience, so well known to many people here, to serve as his national security advisor. Now this is fast action in anybody's book.

These are actions I fully support and which I believe the American people will judge commendable.

The President has moved swiftly, strongly, but let me add this. I'm convinced that he will take whatever additional steps may be necessary to get things back on track and get our foreign policy moving forward.

As the elected representatives of all the people, the President and the Vice President, he and I have a duty to preserve the public trust and uphold the laws of this country. We take that duty very, very seriously.

I'd like to say something about my role in all of this. I was aware of our Iran initiative and I support the President's

decision. I was not aware of and I oppose any diversion of funds, any ransom payments, or any circumvention of the will of the Congress, the law of the United States of America. As the various investigations proceed, I have this to say -- let the chips fall where they may. We want the truth. The President wants it. I want it. And the American people have a fundamental right to it.

And if the truth hurts, so be it. We've got to take our lumps and move ahead.

Politics do not matter; personalities do not matter; those who haven't served the President well don't matter. What matters is the United States of America.

And we musn't allow our foreign policy to become paralyzed by distraction.

There can be no denying that our credibility has been damaged by this entire episode and its aftermath.

We have a critical role to play internationally and I intend to help the President tackle the challenges that lie before us in the last two years of this Administration: Putting U.S.-Soviet relations on a new footing; pursuing a breakthrough in arms reduction; building on the potential that I saw so clearly just this past summer for making new strides for peace between Israel and its Arab neighbors; working to end apartheid and creating a more hopeful future for all Africans; solidifying the remarkable changes taking place in Asia; combatting international terrorism in close conjunction with our allies; and, of course, fostering the development of democracy in Central America.

And let me add, the freedom of the people of Central America should not, must not, be held hostage to actions unrelated to them. This nation's support of those who are fighting for democracy in Nicaragua should stand on its own merits, not hang upon events related to Iran. The Marxist-Leninist regime in Managua must not benefit from the errors of some people in Washington, D.C.

Our Administration has a duty to follow a foreign policy that reflects the values of its citizens. This sounds simple; and yet it is often, as so many of you here know, a very complex matter. It's not easy translating general values into specific foreign policy programs. And this is why there's always so much internal debate over our nation's role in world affairs -- from Iran to arms reduction.

The Reagan Administration has two years left in which to pursue our particular vision of how America's foreign policy should fit America's values. There's one thing, however, on which critics and supporters would agree -- U.S. foreign policy must move forward. The U.S. has obligations as leaders of the free world. It has opportunities and responsibilities unmatched by any other country to bring stability to the world.

And we must move forward with the trust of the American people. To the extent that that trust has been damaged it must be repaired, and only the truth can repair that. Our government rules not by force or intimidation, but by earning the confidence and respect of the American people.

Our duty must be to uphold that confidence and restore that respect.

Sometimes true bipartisanship is called for and, in my view, now is such a time. And I have been very pleased that Republicans and Democrats alike have pledged to help get the facts out and move on.

A storm is now raging, but when the full truth is known -- and it will be; and when the American people come to understand that this strong and honest President moves swiftly to correct what might have been wrong, then a forgiving American people -- in spite of their misgivings about Iran and weapons and diverted funds -- will say, "Our President told the truth. He took action. Let's go forward together."

# # #

10. What effect will this Iran affair have on the 1988 elections?

The question illustrates what is so disappointing in the current debate. Some individuals on the other side think the "Misery Index" is Ronald Reagan's popularity, and that anything that drives it downward is good for them politically.

As far as GOP chances in 1988 are concerned, it depends upon how big a hole certain Republicans dig for themselves. They have a choice: They can take the short term gains of seeing themselves on television -- and risk in the long term being voted out of the Senate's group picture.

## THE REAGAN ACCOMPLISHMENTS: THE FIRST SIX YEARS

Well over 600 initiatives have been developed and promoted with White House resources. Attached is a brief listing of major accomplishments that are squarely in the President's "win column" and resulted from his direct action. Well-documented economic and social successes (inflation, interest rates, poverty reduction, etc.) are not listed here because of shared credit with the American people. Also, many partial victories are not listed. Examples: Enterprise zones and tort reform. Though there has not been final action on these initiatives at the federal level, President Reagan's leadership has led to these initiatives being adopted in a majority of the states.

### I. THE DOMESTIC ECONOMY

Tax Cuts -- (1981) Since 1981, the Reagan tax cuts saved the average American about \$4,400 in taxes from what could have been expected under the 1980 tax laws, given the actual rates of inflation.

Tax Reform -- (State of Union 1984 through Fall 1986) Number one domestic priority of the past three years. The U.S. now has one of the most economically favorable tax systems and the lowest individual and corporate income tax rates of any industrialized nation in the world.

Deregulation -- (1981) The President's Task Force on Regulatory Relief, chaired by the Vice President, spearheaded substantial changes in Federal regulations affecting businesses and individuals and put all Federal agencies on a "paperwork budget," that has reduced the burdens on the public by 650 million hours.

Immediate Decontrol of Oil Prices -- (Early 1981) Currently, a gallon of gasoline, adjusted for inflation, is cheaper now than at any time in U.S. history.

Thrift and Banking Deregulation -- (October 1982) Removed interest rate ceilings on time and savings deposits at banks and thrifts and introduced a new form of a market-based interest rate system for EE Savings Bonds.

Elimination of the Council on Wage and Price Stability (1981) -- Ended a bureaucracy that had been completely ineffective and burdensome.

Tax Indexing -- (1981) Effective in 1985, brought an end to "bracket creep" from inflation.

Virtual Elimination of the Estate Tax -- (1981) Removed a long-standing threat to the family farm and small businesses.

Real Jobs, Not Make-Work -- (1982) When the Reagan Administration came into office in 1981, \$3.1 billion was scheduled to be spent that year to subsidize some 300,000 costly make-work jobs. The Carter Administration's budget projected that over \$25 billion would be spent on this job creation program from 1981 through 1986. The program was stopped, saving the taxpayers \$23 billion.

## II. THE INTERNATIONAL MARKETPLACE

Selling the American Economic Model -- The U.S. market-based economic approach is now being emulated by the countries of the West and the Third World. Even many Communist nations are seeing a need for economic liberalization.

Protectionism Resisted -- (Since 1982) Local content, textile quotas, oil import fees, denial of a number of requests to restrict imports.

Unprecedented Steps Initiated Against Unfair Trade -- More than two dozen major trade actions have been taken to open foreign markets, not close ours. Examples: Major 301 actions (1985) U.S. tobacco sales in Japan; U.S. computer and software sales in Brazil; U.S. insurance operations in Korea.

Exchange Rate Stabilization -- Pursued in 1985 and reinforced at the Tokyo Summit, is addressing the basic causes of our trade deficit.

Carter Grain Embargo Ended -- (1981) Replaced with a new long-term agreement with the Soviets.

Elimination of Export Credit Subsidies -- (1986) International agreement to eliminate below-market financing for exports; puts U.S. exporters on an equal footing with their foreign competitors and reduces costs to Export-Import Bank.

Caribbean Basin Initiative -- (1983) Successful catalyst for the development of non-traditional Caribbean exports and diversification of Caribbean economies.

Opposed Law of the Sea Treaty -- (1981) Declined signing, which proposed massive regulation of seabed mining activities.

Voluntary Restraint Agreements -- (Since 1983) Successful bilateral negotiations to provide breathing room for U.S. steel and automobile manufacturers.

### III. A GOVERNMENT THAT WORKS

Domestic Spending Growth Curbed -- In real terms, domestic spending grew 6.6 percent per year from 1960 to 1980. From 1981 to 1986, the average annual rate of growth was held to slightly more than 2 percent.

Block Grants -- Since 1981, nearly 60 Federal categorical grants consolidated into nine block grants for health and social services, education, and community development. Less red tape: The 1981 block grants are covered by only 31 pages of Federal regulations, in place of the previous 885 pages.

Restoring the States' Role -- July 1982 Executive Order and April 1986 statement of federalism principles have improved Federal responsiveness to state and local concerns.

Gramm-Rudman-Hollings -- (1985) With the President's strong support, the Balanced Budget and Emergency Deficit Control Act of 1985 passed both Houses of Congress by overwhelming majorities.

Federal Retirement Reform -- (June 1986) Congress enacted a new retirement plan for federal civilian employees hired after December 1983. Total estimated savings from the conversion to the new system: \$3 billion annually after complete phase out of old system.

General Revenue Sharing Eliminated -- (1986) Saving Federal taxpayers \$4 billion per year.

Social Security -- In 1982, Social Security faced bankruptcy -- despite a huge tax increase after 1977 legislation. The President's bipartisan commission produced a workable solution. System now solvent; monthly benefit for an average retired couple has risen by \$260 since 1981 -- over \$3,100 a year.

Grace Commission Reforms -- (Summer 1982 - Fall 1985) Total of 2,478 recommendations reviewed; implementation on track. Billions of dollars in estimated potential savings.

Subsidized Housing Curbed -- (1983) Eliminated the costly Section 8 New Construction program and introduced more efficient housing vouchers and a renewed emphasis on rehabilitation.

Joint Training Partnership Act (JTPA) replaces Comprehensive Education and Training Act (CETA) -- (1982) Training for real jobs provided under public-private partnership.

Cash Management -- (1983) The Reagan Administration installed the first comprehensive system to manage the Federal Government's \$1 trillion cash flow. Estimated \$3.2 billion saved through 1988.

Crackdown on Waste, Fraud and Abuse -- Coordinated efforts by the Inspectors General have resulted in more than \$84 billion saved or put to improved use since 1981, and hundreds of successful prosecutions.

Privatization Begun -- (1986) The sale of Conrail via a public stock offering was enacted in the 1986 Reconciliation Act and will take place in 1987.

Restoring Our National Parks -- (1981) Past neglect had taken a heavy toll on our national parks. This Administration established a multi-year, \$1 billion program to restore and improve facilities throughout the entire national park system.

Water Resources Development Reform (1986) -- The President signed into law comprehensive reforms financing and planning Army Corps of Engineers water projects; paved the way for the first major water authorization bill in 16 years.

Environmental Protection (1985, 1986) -- New Superfund program which will authorize \$8.5 billion over 5 years for the cleanup of abandoned hazardous waste sites; a Safe Drinking Water Act and the Resources Conservation and Recovery Act which has greatly expanded Federal and state authorities to protect the Nation's drinking water supplies.

#### IV. THE DOMESTIC AGENDA

Federal Judiciary -- Appointments of three Supreme Court Justices, including Sandra Day O'Connor, first woman to serve on the Supreme Court. To date, the President has appointed 299 men and women to the federal bench -- nearly one-half the entire federal judiciary.

National Crusade Against Drug Abuse -- (1982) The President and the First Lady launched a national crusade with six major goals to eliminate drug abuse. Federal spending to combat illegal drugs has tripled. More than 10,000 "Just Say No" clubs have been established nationwide since 1984.



Crime -- In 1984, after three years of delay, Congress passed President Reagan's Omnibus Comprehensive Crime Control Act. During the past four years, spending has increased 61 percent and more than 2,100 new Federal investigators and prosecutors have been hired. One result: Unprecedented prosecution and conviction by federal prosecutors of mafia bosses.

Drug Enforcement -- Drug eradication efforts are now ongoing in over 14 countries, up from just two in 1980. Major initiatives and prosecutions like Operation Alliance and the South Florida Task Force and Force Hartford. Convictions have doubled and drug seizures have risen sharply since 1981.

Grassroots Educational Reform -- National Commission on Excellence in Education produced "A Nation at Risk" in April 1983 and sparked a national grassroots education revival. "What Works" builds upon the President's first-term accomplishments. Discipline, basics emphasized.

Immigration Reform -- (1986) The most sweeping changes in immigration reform in 34 years, provides means to control illegal immigration and legalize the status of millions of persons here contributing to the economy and the society.

Abortion -- (Spring 1985) U.S. foreign aid funds no longer underwrite abortions performed overseas. The Reagan Administration has continued the ban on taxpayer funding of abortions and has urged the Supreme Court to overturn Roe v. Wade.

Child support -- The Reagan Administration's toughened enforcement helped achieve a record \$2.7 billion in child support collections in 1985.

Employment Discrimination -- The Reagan Administration has moved against real discrimination while opposing quotas. More new lawsuits and higher awards against employers for violations of Equal Employment Opportunity Laws were achieved between 1981 and 1985 than during 1977-1981.

Legal/Economic Equity for Women -- (1982-1985) Record number of senior women appointees. Task forces to purge Federal laws and agency regulations of discriminatory language; States encouraged to do same.

AIDS -- A half-billion dollar Federal research and education effort has led to breakthroughs in isolating AIDS viruses and establishing blood testing procedures.

Environment -- (Since 1981) Aggressive cleanup of hazardous waste sites -- the Reagan Administration has produced over 100 civil suits, 257 convictions and court-ordered cleanups worth \$400 million.

#### V. PROMOTING FREEDOM AND DEMOCRACY

Grenada Set Free -- (October 1983) At the request of the Organization of Eastern and Caribbean States, combined forces led by the U.S., liberated Grenada.

Aid to the Nicaraguan democratic resistance -- (1986) Congress with a bipartisan majority, adopted the President's \$100 million aid proposal.

El Salvador -- (1984) With the assistance of a bipartisan majority in Congress, a deteriorating situation in El Salvador was reversed.

Democracy in the Philippines and Haiti -- (February 1986) The U.S. government lent its support to successful popular movements in the Philippines and Haiti.

Angola -- (1985) Clark Amendment repealed -- unties U.S. hands to assist UNITA Freedom Fighters.

Afghanistan -- (1985/86) Soviet troop withdrawal urged in Gorbachev meetings; support pledged to Afghan freedom fighters.

A National Endowment for Democracy -- A Reagan initiative, has undertaken projects in support of democratic institutions in the Philippines, Northern Ireland, Chile, Haiti and South Africa. Other projects have assisted elementary school education for anti-communist Afghans.

#### VI. NATIONAL SECURITY

Men and Women in Uniform -- Since 1980, total active duty strength in our Armed Forces has increased over 5 percent. Recruitment goals are being met -- and with record high-quality recruits. Applications to the service academies are at record or near-record levels.

The Strategic Defense Initiative -- the moral alternative to the threat of mutual annihilation -- is on track. Between fiscal years 1984 and 1987, a total of \$8.3 billion will have been committed to this research effort; dramatic technological advances are being made.

Arms Reductions -- (1986) Brought the Soviets back to the bargaining table. For the first time, the United States and the Soviet Union are discussing the possibility of major reductions and eventual elimination of all ballistic missiles.

Strategic Modernization -- In 1981, the President recognized the need for strategic modernization and, as a result, proposed a five-part, coordinated program to restore the strategic balance with the Soviet Union. In 1985, Congress voted \$1.5 billion for 25 additional MX Missiles; total is now 50. Sea-based forces, currently the most survivable leg of our strategic Triad, are being modernized and a new class of Trident submarines is being deployed.

The B-1B Bomber -- (1986) The first of 100 B-1B bombers rolled off the assembly lines in fiscal year 1985, ahead of schedule and under budget.

Conventional Readiness and Modernization -- In the professional judgment of each U.S. Unified and Specified Commander-in-Chief, his command is far more ready "by every measure of common sense" than it was four years ago.

Pershing, Cruise Missiles in Europe -- The U.S. and her NATO allies prevailed in fulfilling the 1979 NATO decision despite massive propaganda effort to prevent deployment. (Fall 1983) First missiles in, deployment proceeding on schedule.

Fighting Defense Department Waste -- In 1981, costs in major weapon system development programs were growing at an average annual rate of 14 percent. The Reagan Administration reduced cost growth to less than 1 percent annually by FY 1985. Since 1981, DOD has conducted 60,000 audits which have produced more than \$10 billion in savings. Packard Commission recommendations for additional management efficiencies are being implemented.

Technology Transfer -- The Reagan Administration is the first to realize fully the major security risk posed by technology transfer, and has taken many steps toward stemming the flow of military sensitive know-how and hardware to the Soviet Union.

Swift Action Against State-Sponsored Terrorism -- (April 1986)

U.S. attacks and destroys several terrorist support facilities in Libya, in response to clear evidence of Libyan involvement in terrorist activity.

*EP*  
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SECRET ATTACHMENT~~

UNCLASSIFIED UPON REMOVAL  
OF CLASSIFIED ENCLOSURE(S)  
*dk 5/20/2010*

NATIONAL SECURITY COUNCIL 8655  
WASHINGTON, D.C. 20506

**C.F.**  
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*00071*

December 8, 1986

MEMORANDUM FOR THOMAS GIBSON

FROM: RODNEY B. MCDANIEL *Bob Jr*  
SUBJECT: Talking Points on Iran

Attached at Tab A are NSC comments on the proposed talking points on Iran. I recommend that these talking points not be promulgated until they are fully cleared interagency.

cc David Chew

~~UNCLASSIFIED WITH  
SECRET ATTACHMENT~~

NATIONAL SECURITY COUNCIL  
WASHINGTON, D.C. 20506

8655

ACTION

December 8, 1986

MEMORANDUM FOR RODNEY B. MCDANIEL

FROM: PAUL W. HANLEY *PH*

SUBJECT: Talking Points on Iran

Attached at Tab I for your signature is a memo to Tom Gibson forwarding the talking points on Iran attached at Tab A. The talking points have been circulated to Bill Cockell, Peter Rodman, Dennis Ross, Howard Teicher and Bob Earl. Peter Rodman and Bob Pearson recommend that the talkers be cleared interagency before being distributed by Gibson to the news media. I agree.

RECOMMENDATION

That you sign the memo to Gibson at Tab I.

Approve

*LHPF*

Disapprove

\_\_\_\_\_

Attachments

Tab I Memo to Tom Gibson  
Tab A Talking Points on Iran

cc: David Chew

Background Talking Points on  
U.S.-Iranian Dialogue

249698

Introduction

- From the earliest months following the Islamic Revolution in Iran, the U.S.G has attempted to reestablish contact with that strategically important country.
- Our purpose was to restore a dialogue on strategic developments in South West Asia on which our two countries still shared converging strategic interests.
- Since 1983, several countries made overtures to both the U.S. and Iran in an effort to stimulate direct contact. Switzerland, Turkey, Pakistan, Oman, Algeria and Japan attempted to serve as intermediaries.
- Despite U.S. willingness to proceed, none of these overtures succeeded.
- It was not a simple decision to begin or pursue this dialogue. It was a <sup>risk, but</sup> calculated risk, because the strategic objective of moderating Iranian behavior, promoting the security of the Persian Gulf, ending the war and stopping Iranian state-supported terrorism warranted such an effort. Indeed, given Iran's importance, it would have been

~~SECRET~~

Declassify on: OAD

DECLASSIFIED

Sec.3.4(b), E.O. 12958, as amended  
White House Guidelines, Sept. 11, 2008  
BY NARA dl, DATE 5/18/2023

irresponsible not to pursue an opportunity to influence Iranian behavior in a pragmatic direction.

4. U.S. Goals

- Contrary to uninformed press speculation, there has been no change in American strategic policy toward ~~Iran.~~ <sup>The region.</sup>
- *An Iranian policy that supports terrorism and regional subversion is that prolongs the Gulf War will find the US a strategic opponent.*
- Our four basic goals remain:
  - the resumption of a constructive relationship with Iran;
  - an honorable end to the Iran-Iraq War and greater stability in the Gulf region;
  - the elimination of state-sponsored terrorism and subversion; and
  - the safe return of all of our hostages.

5. Western and Regional Interests in Iran

- Iran is a key state in a region of vital importance to the West.

*from p. 4.* →

- Iran is increasingly threatened by a growing Soviet military threat along its borders and by ~~growing Soviet political~~ <sup>factional struggle that has created</sup> ~~growing Soviet political~~ <sup>opportunities</sup> ~~influence~~ <sup>for Soviet meddling.</sup> inside Iran.



- The growing costs of the Iran-Iraq War <sup>level</sup> exacerbate<sup>s</sup> Iranian vulnerability to Soviet penetration particularly during a succession struggle which raises a danger of disintegration. It is in the world's interests that Iran remain as an independent bulwark against the Soviets.

- Over the course of the last two years, the Soviets and their surrogates have moved actively to gain greater influence in the Gulf.

- The Soviets and Soviet-block countries have become major arms suppliers to Iran <sup>and are fueling both sides of the conflict;</sup> ~~making Iran dependent on this~~

~~source of supply in contending with an increasingly strengthened Iraq. By fueling both sides in the conflict, the Soviets could well encourage a disastrous "final offensive" by Iran that would precipitate a political disintegration in Iran, leaving a power vacuum which the Soviets could exploit. Specifically, the indicators of Soviet influence in Iran are:~~

- \$300-400 million a year in Soviet bloc military hardware and ordnance (plus an additional \$138 million this year in artillery/surface-to-surface rockets from Bulgaria ~~in April 1986~~).
- Soviet commitments to Iraqi President Saddam Hussein in December 1985 for increased intelligence support and accelerated arms deliveries.

- Soviet encouragement and guidance to <sup>the</sup> Afghani~~stan~~ intelligence service (Khad), resulting in crossborder operations in eastern Iran.
- Increases in the size and quality of Soviet military forces deployed on the Iranian border -- and exercise of various war plans -- clearly designed to intimidate Iran and <sup>to prepare for</sup> ~~position~~ ~~themselves for the possibility of~~ military intervention.
- There have been various reports of large numbers of Soviet overflights of Iranian territory this year.

- Soviet domination of Iran would fundamentally change the regional balance of power, weaken ~~to~~ U.S. and Western position in the entire Middle East and South Asia, and therefore dramatically shift the global balance of power in the Soviets' direction.

To p. 2

- ~~In short,~~ in 1985, when we were presented with an opportunity to open a dialogue with Iran, the Soviets were far better positioned to improve significantly their influence in the region *than we.*

- <sup>preferable</sup> ~~The President is convinced that the most effective~~ means of preventing such an expansion of Soviet influence <sup>would be</sup> ~~rests on~~ the evolution of a government in Iran willing and able to

work with the U.S. as well as other Western countries and the moderate Arab states. This was the fundamental context in which <sup>the President</sup> ~~he~~ undertook ~~this~~ initiative.

6. Conditions for Dialogue

- We think senior Iranian officials made <sup>a</sup> decision to seek accommodation <sup>with us,</sup> two years ago, <sup>Given the recognition of their own needs,</sup>
- In June 1985, <sup>beginning</sup> ~~in the case of~~ the TWA 847 hijacking, Iranian contacts used <sup>their</sup> influence to obtain the release of four passengers held separately. Rafsanjani <sup>and</sup> Volayati intervened. Rafsanjani's November 4 speech confirmed <sup>this.</sup>

to p. 6

~~To demonstrate Presidential authority for the Americans undertaking the U.S. steps which demonstrate support for those in Iran who dialogue, the President authorized are willing to take the risk of reopening a dialogue included the transfer of very limited quantities of defensive armaments and spare parts for ground-based air defense systems.~~

- Late in 1985, the President authorized the opening of a political dialogue with Iran, but we made clear that no dialogue could make progress as long as groups seen as dominated by Iran held U.S. hostages.

- ~~U.S.~~ <sup>- the U.S.</sup> under no circumstances could <sup>^</sup> transfer arms to Iran in exchange for hostages.

*... whether provided directly or through others -*

- ° The sum total of this assistance <sup>would fit in one large transport aircraft.</sup> ~~Flows includes~~
  
- ° There is no truth to press reports alleging U.S. use of Danish or Spanish merchant ships, use of Italian ports, or many other fabrications.

- At the same time, we made clear that Iran must confirm its opposition to international terrorism as a necessary prerequisite to progress in a bilateral relationship.
  
- We also asked Iran to use its humanitarian influence in Lebanon to secure the release of all hostages held there.

*from p. 5 →*

- Based upon the maturing of mutual confidence, the President decided <sup>d</sup> to elevate the level of contacts.
  
- In late April 1986, the U.S. <sup>Government</sup> was advised that the leadership in Tehran was prepared to commence a secret dialogue along the lines of our established goals.
  
- The President asked his former National Security Adviser, Robert McFarlane, to travel secretly to Iran to reaffirm our interests and prerequisites for a normal relationship.

~~SECRET~~

7

- In his meetings, McFarlane <sup>sought to</sup> ~~established~~ a basis for continuing a relationship, <sup>he</sup> and forcefully articulated U.S. strategic concerns and intentions.
- He was also able to <sup>observe</sup> first-hand the internal political dynamics in Tehran and the effects of the war.
- In the June 10 Rafsanjani speech, there was guarded reference to improved relations with the U.S. On July 26, Father Jenco was released.

#### 7. Iran-Iraq War and Regional Stability

- One purpose of this dialogue has been to find ways to help bring about an honorable end to the Iran-Iraq War.
- Over the past two years, we have watched Iran restore its military capabilities and prepare and sometimes conduct renewed offensives against Iraq. Moreover, an escalation of the tanker war increasingly threatened the stability of the international petroleum market, despite global efforts to persuade Iran and Iraq to refrain from strikes against shipping in the Gulf.
- Our diplomatic representation in Baghdad provided us with a ready mechanism for dialogue with the government of Iraq regarding the war.

~~SECRET~~

- We concluded that even without diplomatic representation a dialogue with Iran might improve our ability to find some honorable means for bringing about a mediated settlement of the war.
- We took steps with both countries to enhance the likelihood of an honorable settlement of the war.
- We have worked with both sides to convince their planners of the futility of additional offensive military operations.
- We emphasized our opposition to Iranian threats to Arab states of the Gulf and our determination to provide military assistance in the face of Iranian aggression.
- We encouraged Iran to engage in dialogue with its neighbors.

#### 8. Afghanistan

- We raised the possibility of cooperation in support of the Mujahedeen resisting the Soviet occupation of Afghanistan.

#### 9. Terrorism

- From the earliest contact, American representatives stressed the absolute necessity for Iran to end its support for terrorism.

- We stressed that America has not conceded, nor will it concede to the demands of terrorists. For example, our firm position with respect to Kuwait's detention of convicted terrorists whose release has been demanded by those holding our hostages in Lebanon.
- Our policy remains one of no concessions to terrorists.
- The Government of Iran knows, the world should know, that we cannot and will not pay ransom to those who practice terrorism.
- U.S. actions against Libya, Syria, and the Achille Lauro pirates clearly demonstrate what measures we are prepared to take when such actions are appropriate.

10. Results of the Dialogue

- Iranian statements and actions opposing international terrorism.
- No evidence of <sup>official</sup> Iranian government complicity in acts of terrorism against the U.S.
- Assistance in ending TWA 847 hijacking.

- Iranian pressure on Islamic Jihad helped secure freedom for 3 American and 2 French hostages. Iranian effort continues.
  
- Tehran refused landing rights to hijacked Pan Am 73.
  
- Provision to Iran of U.S. analysis of Iraqi military capabilities <sup>may have contributed,</sup> ~~has helped postpone,~~ at least temporarily, ~~to~~ <sup>the Iranian decision to postpone the</sup> long-awaited Iranian offensive.
  
- Pragmatic forces inside the Government of Iran have increased their pressure on the radicals, including the arrest of Mehdi Hashemi, to desist in support for terrorism and subversion.
  
- Iranian leaders recognize that U.S. can help Iran resist Soviet pressures.
  
- Soviets are clearly nervous that the U.S., too, has an Iranian option. This in itself may help deter the Soviets.

11. Western Relations with Iran

- Throughout the seven-year existence of the Islamic Republic, Iran has maintained diplomatic relations with all European countries.



- Despite the war, even Iraq maintains normal diplomatic relations with Iran.
  
- Only the U.S. and Canada, among the Western nations, do not have diplomatic relations.
  
- Notwithstanding U.S. efforts to stop the flow of arms sales to Iran in order to encourage Iran to settle its war with Iraq, European countries sell approximately \$500 million worth of military equipment a year to Iran, for purely commercial purposes. Significant examples include:
  - o The FRG recently sold Iran bridging equipment.
  
  - o The United Kingdom recently installed a radar system, ~~apparently along the border with Iraq.~~
  
  - o Spain, Portugal, Greece, and Austria sell Iran approximately \$300 million worth of small arms a year.
  
  - o Outside of Western Europe, China has become Iran's largest supplier of military equipment. \$1 billion annually in military equipment.
  
  - o Iran also purchases military equipment from North Korea, South Korea, Chile, Syria, and Libya.

- This pattern of commerce clearly illustrates the widespread military trade which countries of both West and East conduct with Iran.
- *It also points out that what we provided was so marginal as to be ~~negligible~~ insignificant militarily.*

12. Conclusion

- The strategic purposes of the U.S. opening to Iran, and the strictly limited exceptions made to our arms embargo, stands in contrast with the unrestrained commercial activities of many other countries of the world.
- The U.S. recognizes the importance of Iran in the region and the Moslem world at large.
- Moreover, the emergence of leaders in Iran willing to change Iran's unacceptable international behavior and seek a normal relationship with the international community cannot be ignored by the U.S. or the West.
- To that end, the U.S. chose to find ways to reinforce this trend through dialogue and the slow and painful process of confidence building. Only very limited arms transfers were approved. These did not affect the balance between Iraq and Iran. *Indeed, one has seen no change in the Iranian ability to prosecute the war.*

- The President has made clear the importance the U.S. attaches to a stable relationship with Iran and the benefits which can accrue to the West should such a situation evolve.

*But he has also made clear that we will not compromise our principles -- and Iran must change its behavior if it seeks normal relations with us.*

~~The President will persevere in his efforts to pursue this dialogue and the goals he seeks to achieve.~~

National Security Council  
The White House

DM

System # \_\_\_\_\_

Package # 8655

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P 4: 41

	SEQUENCE TO	HAS SEEN	DISPOSITION
Bob Pearson	<u>1</u>	<u>P</u>	<u>A</u>
Rodney McDaniel	_____	_____	_____
Rodman/Cockell	_____	_____	_____
Al Keel	_____	_____	_____
Paul Thompson	_____	_____	_____
Florence Gantt	_____	_____	_____
John Poindexter	_____	_____	_____
Rodney McDaniel	_____	_____	_____
NSC Secretariat	<u>2</u>	<u>DM 12/8</u>	<u>J</u>
Situation Room	_____	_____	_____
_____	_____	_____	_____

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

cc: VP Regan, Buchanan Other RBm

COMMENTS                      Should be seen by: \_\_\_\_\_  
(Date/Time)

RECEIVED 08 DEC 86 18

TO MCDANIEL

FROM HANLEY

DOCDATE 08 DEC 86

MCDANIEL

08 DEC 86

KEYWORDS: IRAN

SUBJECT: TALKING POINTS RE IRAN

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ACTION: FOR SIGNATURE DUE: STATUS C FILES WH

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FOR ACTION

FOR CONCURRENCE

FOR INFO

MCDANIEL

COMMENTS

REF# LOG NSCIFID ( TC TC )

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ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	DUE	COPIES TO
	<i>C 12/8</i>	<i>Pearson</i>		<i>PCWH, PBM</i>
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DISPATCH \_\_\_\_\_ W/ATTCH FILE \_\_\_\_\_ (C)