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Last Updated: 11/08/2023

THE WHITE HOUSE
WASHINGTON

December 16, 1986

454455
5300
00071
AB F000302
ND018
PR003
PR00502

Dear Larry:

This is to say thank you for two letters -- the handwritten one and the letter of December 2. As always, you make good sense, and I'm grateful to you.

You know, Larry, this whole thing is hard to understand. I didn't try to do business with the Khomeini. I know he thinks I'm Satan. But it was others in his government who got word to us they would like to see if we couldn't establish a relationship leading to the future. With the strategic importance of Iran, I couldn't pass up this opportunity. They asked for a token arms sale to prove our sincerity. Our reply was \$12 million worth of spare parts and anti-tank missiles. We told them we'd like concrete evidence of their anti-terrorism and that could be their effort to persuade the kidnapers in Beirut to free our hostages. By the way, countries in Western Europe have sold about \$3.5 billion worth of weapons to Iran and \$9 billion worth to Iraq. Our Communist friends (?) have sold about \$5.4 billion worth to Iran and \$24.0 billion worth to Iraq. I don't think our sale tipped the military balance.

A leak by a radical weekly in Lebanon blew the cover. Because of the threat to the people we were dealing with, I begged the press to lay off. They didn't of course. But then our Attorney General looked into the whole thing to make sure there were no "smoking guns," and he turned up the supposed transfer of funds. I immediately went to the press and told them everything we had discovered about that. Now, for going on three weeks, the press, with the facts I gave them, are building a case that I'm covering up.

HANDWRITTEN FILE

But you are right about the Contras. I'm convinced the case has become a battle between those who oppose helping the Contras and us who want to help. As this goes on, I think I'll point out that you can't be against the Contras without being for the Communist government of Nicaragua.

Well, I'm running on and better close. Again, thanks. Nancy sends her love.

Sincerely.

Ron
P.S. Merry Christmas!

Mr. Laurence W. Beilenson
1946 North Gramercy Place
Los Angeles, California 90068

86 12 18

But you are right about the Contras. I'm convinced the case has become a battle between those who oppose helping the Contras and us who want to help. As this goes on, I think I'll point out that you can't be against the Contras without being for the Communist government of Nicaragua.

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Sincerely.

RON

Mr. Laurence W. Beilenson
1946 North Gramercy Place
Los Angeles, California 90068

RR:AVH:pps

RR Dictation

MEMORANDUM
OF CALL

Previous editions usable

TO:

H

YOU WERE CALLED BY— YOU WERE VISITED BY—

Charleen Volpe

OF (Organization)

Corres (Rm 77)

PLEASE PHONE ▶ FTS AUTOVON

7756 or 7610

WILL CALL AGAIN IS WAITING TO SEE YOU

RETURNED YOUR CALL WISHES AN APPOINTMENT

MESSAGE

Are figures okay?

RECEIVED BY

DATE

TIME

12/16

1015

63-110 NSN 7540-00-634-4018

STANDARD FORM 63 (Rev. 8-81)

*U.S.GPO:1985-0-461-274/20014

Prescribed by GSA
FPMR (41 CFR) 101-11.6

NATIONAL SECURITY COUNCIL

December 16, 1986

MEMORANDUM FOR SHARLEEN VOLPE

FROM: ^{RMS}
RICK SAUNDERS

I asked our Crisis Management Center to contact CIA to verify the figures in the President's letter. CIA provided the following:

<u>for 1981-1985</u>	<u>To Iran</u>	<u>To Iraq</u>
from W. Europe	\$3.5 B	\$9.0 B
from Communist Nations	\$4.5 B	\$16.0 B

These figures are unclassified and a little "soft." However, they should be fairly close.

Please note that "Beirut" is misspelled in the letter.

NATIONAL SECURITY COUNCIL

Dec 16, 86

Rick

Re attached letter to
Larry Beilenson.

I told Howard about
this packet when he
called. He asked me
to give it to you
to look over.

Mary

THE WHITE HOUSE

WASHINGTON

December 10, 1986

Dear Larry:

This is to say thank you for two letters -- the handwritten one and the letter of December 2. As always, you make good sense, and I'm grateful to you.

You know, Larry, this whole thing is hard to understand. I didn't try to do business with the Khomeini. I know he thinks I'm Satan. But it was others in his government who got word to us they would like to see if we couldn't establish a relationship leading to the future. With the strategic importance of Iran, I couldn't pass up this opportunity. They asked for a token arms sale to prove our sincerity. Our reply was \$12 million worth of spare parts and anti-tank missiles. We told them we'd like concrete evidence of their anti-terrorism and that could be their effort to persuade the kidnapers in Beirut to free our hostages. By the way, countries in Western Europe have sold about \$3 billion worth of weapons to Iran and more than \$7 billion worth to Iraq. Our Communist friends (?) sold about \$5½ billion worth to Iran and \$24½ billion worth to Iraq. I don't think our sale tipped the ~~million~~ balance.

military

A leak by a radical weekly in Lebanon blew the cover. Because of the threat to the people we were dealing with, I begged the press to lay off. They didn't of course. But then our Attorney General looked into the whole thing to make sure there were no "smoking guns," and he turned up the supposed transfer of funds. I immediately went to the press and told them everything we had discovered about that. Now, for going on three weeks, the press, with the facts I gave them, are building a case that I'm covering up.

THE WHITE HOUSE

WASHINGTON

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But you are right about the Contras. I'm convinced the case has become a battle between those who oppose helping the Contras and us who want to help. As this goes on, I think I'll point out that you can't be against the Contras without being for the Communist government of Nicaragua.

Well, I'm running on and better close. Again, thanks. Nancy sends her love.

Sincerely.

Mr. Laurence W. Beilenson
1946 North Gramercy Place
Los Angeles, California 90068

To Mr. Lawrence W. Beilenson 1946 No. Gramercy Pl.
L.A. Calif. 90068

Dear Larry

This is to say thank you for 2 letters - the
handwritten one & the letter of Dec. 2nd. As always
you make good sense and I'm grateful to you.

You know Larry this whole thing is ~~very~~
hard to understand. I didn't try to do business
with the Khomeini. I know he thinks I'm Satan.
But it was others in his govt. who got word to
us they would like to see if we couldn't establish a
over

relationship leading to the future. With the strategic importance of Iran I couldn't pass up this opportunity. They asked for a token arms sale to prove our sincerity. Our reply was 12 mil. worth of spare parts & anti-tank missiles. We told them we'd like concrete evidence of their anti-terrorism & that could be their effort to persuade the kidnapers in Beirut to free our hostages. By the way countries in Western Europe have sold almost \$3 bil. worth of weapons to Iran & more than \$7 bil. worth to Iraq. Our Communist friends (?) sold about \$5 1/2 bil. worth to Iran & \$24 1/2 bil. worth to Iraq. I don't think our sale tipped the mil. balance.

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But you are right about the Contras. I'm convinced the case has become a battle between those who oppose helping the Contras & we who want to help. As this goes on I think I'll point out that you can't be against the Contras without being for the Communist govt. of Nicaragua.

Well I'm running on a rather close. Again thanks.
#Kerry sends her love. Sincerely Ron

LAURENCE W. BEILENSON
1946 NORTH GRAMERCY PLACE
Los Angeles, California 90068
TELEPHONE (213) 467-6479

Ms. Kathy Osborne
Secretary to the President
The White House
Washington, D.C. 20050

December 2, 1986

Dear Ms. Osborne,

Please give this letter to the president.

Sincerely,

Laurence W. Beilenson

Dear Mr. President:

You will endure and emerge from your present ordeal because you have the strength of character to do so. I fear, however, that contra aid will be the victim.

Please read the lead article in the December 1986 issue of Commentary, "How The Nicaraguan Resistance Can Win" by Penn Kemble and Arturo J. Cruz Jr. In it the authors urge a long sustained struggle rather than attempting a quick victory. This is in accordance with the whole history of subversion, as I recount in Power Through Subversion, Public Affairs Press, 1972.

Your aims in Nicaragua have been right; your method, mistaken. You should forge a bipartisan policy as follows: (1) Withdraw all U.S. military forces from the vicinity, including advisers. (2) Remove any C.I.A. direction or control of the movement. (3) Congress will vote steady long-time aid money to the contras, letting them make their own mistakes. If they have the money, they can buy firearms. (4) Expect a long struggle, far beyond your presidency. (5) Openly announce the policy.

The contras will make mistakes; the C.I.A. has and will make more. The insurgency must be a Nicaraguan insurgency with the U.S. giving money and leaving the rebels alone.

Some of the money will be embezzled and wasted; such money whether for foreign aid or subversion always has been. When England aided the Spanish guerrillas against Napoleon, the juntas embezzled or wasted 90% of the money, but the 10% helped defeat Napoleon.

Pay the money in installments. Tell the recipients: We shall not police how you spend the money, but you won't get the second installment unless you can satisfactorily account for the first. And if you use the first installment to support luxurious living in Miami, you won't get the second.

The aim should not be a deal with the Sandinistas, which they would break in any event. The aim is the eventual replacement of the Marxist government of Nicaragua with a democratic one; the means, a long struggle. You should say so.

Sincerely,



Laurence W. Beilenson

LWB:dc

14

Name	Date
Paul	7/24/17

THE WHITE HOUSE
WASHINGTON

454816

1110

00071

TL003-03

THE WEEK AHEAD

Sunday, November 9
through
Monday, November 10

FOREIGN

Iran

The story of the week will continue to be the speculation concerning United States activities with Iran and the relationship of this to the hostage question. The media is focusing on two points. First, whether or not the alleged United States supply/facilitation of supply of arms to Iran went counter to standing United States policy and, second, the media's growing skepticism about the administration's no comment position. The press is at present divided as to the purpose of our silence. Is it to protect the hostages or to cover up administration wrongdoing? Our guidance will continue to stress the following:

- o We will not comment on the speculative stories. This no comment position is neither a confirmation nor denial of the stories.
- o The arms restrictions against Iran remain in effect.
- o Our policy of not negotiating terrorist demands remains in effect.

Ambassador's Conference on Narcotics

One of your six goals for a drug-free America is improved international cooperation and full involvement of every country in defeating international drug trafficking. Your November 12-13 conference with United States Ambassadors from 19 different countries and the United States Missions to the United Nations in New York and Vienna will convey to the Ambassadors your sense of urgency in improving international cooperation leading to a more effective international narcotics strategy. We will make the following points on the conference:

- o You and Mrs. Reagan are committed to a relentless effort on narcotics abuse and trafficking.
- o You have declared drug abuse a threat to our national security, a critical worldwide problem, and the Ambassadors are here to seek ways by which our efforts can be made even more effective.

DOMESTIC

The Economy

The economic news which has been released in the past few weeks, including the encouraging news on the trade balance and last week on the creation of 382,000 new jobs, is a positive sign. This news, in addition to an improving GNP and inflation being held in check, is a signal that economic expansion will continue in the final months of 1986 and into 1987.

The major economic news this week will include advance retail sales by the Census Bureau and the producer price index.

- o The economic expansion, now heading into its fourth year, is already the second longest peacetime expansion in the post-war period, and further expansion lies ahead.
- o Employment is now nearing the 12 million mark and the percentage of our working-age population now employed is at a post-war high.
- o Unlike the experiences of the 1960s and 1970s, the economic expansion has occurred while bringing the inflation rate down. This year marks the fifth year of inflation under 4 percent.

Trade

With the new Democrat majority in the Senate, we should expect protectionist legislation to be introduced early in the next session, and there will likely be a great deal of speculation in the press about how it will fare and how the Administration will deal with that proposed legislation.

- o In terms of immediate trade matters, it is possible a report mandated by Congress identifying trade barriers to the U.S. will be released this week. It will go to members of the Senate Finance Committee and the House Ways and Means Committee. There may be some criticism because it will be a larger document this year than last (241 pages in 1985 to more than 300 in 1986), implying at first glance that the trade situation is worse this year than last year. The fact is, this is only the second year for the report and USTR has improved its methodology and added 6 countries to look at. Their objective is to find as many trade barriers as possible so the United States Government can act where appropriate.
- o U.S. Trade Representative Ambassador Clayton Yeutter will travel to Israel for a week to celebrate the one year anniversary of the U.S.-Israel Free Trade Area (a 10-year agreement which ended trade barriers between the United States and Israel). Ambassador Yeutter will make a speech in Israel at the end of the week. We are attempting to negotiate the same type agreement with Canada.
 - We seek freer and fairer trade. We will counter unfair trade practices abroad and oppose protectionism at home. In a fair and open world market, America can out-produce, out-compete and out-sell anybody.
 - We are taking aggressive steps to fight unfair trade practices in other countries. This is the first Administration to self-initiate unfair trade practice cases.
 - Several cases we filed against Japan and the European Community have already brought results.

Important Bill Signings

- o S. 1744: State Comprehensive Mental Health Service Plan Act. Otherwise known as the Omnibus Health Bill. The major concern has to do with a provision that would establish a major new childhood vaccine compensation entitlement program without adequate data to show that such a drastic and costly step is necessary. ~~The provision would impose an excise tax on childhood vaccines in order to finance a compensation trust fund. You strongly oppose the imposition of any new tax, or any increase in existing taxes, and therefore this provision is unacceptable to you.~~ The bill was received on Friday, October 31, and the deadline for action is November 15.
- o H.R. 6: The Water Resources Bill. The bill will authorize the construction of more than 250 new water projects by the U.S. Army Corps of Engineers. It will save the American people millions of dollars by instituting certain new user fees, raising funds from the commercial users who benefit from water projects the most.

*deleted
Per
DC*

Economic Indicators:

- o Friday, November 14 Advance Retail Sales
- o Friday, November 14 Producer Price Index

#

TOP STORIES OF THE WEEK

Monday, November 10, 1986

- Return to the White House
- Marine Corps Birthday Event

Tuesday, November 11, 1986

- Veterans Day Holiday

Wednesday, November 12, 1986

- Congratulate the New York Mets
- Luncheon with Journalists

Thursday, November 13, 1986

- Meeting with U.S. Ambassadors attending Conference on Drug Abuse
- Cabinet Meeting
- Reception for Citizens for America

Friday, November 14, 1986

- Dropby Meeting for Religious Leaders
- Interview with Maryland Public TV
- Camp David

Saturday, November 15, 1986

- Meeting with Prime Minister Thatcher
- Radio Talk
- Private Lunch with Prime Minister Thatcher

Prepared by: The Office of the Press Secretary

**WHITE HOUSE
 CORRESPONDENCE TRACKING WORKSHEET**

- O - OUTGOING
 - H - INTERNAL
 - I - INCOMING
- Date Correspondence Received (YY/MM/DD) 86/11/24

Name of Correspondent: Dave Durenberger

MI Mail Report User Codes: (A) _____ (B) _____ (C) _____

Subject: On behalf of the Senate Select Committee on Intelligence, express appreciation for the briefings by Mr. Casey's and Mr. Poindexter on the arms transactions with Iran. Nonetheless, indicate that they cannot accept the logic of arranging for a high-risk meeting between Bud McFarlane and Iranian officials, while not taking a comparatively minor risk and informing Congress.

ROUTE TO: ACTION DISPOSITION

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
<u>LA BALL</u>	<u>CJ</u>	<u>86/11/24</u>			<u> / / </u>
	ORIGINATOR				
	Referral Note:				
<u>NSMCDA</u>	<u>R</u>	<u>86/12/02</u>			<u> / / </u>
	Referral Note:				
		<u> / / </u>			<u> / / </u>
	Referral Note:				
		<u> / / </u>			<u> / / </u>
	Referral Note:				
		<u> / / </u>			<u> / / </u>
	Referral Note:				

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Comments: _____

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RECORDS MANAGEMENT ONLY

CLASSIFICATION SECTION

No. of Additional Correspondents: 0001 Media: L Individual Codes: 1210 1220

Prime Subject Code: CO 071 Secondary Subject Codes: ND 018 FE 037
FE 00602 FE 00612

PRESIDENTIAL REPLY

Code Date Comment Form

C _____ Time: 8:15 AM P-

DSP _____ Time: _____ Media: _____

SIGNATURE CODES:

- CPn - Presidential Correspondence
- n - 0 - Unknown
- n - 1 - Ronald Wilson Reagan
- n - 2 - Ronald Reagan
- n - 3 - Ron
- n - 4 - Dutch
- n - 5 - Ron Reagan
- n - 6 - Ronald
- n - 7 - Ronnie

- CLn - First Lady's Correspondence
- n - 0 - Unknown
- n - 1 - Nancy Reagan
- n - 2 - Nancy
- n - 3 - Mrs. Ronald Reagan

- CBn - Presidential & First Lady's Correspondence
- n - 1 - Ronald Reagan - Nancy Reagan
- n - 2 - Ron - Nancy

MEDIA CODES:

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- G - Message
- H - Handcarried
- L - Letter
- M - Mailgram
- O - Memo
- P - Photo
- R - Report
- S - Sealed
- T - Telegram
- V - Telephone
- X - Miscellaneous
- Y - Study

THE WHITE HOUSE
WASHINGTON

December 2, 1986

MEMORANDUM FOR:

RODNEY McDANIEL

FROM:

KATHY RATTE JAFFKE *KRJ*

SUBJECT:

Arms Transactions with Iran

In the attached letter of November 21, Senators Durenberger and Leahy write in their respective capacities as Chairman and Vice Chairman of the Senate Select Committee on Intelligence, to voice concern that they were not informed of the arms transactions with Iran.

At Lynn Sach's suggestion, I am requesting guidance from NSC for responding to this inquiry.

Thank you for your assistance.

cc: Records Management - FYI (ID# 455876)

NATIONAL SECURITY COUNCIL

November 21, 1986

NOTE FOR KATHY JAFFKE

FROM: LYNN SACHS 

Attached letter was just hand delivered -- formally staff to the NSC. I have sent a copy to Will.

THE WHITE HOUSE
WASHINGTON

December 2, 1986

MEMORANDUM FOR: RODNEY McDANIEL
FROM: KATHY RATTE JAFFKE *KRJ*
SUBJECT: Arms Transactions with Iran

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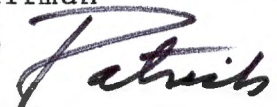
The President
November 21, 1986
Page Two

Mr. President, the Committee is deeply disturbed by the absence of proper notice of this highly significant covert program and the long delay in providing any notification at all. Excessive compartmentation of this program may have led to mistakes in its formulation and implementation. In particular, failure to notify Congress, even on the limited basis provided in the law, removed a valuable opportunity for consultation and for the advice every President needs, and could ultimately undo much of the progress that has been achieved in recent years in limiting discussion of such matters on Capitol Hill.

Respectfully,



Dave Durenberger
Chairman



Patrick Leahy
Vice Chairman

NSC/S PROFILE

UNCLASSIFIED

ID 8608576

RECEIVED 03 DEC 86 10

TO PRESIDENT

FROM DURENBERGER, DAVE

DOCDATE 21 NOV 86

LEAHY, PATRICK

21 NOV 86

KEYWORDS: IRAN

ARMS TRANSFERS

INTELLIGENCE

CO

SUBJECT: ARMS TRANSACTIONS TO IRAN

ACTION: RECOMMENDATIONS TO LORETTA DUE: 05 DEC 86 STATUS S FILES WH

FOR ACTION

FOR CONCURRENCE

FOR INFO

SACHS

SABLE

ROSS

CLOSE FILE - NO RESPONSE NECESSARY.

TEICHER

Red - make sure you close out with Jaffe's office.

DE GRAFFENREID

MAHLEY

COMMENTS MAY I PLS HAVE SOME GUIDANCE AS TO WHO WILL BE DOING THESE

AS THEY COME IN OR WILL THEY GO IN SYSTEM II. THANKS

REF# 455876

LOG

NSCIFID

(LB)

ACTION OFFICER (S) ASSIGNED ACTION REQUIRED DUE COPIES TO

2

12/4

notified Jaffe

DISPATCH

W/ATTCH FILE (C)

Taffke - 1 1487

CDD71

WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

- O - OUTGOING
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- I - INCOMING
Date Correspondence Received (YY/MM/DD) 1 1

Chris

Name of Correspondent: *John A. Murray*

MI Mail Report User Codes: (A) _____ (B) _____ (C) _____

Subject: *Administration's Iran Initiative and Tom Sutherland*

ROUTE TO:

ACTION

DISPOSITION

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
<u><i>cuhol</i></u>	<u>ORIGINATOR</u>	<u><i>861120</i></u>			<u><i>861126</i></u>
	Referral Note:	<u><i>for POW signature</i></u>			
<u><i>cuat</i></u>	<u><i>D</i></u>	<u><i>861125</i></u>			<u><i>861126</i></u>
	Referral Note:				
<u><i>cuwall</i></u>	<u><i>S</i></u>	<u><i>861126</i></u>	<u><i>PW</i></u>	<u><i>A</i></u>	<u><i>861126</i></u>
	Referral Note:				
		<u><i>1 1</i></u>			<u><i>1 1</i></u>
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		<u><i>1 1</i></u>			<u><i>1 1</i></u>
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Prime Subject Code: CD 071 Secondary Subject Codes: TL 003.03
ND 018

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- R - Report
- S - Sealed
- T - Telegram
- V - Telephone
- X - Miscellaneous
- Y - Study

CORRESPONDENCE TRACKING WORKSHEET
WHITE HOUSE

PJW/CCC:jmy
PJWallison
CCCOx
Chron.

THE WHITE HOUSE
WASHINGTON

November 26, 1986

Dear John:

Thank you for your thoughtful letter of November 18. It is always good to hear, as you put it, a voice from the long-distant past.

Your report of your sister Jean's recent meeting with the President, and its "recharging" effect on her, is gratifying. Given your specialization in Public International Law and Legal Negotiation and your personal involvement with the hostage-taking in Beirut, you must appreciate far more deeply than most people the issues that we face in the Mideast.

I, too, was surprised and pleased to see your name when you were kind enough to send along your letter of support. You and your family have all of my best wishes.

Sincerely,

ORIGINAL SIGNED BY PJW

Peter J. Wallison
Counsel to the President

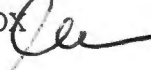
Professor John S. Murray
Texas Tech University
School of Law
Lubbock, Texas 79409-0004

THE WHITE HOUSE

WASHINGTON

November 26, 1986

MEMORANDUM FOR PETER J. WALLISON

FROM: C. CHRISTOPHER COX 

SUBJECT: Reply to John S. Murray

As requested, the attached letter is for your signature.



Texas Tech University

School of Law
Lubbock, Texas 79409-0004 / (806) 742-3791 Faculty 742-3785

November 18, 1986

Pls. draft reply

455936 CW

Mr. Peter J. Wallison
Counsel to the President
The White House
Washington, D.C. 20500

Dear Peter:

I was surprised and pleased when I saw your name in the New York Times as White House counsel. As a voice from the long-distant past, I send congratulations and hope that your current projects, especially the Iran situation, work out for the best.

I have a special interest in the Administration's Iran initiative. Professionally, I teach and write in the areas of Public International Law and Legal Negotiation and am currently working through problems similar to the Iran question with my students. On a more personal level, my sister's husband is Tom Sutherland, one of the two hostages still held in Beirut by Islamic Jihad. Jean (my sister) met with President Reagan on October 30 and has since returned to Beirut recharged by knowledge of the President's commitment to a positive solution for the Mideast.

NOV 20 1986

Best wishes.

Sincerely,

A handwritten signature in blue ink, appearing to read "John S. Murray".

John S. Murray
Professor of Law

JSM/nt

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December 30, 1986

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R. STANTON AVERY

WS

Stan Avery

Mr. President:

I think I know why the Polls continue to show that a majority of our citizens still believe in your integrity in spite of the torrent of criticisms and concerns over the Iranian affair.

The majority know that our nation lives in a rough, tough neighborhood of nations in which many of our friends were once enemies and some of our enemies were once our friends.

They also know that we and other free nations must, whenever we can, resist movements which say that the only way to bring peace and prosperity to the poor people and poor nations of the world is through subversion, terrorism and armed force, an activity which is going on every day in Afghanistan, in Nicaragua, in Ethiopia, El Salvador and the Phillipines.

The majority also expect their President to be faced with occasions when he must initiate actions in the National interest which are risky and easily misunderstood.

The majority know that, though we cannot move out of our threatening, unruly neighborhood, we shall survive and work to build a better, and not a worse, world to live in.

Your friend and neighbor,

Stan Avery

aj

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PR005-02

X
EARLE M. JORGENSEN
10650 SOUTH ALAMEDA STREET
LOS ANGELES, CALIFORNIA 90054



No Reply

MAILING ADDRESS
P. O. BOX 54633

December 22 1986

The President 16690
The White House
Washington D.C. 20500

Dear Ronnie

This is a private note to a dear friend so I did not start off with Mr President so please excuse.

I wanted to get this letter to you before Christmas to best wish you and Nancy my very best and lots of happiness regardless of these trying times for both of you. I am behind you all the way and any decisions you have made on this transition kept it up and remember "never say die say damn" or another "Courage, confidence determination". These are words I've lived by for years, so I am passing them on to you, I'm sure they may help.

Incidentally when walking through my plant the other day, three of my employees, one a truck driver, a white man, a security guard, came up to me and told me to be sure and tell my friend they believe in you and ^{are} back of you 100%. I thought there were nice encouraging words from people you do not expect to hear from
Keep up the good work and give them hell
Your devoted friend
Earle

House Foreign Affairs Committee

Preliminary Statement

Shultz statement

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Mr. Chairman, this is the first time in my ten years of service as a Cabinet officer that I have been asked to take an oath before Congress.

I do so in good spirit, fully recognizing your authority to require an oath and your duty to ensure that the record of these proceedings is as full and true as possible. Taking an oath is something American citizens do every day. I regard this act as fulfilling my duty as a citizen to respect our laws and institutions.

I want you to know, however, that when I was sworn in as Secretary of State I took an oath "to support and defend the Constitution of the United States". I have always considered that solemn promise to impose the permanent duty upon me as Secretary of State always to tell the truth to the President, the Congress, the Courts, and most importantly, the American people. In addition to being a citizen, I am, at the moment, a public servant. If a public servant is not prepared to tell the truth he has no business being a public servant, oath or no oath. ~~It is as simple as that.~~

NSC # 8608651

House Foreign Affairs Committee

Testimony

Mr. Chairman, I am grateful for the Committee's understanding that I must depart at 10:30 in order to meet with President Mobutu of Zaire, after which I will leave early this afternoon for Great Britain and Belgium for meetings with NATO foreign ministers.

The hearings you are holding, Mr. Chairman, come at a crucial point for the nation. The President has recognized that serious problems have been created in our conduct of foreign affairs by the manner in which some individuals implemented our effort to establish better contacts with Iran, and by the diversion of funds from arms sales to the Nicaraguan democratic resistance. He has taken the lead in rectifying any problems that may exist.

-- The President has appointed Frank Carlucci, a respected foreign policy professional of exceptionally broad experience and the highest integrity, to revitalize and lead the National Security Council.

-- He has instituted a senior-level Special Review Board under the distinguished leadership of John Tower to review the proper role of the National Security Council and the functioning of its staff.

-- He has recommended the appointment of an independent counsel to investigate the possibility of any wrongdoing regarding the Iran project.

-- He has welcomed a unified Congressional approach to its oversight role in these matters, and has promised full cooperation with its inquiries.

-- He has ordered me to implement an inter-agency study of our relations with Iran, and that process is underway with the experienced leadership of Under Secretary Armacost.

-- And he has instructed his cabinet officers to share with the Congress and the American people all that they knew about this recent initiative toward Iran -- which is why I'm here with you this morning.

Mr. Chairman, as you know I am ready to tell you everything I knew at the time about our sales of arms to Iran. The President has authorized the release of this information to Congress. I am not free, however, to violate the laws of the United States in the process. Much of the material that I knew at the time is still classified. I realize that some of this material has become public.

But this does not permit me to confirm as fact some matters that have up to now been published without official authority. Furthermore, while it may seem difficult to believe, some of what I am ready to tell you is still not publicly known. Finally, in addition to the problem of classified material, to tell you all that I know in public session could well interfere with ongoing criminal investigations, would improperly reveal intelligence sources and methods, and would expose privileged communications.

All this pains me greatly. I have sworn to tell the full truth, and I am prepared to do so in a manner consistent with my legal and ethical responsibilities. This can best be done in a closed session where all my obligations can faithfully be fulfilled. I want to put to rest now any doubt as to my readiness to respond to questions about my prior knowledge and activity. I have already made all the information at my disposal available to the FBI. I have been interviewed by the Department of Justice. I am ready in this open session to bring forward all the materials I properly can. And at whatever appropriate time you choose, I am prepared to make a statement and to answer questions in closed session giving classified details of my knowledge and activities.

Having said this, Mr. Chairman, I fully believe you have made the right decision by calling for an initial open session and stating that this particular hearing might concentrate on looking forward. I warmly endorse this purpose. We need very much to look forward. And I will do so in this testimony.

I will start by looking at our future relations in the Persian Gulf area. That subject is of crucial importance to the nation, and it easily warrants the limited time we have this morning. So, let me turn to it, with the hope of leaving time for your comments and questions.

The Importance of Iran and the Persian Gulf

The Persian Gulf is important to the United States, and for many of our key friends and allies as well. A quarter of the free world's oil flows through the Persian Gulf, and an even higher percentage sustains the economies of our allies in Europe and Japan. It is vital that Western access to that oil continues. The region is a strategic focal point -- one in which the Soviet Union has long sought to expand its presence and control. We have an important stake in denying to them such an expansion.

We have major political interests with individual Gulf states, both in their own right, and because of their influence on events in the Middle East, Afghanistan, and elsewhere.

Therefore, we want the states of the Gulf to enjoy a peace and political stability free from threats of Soviet intimidation, external aggression, or internal subversion. We wish to sustain productive relations with these states of the region, in part so that the supply of oil to the West can continue unabated.

But our strategic, economic and political interests in the Gulf have been and continue to be challenged from a number of quarters -- by war and political instability in the region, by the Soviet Union's brutal occupation of Afghanistan and persistent efforts to expand its influence, and by terrorism. And Iran has come to be a most important element in all of these considerations.

The Iran-Iraq war, now in its seventh year, shows all too clearly how a continuation of regional conflict and instability can threaten not only our interests, but those of many states friendly to us as well.

And for that reason, the U.S. has consistently worked for an early end to that conflict, under terms which provide for the territorial integrity and independence of both belligerents.

In meeting the threat of escalating terrorism, we must also deal with the problem of Iran. The current Iranian government continues to believe that terrorism is a legitimate instrument of foreign policy. It has been prepared to employ that instrument when and where it suited its needs. It is in our interest to see that it stop.

As the President has said, he authorized the transfer of some arms to Iran to send a signal that the United States was prepared to replace the animosity between us with a new relationship. That signal has been sent. 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.

- 6 -

Our dealings with Iran are shaped by a strategic dilemma. We have a "Northern" concern -- to keep Iran free of Soviet influence, and a "Southern" concern -- to keep Iran from dominating its Gulf neighbors. Because Iran continues to resist Soviet influence, but threatens the Gulf, our near-term priority must be to reassure Gulf Arab states of our support and stand fast on our anti-terrorism and arms embargo policies. Meanwhile we must use alternative channels to bolster Iranian resistance to Soviet influence and focus on shared interests such as Afghanistan. Similarly, stability in the Gulf will affect our efforts to encourage meaningful movement in any peace process between Israel and its Arab neighbors.

Therefore, we have a legitimate interest in better relations with Iran, and the President determined last year that we should respond to approaches from elements within Iran to see whether Iranian leaders were prepared to shift their policies in a more positive direction. Last Saturday the President reiterated our purposes: "to end the war in the Middle East, to prevent Soviet expansionism, to halt terrorism and to help gain release of American hostages."

Mr. Chairman, I fully support every one of these purposes. I am sure that you and this committee likewise support them.

- 5 -

The problems created by recent events were not caused by these purposes, but by the way they were implemented in this one instance, and by certain unauthorized actions of officials on whom the President had relied to implement his policy. Facts being revealed have made clear, as the President has forthrightly stated, "that the execution of these policies was flawed and mistakes were made."

The policies the President has reaffirmed are his own. He has made clear that it was neither his interest nor his policy to trade weapons for hostages, nor to undercut our stand against terrorism.

I fully support him and his policies. As a nation, we must remain opposed to terrorism in every form. All terrorism, whether directed against Americans or others, is unacceptable and must be eliminated. That principle is central to our efforts to encourage broader international cooperation against state-sponsored terrorism.

Therefore, we must continue to speak out and take action against all acts of terrorism.

However much we share the anguish of the families involved, we must oppose concessions or ransom for the release of hostages. To do otherwise would encourage the taking of additional hostages and would raise the value in the eyes of the hostage-takers of those already held. And we must continue to strengthen our efforts with friends and allies in such areas as intelligence exchange and security measures to thwart terrorism and its attendant violence and to isolate states which sponsor and support terrorism.

With respect to Iran, the President has noted: "The Iranian revolution is a fact of history; but between American and Iranian basic national interests there need be no permanent conflict." He has also reaffirmed that it was not his intent to do business with the Khomeini regime as long as its policies threaten the peace and stability of the region. Here again, I fully agree.

We must continue to encourage an end to regional hostilities and peaceful relations between all of the Gulf states. We seek a negotiated resolution of the Iran-Iraq war that respects the sovereignty and territorial integrity of all nations in the region.

In working for the stability of the Gulf, we will continue to support the cooperative efforts of moderate and friendly states of the region to ensure their own security and stability. We will oppose Soviet encroachment in the region and seek an early end to its occupation of Afghanistan.

Finally, we must put recent events into proper historical perspective. The President has been here for six years. When he took over, the nation was neither as secure nor as confident as it should have been.

Where do we stand after six years of President Reagan's leadership in foreign affairs?

Working with Congress and with the broad support of the American people, President Reagan's policies have brought us to the threshold of a new and remarkably different world -- a world in which America's interests, America's pride, and America's ideals are flourishing.

What is this different world? Why is it cause for renewed confidence and hope for the future?

Because:

-- We can glimpse now, for the first time, a world in which the incessant and pervasive fear of nuclear devastation is reduced. The threat of nuclear conflict can never be wholly banished, but it can be vastly diminished by careful but drastic reductions in offensive nuclear arsenals and by creating an ability to defend against them. It is just such reductions -- not limitations in expansion, but reductions -- and just such defenses, that is the vision President Reagan is working to make a reality.

-- Only a few years ago the democracies of the world were believed to be an embattled, shrinking handful of nations. Today, people struggling under oppressive regimes of the right and the left can see democracy as a vital force for the future. Vital but non-violent movements toward more open societies have succeeded. The failure of closed, command economies is more evident every day. A new wind of change is blowing.

-- People who are ready to stand up for freedom and have no choice but to fight for their rights now know that Communism's march is not inevitable. President Reagan is a freedom fighter -- and the world knows it. And I stand with Ronald Reagan.

Strong defenses, sound alliances, and support for the free economic and political development of peoples everywhere: that's what President Reagan stands for. His policies are not the policies of a party. They are the policies of all the American people. They are inevitable policies if our country is to remain the best and greatest on earth and the hope of humanity everywhere. Let us show the strength of our free institutions by a full investigation of every detail of this Iran episode. But as we do so, let us unite, pull ourselves together and keep this country moving ahead to meet the dangers and the opportunities of this moment.

NATIONAL SECURITY COUNCIL EXECUTIVE SECRETARIAT STAFFING DOCUMENT

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COMMENTS

Please prepare summary & highlites of hearings

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Kegan

WASHFAX RECEIPT
DEPARTMENT OF STATE

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MESSAGE NO 012980 CLASSIFICATION UNCLASSIFIED No. Pages 12
FROM Lynn Pascoe S/S 73126 7224
(Officer name) (Office symbol) (Extension) (Room number)
MESSAGE DESCRIPTION Secretary's Statement for HFAC

TO: (Agency)	DELIVER TO:	Extension	Room No.
NSC	Bob Pearson		

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PEARSON

FROM PASCOE, L

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