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WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name WHITE HOUSE OFFICE OF RECORDS MANAGEMENT:
SUBJECT FILE

Withdrawer
DLB 4/28/2010

File Folder CO071 (IRAN) (610000-614999)

FOIA
S10-0306/01
SYSTEMATIC

Box Number 94

54

DOC NO	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
1	CASE FILE	RE: EXPEDITION OF APPEAL FOR COMPENSATION AT IRAN CLAIMS TRIBUNAL 614027	7	10/11/1988	B6

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
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- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

ID # 610459

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

C 0071

- O - OUTGOING
- H - INTERNAL
- I - INCOMING

Date Correspondence Received (YY/MM/DD) 88 / 7 / 8

Name of Correspondent: MICHAEL SONNLEITNER

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

Subject: WANT AN APOLOGY TO BE GIVEN BY THE U.S. TO THE IRANIAN GOV:T.
FOR THE DOWNING OF THE PASSENGER AIRLINER-- REMOVAL OF OUR MILITARY
PRESENSE IN THE GULF -- AND END OF IRAN-IRAQ WAR

199001030003

ROUTE TO:		ACTION		DISPOSITION	
Office/Agency	(Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Completion Date YY/MM/DD
DO5 PLBELL		ORIGINATOR	88 9 11	R	88 9 11
DO5		Referral Note:	R. 88, 09 18		1 11
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		Referral Note:			
			1 1		1 1
		Referral Note:			
			1 1		1 1
		Referral Note:			

ACTION CODES:

- A - Appropriate Action
- C - Comment/Recommendation
- D - Draft Response
- F - Furnish Fact Sheet to be used as Enclosure
- I - into Copy Only/No Action Necessary
- R - Direct Reply w/Copy
- S - For Signature
- X - Interim Reply

DISPOSITION CODES:

- A - Answered
- B - Non-Special Referral
- C - Completed
- S - Suspended

FOR OUTGOING CORRESPONDENCE

- Type of Response = Initials of Signer
- Code = "A"
- Completion Date = Date of Outgoing

Comments: _____

Keep this worksheet attached to the original incoming letter.
Send all routing updates to Central Reference (Room 75, OEOB).
Always return completed correspondence record to Central Files.
Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

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UNCLASSIFIED
(Classification)

DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT
TRANSMITTAL FORM

S/S 8826525

Date October 4, 1988

For: Mr. Paul Schott Stevens
Executive Secretary
National Security Council
The White House

Reference:

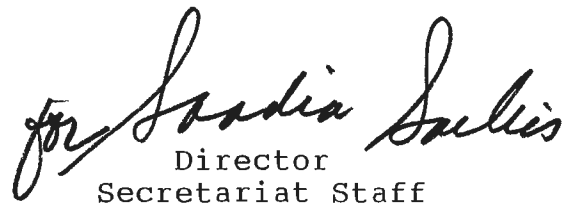
To: President Reagan From: Michael Sonnleitner
Date: September 16, 1988 Subject: Wants an apology to
the US from the Government of Iran
Referral Dated: September 8, 1988 ID# 610459
(if any)

 The attached item was sent directly to the
Department of State

Action Taken:

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

Remarks:


Director
Secretariat Staff

UNCLASSIFIED
(Classification)

HOUSE

88 OCT 5 7:19

88 OCT 4 11:09

SITUATION ROOM



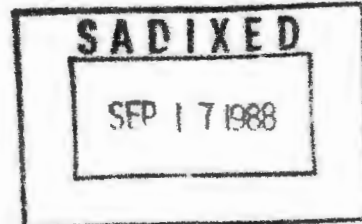
United States Department of State

Washington, D.C. 20520

8826525

September 16, 1988

Mr. Michael Sonnleitner
Oregon Fellowship of Reconciliation
1838 Southwest Jefferson
Portland, Oregon 97201



Dear Mr. Sonnleitner:

I have been asked to respond to your telegram to President Reagan concerning the tragic destruction of the Iranian airbus last July and U.S. policy in the Persian Gulf.

On July 11, the President announced his decision to make ex gratia payments to families of the victims of the shootdown of Iran Air 655, primarily for humanitarian reasons. We believe that our offer to compensate the families of all the victims is an appropriate and effective demonstration of the compassion of the American people and our deep regret over this tragedy.

On August 20 of this year, a U.N.-supervised ceasefire between Iraq and Iran went into effect in accordance with Security Council Resolution 598, which calls for a negotiated settlement of the war. We have urged both sides to cooperate with U.N. Secretary General Perez de Cuellar and the Security Council to ensure the earliest possible implementation of the Resolution, in all its aspects, on an urgent basis.

Sincerely,

Charles W. Dunne
Desk Officer for Iran
Office of Northern Gulf Affairs

PRESERVATION COPY

3826525

THE WHITE HOUSE OFFICE
REFERRAL

SEPTEMBER 11, 1980

TO: DEPARTMENT OF STATE

ACTION REQUESTED:
DIRECT REPLY, FURNISH INFO COPY

DESCRIPTION OF INCOMING:

ID: 610459

MEDIA: MAILGRAM, DATED JULY 5, 1980

TO: PRESIDENT REAGAN

FROM: MR. MICHAEL SONNLEITNER
COORDINATOR
OREGON FELLOWSHIP OF RECONCILIATION
1838 SOUTHWEST JEFFERSON
PORTLAND OR 97201

SUBJECT: WANT AN APOLOGY TO BE GIVEN THE U.S. TO THE
IRANIAN GOVERNMENT FOR THE DOWNING OF THE
PASSENGER AIRLINER - REMOVAL OF OUR MILITARY
PRESENCE IN THE GULF - AND END OF IRAN - IRAC
WAR

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

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

SALLY KELLEY
DIRECTOR OF AGENCY LIAISON
PRESIDENTIAL CORRESPONDENCE

PRESERVATION COPY

0157
MICHAEL SONNLEITNER, COORDINATOR
1838 SOUTHWEST JEFFERSON
PORTLAND OR 97201 05AM

Western Union Mailgram 

1-0031629187 07/05/88 ICS IPMRNCZ CSP WHSB
5038433593 MGMS TDRN MCMINNIVILLE OR 87 07-05 0604P EST

~~XXXXXXXXXX~~ Moblll

101 15 15
610459

PRESIDENT RONALD REAGAN
WHITE HOUSE DC 20500

WE ARE SADDENED BY THE LOSS OF LIFE AND DESTRUCTION OF THE IRANIAN PLANE WE CALL FOR AN APOLOGY TO THE IRANIAN GOVERNMENT, COMPENSATION TO THE FAMILIES OF THE VICTIMS, REMOVAL OF OUR MILITARY PRESENCE IN THE GULF, A FULL CONGRESSIONAL INVESTIGATION, SUPPORT FOR INITIATIVES BY THE UNITED NATIONS TO END THE IRAN IRAQ WAR,

250 DELEGATES NORTHWEST REGIONAL CONFERENCE
FELLOWSHIP OF RECONCILIATION
JULY 1 TO 4
MICHAEL SONNLEITNER, COORDINATOR
DEGON FELLOWSHIP OF RECONCILIATION
1838 SOUTHWEST JEFFERSON
PORTLAND OR 97201

PRESERVATION COPY

12:03 EST

464COMP



U.S. National Archives & Records Administration

Current Status Details for CTRH RECID: 610640 MAIN SUBCODE: C0071

Current Status	None
User Name	dbarrie
Status Date	2010-04-03
Case Number	
Notes	Tranferred to C0072

[Change Status](#)

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Review Status History

No.	Status	Date	User	Case Number	Notes
1	None	2010-04-03	dbarrie		Tranferred to C0072

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

JS

O - OUTGOING

H - INTERNAL

I - INCOMING

Date Correspondence Received (YY/MM/DD) 88109101

Name of Correspondent: Mr. Mrs. Miss Ms. John Paul Maynard-

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

Subject: Re: Iranian - American relations.

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>CoKell</u>	<u>ORIGINATOR</u>	<u>88109101</u>	<u>TR</u>	<u>C</u>	<u>88109121</u>
<u>✓ Do S</u>	<u>R</u>	<u>88109114</u>	<u>TR</u>	<u>a</u>	<u>88101119</u>

ACTION CODES:

- A - Appropriate Action
- C - Comment/Recommendation
- D - Draft Response
- F - Furnish Fact Sheet to be used as Enclosure

- I - Info Copy Only/No Action Necessary
- R - Direct Reply w/Copy
- S - For Signature
- X - Interim Reply

DISPOSITION CODES:

- A - Answered
- B - Non-Special Referral
- C - Completed
- S - Suspended

FOR OUTGOING CORRESPONDENCE:

- Type of Response = Initials of Signer
- Code = "A"
- Completion Date = Date of Outgoing

Comments: _____

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RECORDS MANAGEMENT ONLY

CLASSIFICATION SECTION

No. of Additional Correspondents: _____ Media: L Individual Codes: 4620 _____

Prime Subject Code: CO 071 Secondary Subject Codes: FO 002 _____
IT 090 _____

PRESIDENTIAL REPLY

Code	Date	Comment	Form
C	_____	Time: _____	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:

- B - Box/package
- C - Copy
- D - Official document
- G - Message
- H - Handcarried
- L - Letter
- M - Mailgram
- O - Memo
- P - Photo
- R - Report
- S - Sealed
- T - Telegram
- V - Telephone
- X - Miscellaneous
- Y - Study

~~UNCLASSIFIED~~

DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT

TRANSMITTAL FORM

S/S 8827024

Date September 20, 1988

FOR: Mr. Paul Schott Stevens
Executive Secretary
National Security Council
The White House

REFERENCE:

To: President Reagan

From: Mr. John Paul Maynard

Date: September 19, 1988

Subject: Regarding Iranian-American relations

WH Referral Dated: September 14, 1988
NSC ID# (if any): 610870

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

ACTION TAKEN:

 A draft reply is attached.

 A draft reply will be forwarded.

 A translation is attached.

 X An information copy of a direct reply is attached.

 We believe no response is necessary for the reason
cited below.

 The Department of State has no objection to the
proposed travel.

 Other (see remarks).

REMARKS:

For
Director
Secretariat Staff

~~UNCLASSIFIED~~

UNCLASSIFIED

RR SEP 21 48:22

UNCLASSIFIED



September 19, 1988

Mr. John Paul Maynard
Editor
The Middle East Speculum Report
Amherst, MA. 01004-0742

Dear Mr. Maynard:

The President has asked us to thank you for your letter of August 28, in which you enclosed a copy of your paper "An American Role in Iran's Reconstruction."

With the beginning of negotiations to bring about a comprehensive solution to the Iran-Iraq conflict, there is a great deal of interest in the possible role that western nations can play in post-war reconstruction. The Department of State will continue to monitor developments in the region with great care.

We appreciate your views on this important subject.

With best wishes,

Sincerely,

Charles Dunne
Desk Officer for Iran
Northern Gulf Affairs

THE MIDDLE EAST SPECULUM
JOHN PAUL MAYNARD, Editor
Amherst, Mass. 01004-0742

3827024

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

REFERRAL

SEPTEMBER 14, 1988

TO: DEPARTMENT OF STATE

ACTION REQUESTED:

DIRECT REPLY, FURNISH INFO COPY

DESCRIPTION OF INCOMING:

ID: 610870

MEDIA: LETTER, DATED AUGUST 28, 1988

TO: PRESIDENT REAGAN

FROM: MR. JOHN PAUL MAYNARD
EDITOR
THE MIDDLE EAST SPECULUM

AMHERST MA 01004

SUBJECT: REGARDING IRANIAN - AMERICAN RELATIONS

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

RETURN CORRESPONDENCE, WORKSHEET AND COPY OF RESPONSE
(OR DRAFT) TO:

AGENCY LIAISON, ROOM 91, THE WHITE HOUSE, 20500

SALLY KELLEY
DIRECTOR OF AGENCY LIAISON
PRESIDENTIAL CORRESPONDENCE

436

THE WHITE HOUSE
WASHINGTON

S. Kelley
TO: ~~E Board~~

FROM: Mail **RECEIVED**
Room 58, OEOB
456-6600
SEP 06 1988

MEDIA RELATIONS

~~If you are unable to respond,
please return to:~~

Rm 58

*Pls respond.
Maxine Walker*

S
DOS

THE MIDDLE EAST SPECULUM REPORT
Amherst, Massachusetts 01004-0742
John Paul Maynard, editor

610870

E. Board

August 28, 1988

Mr Ronald Reagan
President of the United States
1600 Pennsylvania Avenue
Washington, D.C. 20506

S. Kelley

Dear Mr. President:

This Middle East analyst has been working intensively on the issue of Iranian-American relations. There does appear to be a small chance that our vital foreign policy goals in this area can be achieved.

That the United States can regain access to Iran by insistently and repeatedly calling upon Iran's leaders to improve the lot of the underclass, the mustaza'fin, by focusing on adequate family housing, might seem too devilish,, as it would usurp Khomeini's own prerogative.

Yet it is the only way we can get back in there. And it does seem that we are going to be shut out of Iran, completely.

In the enclosed paper, I justify and evolve the plan, step by step. One advantage to the plan is that we need not wait till diplomatic relations are restored.

Traditionally America's role has been to challenge Iran, in many ways. Why stop now?

Thank you for your interest in this vital issue.

Sincerely,

John Paul Maynard

John Paul Maynard
Editor

Enclosure: "An American Role in Iran's Reconstruction"

AN AMERICAN ROLE IN IRAN'S RECONSTRUCTION

By John Paul Maynard

Editor

THE MIDDLE EAST SPECULUM REPORT
Amherst, Massachusetts 01004-0742

Ideologically and practically, there exist an array of reasons not to give to Iran large sums for reconstruction. Let us lay these cards out on the table.

1. Japan, West Germany, the Gulf Arab states have both the cash and the political ability to help Iran. The US does not.
2. In contracting for reconstruction projects, US firms will be underbid by Korean, Pakistani, Taiwanese, and Turkish companies.
3. Seeing the American and Iranian forces were recently engaged in combat, there is little political good will on behalf of either Iran or the USA to engage in joint reconstruction projects. US firms will have problems obtaining credit from American banks. Iranians will be shy of working with the US.
4. Transfers of cash and credit to Iran is dangerous for two reasons, the first being that the money can be diverted to arms, the second, that large transfers of cash to Iran would likely further upset the already critical divergence between Iran's urban and rural economies.
5. It remains uncertain whether the US has learned pertinent economic and political lessons re Iran. Therefore there is no assurance that past mistakes will not be repeated.

On the other hand, there are some excellent reasons why the US should endeavor to assist Iran in very specific ways. One reason is that the Soviet Union (and other countries) has been and will be expanding its assistance programs in Iran. If the US does not find a way in, it will be shut out - completely. An even more persuasive reason is that helping Iran in specific ways, is the humane thing to do. Our understanding is that the US can regain the trust of the Iranians - and even change for the better Iran's government - by working for the ground up, directly for Iran's poor.

But how? We are so used to large bilateral aid agreements, to the place of international relief agencies, and to "business as usual." American construction firms like Bechtel, for example, are geared to infrastructure and to large, prestige luxury projects like hotels.

As for direct humanitarian assistance, that is better left to the International Red Cross/Crescent, agencies of the United Nations, and other, smaller relief concerns.

But there is a way in - a narrow window of opportunity. Before we can explain what it is, let us look briefly at the objective underpinnings behind Iran's social and economic problems.

A DIVERGENCE OF URBAN AND RURAL ECONOMIES AND CULTURES

Despite all the rhetoric, Iran's revolution had economic causes. These are straightforward, though traditional macroeconomic theory, with its emphasis on an imagined "national" economy, misses them.

What happened in Iran was that urban and rural economies and cultures diverged to the point of dislocation and social breakdown.

This divergence, which is really an erosion of traditional rural means and ends, can be seen taking place in virtually all nations of the modern world. One reason the problem is ^{not} given the fundamental emphasis that it deserves is the mistaken assumption that, somehow, cities and villages exist in a grid of mutual interdependence. It is now known, thanks largely to archaeological research, that cities impose themselves on a rural population.

What has made this economic (and cultural) divergence between city and countryside so extreme in Iran, is the billions of dollars of surplus petroleum revenues that have been infused into the country in ever-increasing amounts, from about 1950 to 1980, when war provided a "necessary" "expedient" to Iran's domestic problems.

In 1971 in Iran, the salary of a city worker was on average about three or four times that of a peasant farmer (an amount deemed "normal" in most countries today). But by 1978 that gap between urban and rural incomes had widened to 10:1 or 12:1.

Millions of Iranians flocked in from the countryside in search of work in the cities, just as the urban elite began to invest in real estate. Prices skyrocketed, ghettos and shantytowns sprung up in and around Iran's cities, and many Iranian became all but homeless.

Despite their penchant for political rhetoric Iran's revolutionary leaders - clerics - lawfully inherited the responsibility of government. For as the cities filled up with the dispossessed, the mustaza'fin, their plight became the responsibility of the mullahs of the

large urban mosques. Most of these migrants to the cities were young and unemployed. New kinds of neighborhood organizations sprung up, links between the dispossessed and the cleric were forged, till, as Saddam Hussein put it, "There seemed to be a government on every street corner."

HOUSING: THE BIG PROBLEM IN THE MIDDLE EAST

Little is heard about the housing crisis in the Middle East. But lack of adequate family housing is the region's greatest problem. In the Middle East as a whole, there exists one housing unit for every 1.5 families. In Iran that ratio is higher, about 1:1.7.

Four factors exacerbate the region's housing shortage:

1. lack of suitable native building materials
2. the extended family structure which renders "tolerable" overcrowded living conditions.
3. the inability of private and public sectors to coordinate their resources and efforts on a mass scale.
4. the influx of surplus petrodollars which, not being distributed throughout the economy, lead to rampant urbanization and the erosion of rural life.

Before we go any further, let us constate three points. The first is that overcrowding, the lack of adequate family housing, exerts psychological and social pressures impacting on everyone but particularly the very young and the very old.

The second point is that the government of Iran, despite all of its faults, is in a much better position to work from the ground up on this complex problem than the shah ever was.

The third is that the US, with its strong construction sector, and having hopefully learned some lessons, is in an excellent position to assist Iran's government in coming to grips with this problem.

Each of these points is so fundamental that we briefly expand upon them as a way introducing the Plan.

IRAN: THE POLITICS OF STRESS

Psychologists know that, be it rats or people, overcrowding creates stress. Human beings, like animals, need living space, and privacy. Because the social unit in the Middle East is the extended family, space is already limited. With the dislocation of urban and

rural economies leading to rampant urbanization, overcrowding becomes a pressing issue. Everyone (except the rich) suffers, and the very young suffer to a degree that inhibits normal development, the very old to a degree that is simply inhumane. Young men and women, hoping to start their own families, are also frustrated. As was said, because family ties are strong, there is a tendency to tolerate cramped living conditions. Stress is sublimated, so emerges later in a range of socially-destructive patterns. Collectively attention fixes on political figures or on external enemies. Even today in Iran there is relatively little public discussion of the housing issue, incredible as it may seem. The talk rather is on carrying forward the revolution, on rebuilding infrastructure, on unemployment and land reform. Behind these concerns exists the widespread, chronic stress resulting from poor environmental conditions. America, then, may have a role in helping Iran confront its problem directly, working from the bottom up.

THE GAP BETWEEN PUBLIC MEANS AND PRIVATE RESPONSIBILITY

One reason why the housing shortage in the Middle East cannot be addressed for what it is, is that the societies in question, like societies elsewhere, have yet to evolve the organizational means by which the problem can be dealt with head on. Back in the 1950s, 60s and 70s, many governments believed they could deal with the problem of housing alone. Following Western (or Soviet) models, large apartment blocs were constructed. As time went by, however, it became clear that such approaches were not working. More often than not, low-cost housing projects ended up accomodating the urban Westernized elite, or the emerging middle class. Because Western-style complexes ignored or cut across the organization of third world communities (extended family and neighborhood), they became breeding grounds for discontent (i.e., Beirut) and alienation. Maintenance of these large complexes was neglected.

Curiously, most Middle Eastern governments have learned big lessons from these failures. Regrettably there still exists a dearth of imaginative alternatives, although research on this question is proceeding on a small scale. But the big problem was that governments realized that they were just too small to undertake mass housing programs of any sort without the assistance of the private sector.

But the private sector is after profit, and ostensibly, low-cost housing is not profitable compared to luxury projects like restaurants, hotels, high-class housing, etc.

So the problem becomes how to coordinate the resources and the efforts of public and private sectors in order to undertake housing projects and programs which are as culturally sensitive in design as they are massive in scale.

ISLAMIC INSTITUTIONS AND COORDINATION OF PUBLIC AND PRIVATE SECTORS

Aside from being a religion, a set of values held individually and collectively, Islam is also a set of institutions, some of which have direct bearing on the gap between public means and private responsibility. Our understanding is that Iran, despite its problems, has nevertheless evolved an institutional framework in which the coordination between public and private sectors is possible.

There are three Islamic institutions which, together, provide a way by which public and private sectors can be more closely brought together around concrete projects.

Waqaf land: It has long been the tradition in Islamic societies for a family or an individual to donate land to the religious authorities ostensibly to be used for the public good. The fact that the clergy ends up owning or overseeing large tracts already solves one of the major problems facing any housing program: land. Furthermore, waqaf land is often located just outside urban centers. Usually it is marginal land unfit for cultivation but suitable for development.

It is pertinent to examine why waqaf land has not, till very recently, been used to alleviate the housing squeeze. The main reason is that, in the face of modernization and statism, the clergy dug in its heels to prevent the dissipation of its holdings. Only a small percentage of waqaf land is used for the public good, though increasingly the question is raised. Now that tensions between secular and clerical interests have been assuaged in many Middle Eastern countries, the time may be nigh when religious leaders transfer blocs of waqaf land to the state in order to alleviate the housing squeeze. Indeed, it is good that the clergy has till now resisted the encroachment of both state and private interests, thus preventing many mistakes. But now the time is ripe and Moslem clergy can be persuaded, provided planning is thorough and meticulous.

The Islamic Prohibition against Riba' (Interest)

Another Islamic institution that can assist in the bridging of the gap between public and private sectors is the prohibition against charging interest on loans. Think for a moment on how susceptible the housing market in the US is to variable interest rates. That uncertainty and fluctuation would be absent in a society striving to become genuinely Islamic. The fact that a private contractor, or an individual family, might have access to capital without the burden of additional interest payments, is a pivotal feature. But how can banks in the real world afford to lend without charging interest?

There are several mechanisms already in use in some countries. One is that the bank becomes a joint partner in the enterprise, sharing in profit and in loss. Another is that the relationship between the various banking services affords one branch to make money off its overseas investments, while another branch lends money at a slight loss. Foreign exchange and service charges are additional means to generate capital. Furthermore, loans without interest have a less chance to default than loans with interest. Another mechanism pertains to the relation between Islamic banks and the state, or national, bank: smaller banks can gain access to capital. This is particularly true in oil rich Islamic countries.

Zikat, or Alms

A third Islamic institution which serves to bridge the gap between public means and private responsibility is the institution of almsgiving. In traditional Islamic societies, all welfare needs can be met if every individual donates one fortieth ($1/40$) of his or her yearly income. The "tax" goes not to government or to the mosque but directly to the poor - and this means today in the Middle East, to housing for the mustaza'fin.

It is pertinent to note that those countries which have recently undergone Islamization (Egypt, Tunisia, Pakistan, Iran, Indonesia) are precisely those countries whose populations are most in need of adequate family housing.

As established and orthodox as Islam may appear, the application of its principles in the modern world is still being debated.

WHAT? AN AMERICAN ROLE IN THE ISLAMIC "REVOLUTION"?

That the United States of America may have a pivotal role to play in the on-going process of Islamization may strike us as absurd. After all, is not America "the great satan?"

The truth, of course, is that America did play a catalytic role in Iran's Islamic revolution: we were the grain of sand in the oyster. Much of the impetus behind the Islamic movement is as a reaction to the per vasive diffusion of American cultural products, from education to tape cassettes to expensive military hardware.

But just as the Middle East has changed, so has the United States. We are no longer in the position to bankrole massive reconstruction programs: that role today belongs to Japan, West Germany, the U.K., Italy and the Arab world. But along with our indebtedness comes a new understanding of the limitations of our traditional "American" approach to economic development in the Third World. For example, it is rare today to find an American university program on development which does not emphasize the critical importance of scale and the humkan factor. In short, we have learned from our mistakes.

America's position in the world is highly paradoxical. On the one hand our corporations continue to lose ground overseas because of dinosaur-like inflexibility, poor business intelligence, poor product aesthetic, fixation with luxury goods, and many other subtle reasons which still go unrecognized. On the other hand, the United States today is a veritable fountain of multi-ethnic creativity. Foreign students continue to come to the US to study development largely because of the sensitivity, the wisdom, that has accrued to Americans over the years. We make this differentiation within ourselves because those private companies and institutes which can help Iran need to be recognized and distinguished from those which cannot.

At the start of this essay we stated that it is not America's role to reconstruct Iran's infrastructure. Talk of an American-led Marshall plan for Iran is unrealistic. Iran generates sufficient cash from its oil revenues and extra sums will only exacerbate the already critical dislocation between Iran's urban and rural economies and cultures. Except in a few areas of high technology, large, multinational American-owned firms cannot compete with Asian companies.

What then is America's role?

The answer to this question is...qualitative leadership.

By qualitative leadership we mean, in essence, the critical capacity to go behind particulars to see the underlying pattern.

Although most American economists are money-men yet to be weaned from obsolete and inaccurate macroeconomic theoretizations, the very failure of these theories in Iran provides us with the impetus to look through the situation to the core economic mechanism behind Iran's predicament. Behind inflation, unemployment, there is another mechanism - the divergence of urban and rural sectors. And the impact of this mechanism is to be seen and measured ultimately in human terms. That is why it is wise to confront the shortage of adequate family housing head on.

Over the past decade I have had several occasions to debate the issues with Iranian nationals. From the basis of that experience I am convinced that the most effective way of engaging "revolutionary" Iranians is to speak to them in their own terms.

First of all, Iranians are astounded to encounter an American who is knowledgeable in Islamic theory. It goes against everything Iranians tend to believe about Americans.

The most effective way America could regain respect and credibility in Iran is to talk to them in their own terminology, voicing their own deepest concerns (plight of the mustaza'fin and the fulfillment of their revolution). It is precisely through such core-response, such transparency, that the US can give to Iran what it needs and receive in return, what we need (unprejudiced access to Iranian oil in the difficult decades to come; cessation of terrorism; release of hostages.)

Iranians themselves do not know what they need and how to get it. While 15 million Persians suffer for want of adequate family housing, the talk in Teheran is of land reform, reconstruction of infrastructure, rearmament, unemployment, and being an example to others. It may sound strange, but the one thing the United States can do, is to pick up precisely where Khomeini left off in trying to improve the lot of the mustaza'fin. Our argument should be pointed, insistent: that if Iran is serious about easing the stress on her underclass, she would make adequate family housing the number one priority.

It may seem paradoxical to attempt to focus Iran's government on the meaning of its own ideology. America, after all, is an outsider, an enemy.

an enemy. But that is just the point: because America has challenged Iran profoundly (and in so many ways), we stand in an excellent position to challenge her again.

APPROACHING THE PLAN

The American plan is ^{7c)} focus Iran's leadership and people on the country's real problems, thereby fulfilling Iran's own best revolutionary hopes. By emphasizing repeatedly the plight of the dispossessed and the primacy of adequate family housing, the US State Department in effect picks up a very sharp spear, and hurls it, with unflinching accuracy, at a camouflaged target. The spear can but strike the target and with its (subliminal) force, stop the quivering now rampant in Iran's political life. America must take the lead in reinforcing the deepest, most cherished concerns of the Iranian people. This tactic will shock the Persians and get their ear. Then the debate can go into greater detail about the respective roles of private and public sectors, the potential viability of Islamic institutions, and what exactly is needed to address Iran's dreadful housing shortage.

Such an approach, if pertinaciously pursued, will dumbfound the Persians, throw them back on themselves, and rekindle and realign debate in Iran over the priorities of their yet unfinished revolution. After careful study this analyst is convinced that only by emphasizing housing can the American spear penetrate into the Iranian body politic. Any other approach will leave us on the outside.

Success of this plan depends on not cluttering up the negotiating table. Let us put behind our back for the moment concerns for our hostages and terrorism, and other strategic concerns, such as the growth of Soviet influence. The Iranians know what our concerns are: the trick is to win their good will. Pressure will not work and may backfire (the Iranians may play with us). It is important to bear in mind that there exist only three ways to influence another: by competition (i.e., challenge); by suggestion (releasing pent-up subliminal forces and energies); and by setting an example.

Debate on the plight of the mustaza'fin can go in a number of interesting directions. But let us pause briefly to look at the current political debate now underway in Teheran and Qom.

HOMING IN ON IRANIAN POLITICAL AFFAIRS.

Now that the Gulf War is ended, debate in Iran over domestic policy is coming to a head. Iran still wants to spread its revolution throughout the Islamic world, but her leaders have wisely chosen to do this by setting their own house in order, so as to serve as an example of a viable Islamic state.

That debate in Iran centers on the respective roles of private and public sectors in development. (It is really the same basic issue that lies at the center of American, Soviet, Chinese political debate)

Iranian parliamentary elections in April and May of this year brought into government fifty new "left wing" "radicals" bent on giving the state greater authority over economic and social development. There is a positive aspect to this: Iran is preparing herself for a major offensive to improve the conditions of the mustaza'fin. The fact that a half million Iranian soldiers will soon be demobilized (and unemployed) renders imperative some sort of government action.

Yet how can Iran hope to achieve its social agenda without the willing participation of the private sector - a healthy private sector? Fortunately, there is in Iran today a countervailing movement underway behind the scenes to encourage and draw in private industry and business. New links are now being forged between parliament under the leadership of Hashemi Rafsanjani, and Iranian businessmen. In short, Iran is ripe for an outside shock that will propel her leadership to go one step further in the practical application of Islamic institutions, so as to streamline and coordinate private and public sectors in a big push to confront practically the real issue at hand- adequate family housing.

Insistent American calls for practical work on this issue will help focus and stabilize the oscillations so characteristic of political affairs in Iran.

Dr Ali Shariati, the true architect of Iran's Islamic revolution, made a statement before he was assassinated by SAVAK in 1978, a statement which, more than any other idea, caught the attention of Iranians. What he said was that, before one could have a social revolution, one had to effect a revolution inside oneself. Without reference to a certain third mediating element - the environment - this precept is little more than an inspiring idea. Iran can effect its individual and collective revolutions by paying attention to what is most immediate and close at hand.

THE AMERICAN PLAN

Up to now we have sought to justify our approach. Now it is time to talk more specifically about an American role in Iran's reconstruction.

Development plans are, of course, two way streets: rather than seek to impose a plan, as was often done in the past, we envision a profound engagement with the Iranian leadership characterized by increasingly focused debate - using their own terms. In the course of this debate American officials should be in a position to identify exactly what Iran needs, step by step, in this big push for adequate family housing. Curiously, the US is in a unique position to give to Iran exactly what she needs.

- First, there is economic expertise.
- Second, resources in urban planning.
- Third, innovative approaches to architecture.
- Fourth, construction materials and services.

Economic expertise.

By economic expertise, we do not mean that which seemingly is prof-
fered as advice on every street corner in America. Nor do we mean
business acumen: the Persians are good at that. Nor do we mean exper-
tise in development economics per se: the Iranians boast a full divi-
sion of American-trained specialists. Rather we mean insights into the
nature of Iran's domestic problem. Qualitative leadership.

Let us resist the temptation to expand this corrective appraisal of
conventional macroeconomic theory into a system. It suffices to note
the truth that overemphasis on the notion of a "national" economy
smooths over, over blurs, the deep, structural divisions existing be-
urban and rural economies. Nor does a nation-centered macroeconomic
theory accord to global factors the weight and velocity that they de-
serve. As we said, global factors tend to mediate between urban and
rural economic relationships.

Rather than sketch out a new system let us move directly into look-
ing at some ways by which the imbalance between urban and rural sectors
can be corrected.

In this era of unprecedented global economic integration and ex-
change, the cities have a decisive advantage: they open to the world.
Cities do not grow up upon surrounding rural areas like mushrooms on
a log - but are imposed from the outside, or evolve precisely because
of their access to distant markets. Efforts therefore must be made to
create channels that serve to directly connect rural areas with global

markets. Otherwise middle men in the cities make and keep the profits (investing them not in rural areas but in the cities). One might say that in most underdeveloped countries, cities have a monopoly of access to global markets, and therefore undercut rural economic development in both procurement and marketing. Today, however, with satellite technology and the increasing integration of world markets, it is feasible for outlying regions to bypass cities. But this depends on organization regionally of rural areas.

Another reason why rural communities should seek to form regional trade associations is that these organs can encourage the creation of rural hubs of industry and services so that, again, rural populations are not at the mercy of middle men in the cities.

Of course Iran has tremendous problems with the centralization of its industrial and service sectors. The spectacular growth of Tehran over the past four decades would strike us as phenomenal if this pattern of rampant urbanization were not the "norm" in the Third World today. The war has exacerbated this concentration of industry and services in Tehran and a few other large cities. Today one out of six Persians lives in or around Tehran. Over a third of the country's skilled labor force in industry and services is found there. Current statistics are not easy to come by but it is known, for example, that in the first six months of 1977, Iran's private sector invested \$1.7 billion in construction projects in urban areas, Tehran accounting for 46.5% of total investment. Investment in rural areas was, of course, miniscule.

Decentralization of its industry should be a high priority for Iran's leaders - if only for security reasons. Such decentralization would greatly assist righting the ever-increasing imbalances between rural and urban sectors. It is just this effort to decentralize which could lead to the gradual formation of regional economic hubs.

Such a concentration of urban investment outstripped the ability of Iran's construction industry to keep up the pace. Even before the war there existed in Iran pervasive, chronic shortages of building materials, such as cement. The fact that Iran's limited skilled manpower and materials in construction were so concentrated in luxury and big business projects in Tehran, meant that precious little was left over for use in the countryside. Furthermore, Tehran's construction boom

proved to be an engine for inflation. In a one year period (1976-77), the average price price of housing in Teheran went up 40%. That same year there was a 40% rise in construction wages - the highest of any sector. That same year saw an 18% increase in the prices of consumer goods and services. All this of course impacted on Iran's middle and lower classes. As for those who still remained in the countryside, the economic situation was so bad that much of the rural population had to literally cut ties with the so-called "national" economy, falling back on immediate local resources, in order to survive. All this is important to us for the truth is that, while economists east and west spoke in glowing terms about Iran's economic growth, the fact is that the economic well-being of the bulk of Iran's people deteriorated under the shah, despite the massive infusion of petrodollars and a plethora of Western-trained economic experts and development programs. Will the condition improve under Iran's revolutionary leadership now that peace has come? It can - but only if we help them.

Iran's clerical leadership knows that something is dreadfully wrong, but does not know what it is. The mullahs are distracted by an array of ideological concerns and even miss the applicability of Islamic institutions to the problem at hand. Iran's technocrats are seemingly unable to shed their standard macroeconomic learning, in order to gain new understanding of the mechanism behind Iran's problem. Paradoxically, America does have a new and important role to play: we have had sufficient experience with failure that there exists now, at least in some university departments, some genuine developmental expertise. America also stands in a unique position because it is the one nation on earth that has evolved a pervasive grid of urban-rural relationships. Indeed the uniqueness of the United States is seldom recognized: it is precisely the fact that rural populations have access to an array of goods and services which in other countries (including Europe and Japan), are found only in or around urban areas. We should know ourselves better.

Urban Planning

Iran has some fifty four cities with populations exceeding 50,000.. All of them are in need of better urban planning, some badly so. Shantytowns have sprung up around many of them, while the old city city center

centers are in usually in bad need of repair. Because of haphazard growth, basic services such as water, sewers, streets, cannot keep up. Because of the use of mud brick, many of the poorer neighborhoods and city centers, cannot be considered permanent (mud brick homes must be regularly repaired). Yet Middle Eastern nations are notoriously lacking in urban planning methodology.

By assisting Iran in urban planning, I do not mean imposing American-style architecture and urban patterns. At the same time, suburban planning and family-housing architecture has evolved in the United States, and some of the more contemporary experiments are worthy of emulation in Third World countries.

In any case, it just so happens that the most advanced center for Islamic urban planning and architecture is located in the USA: the Aga Khan Center for Islamic Architecture located in Cambridge, Massachusetts and jointly administered by Harvard/MIT.

This center is especially noted for its network of specialists throughout the Islamic world. It may be the only place in the world where architectural and planning specialists can find a comprehensive library of Islamic patterns. Easily, without much effort, it would be possible to arrange joint research and exchange programs to accomodate Iran's growing interest in this area. It is something Iran needs very much. Finally, it should be said, that early Islamic architects and planners, were very advanced. Many of their achievements are needed today.

Architecture

Americans are often characterized as being self-centered, provincial, naive, arrogant in their belief that American ways are best, and anxious, like missionaries, to impose them on the world.

But those Americans who are educated culturally, who have been around, and who maintain a critical perspective, are, in my view, as clear and transparent as crystal glass. My point: there exists in the USA a number of culturally-sensitive architectural firms.

Iran stands in great need of new ideas in family housing architecture. Paradoxically, the "great satan" is in a position to offer the Persians a range of Islamic designs, integrating inexpensive passive solar heating/cooling systems.

Sometimes our sensitivity goes too far. For example, mud brick architecture is sometimes characterized as an effective use of natural

materials, and highly suited to Iran's environment in its insulation ability to retain heat in the winter, and coolness in the summer. But actually, mud brick is not a good substance to use. Besides being dirty, it crumbles, demanding constant repair. No wonder that Iranians themselves would prefer cinderblock and cement if it were available. As for wood, it is so scarce that it is simply not used for framing (though every mud brick house uses wood for interior structures.).

Perhaps the single greatest breakthrough in family housing architecture in the past fifteen years, has been the development of passive solar heating/cooling systems. These consist, largely, of a bed of rock in the foundation through which heated or cooled air can be circulated. It is a rather simple system - low tech. And it is highly applicable for an environment such as Iran's. Though Middle Eastern countries are ahead of us in some applications of solar heating (roof-top water heaters), they remain largely ignorant of the benefits of passive solar systems. The American company that has perhaps refined this system to its highest point of efficiency, is Contemporary Systems, Inc., of Walpole, New Hampshire. (CSI's work was originally funded by NASA).

Construction Materials and Services

By adequate family housing we mean of course more than space and shelter. We mean heat in the winter, coolness in the summer. We mean access to clean water, and a home breathing atmosphere free of domestic pollutants (such as kerosene heaters). We mean sanitary sewers and externally, a design aesthetic which would be uplifting, not alienating. When one breaks down all these components, one discovers that the United States is in a unique position to help Iran develop its long-retarded construction and service industries.

Building materials also is an area where American companies can selectively compete in Iran while doing much good. Though I have never seen a wooden house in the Middle East (except in Turkey and Nuristan), wood is used traditionally to make the structure on which mud walls are "hung." But wood is very scarce in Iran, and what forests there are in the north, are declining because of demand and because new forestation projects are a very low priority. The USA, on the other hand, has a lumber industry hungry for new international markets.

23.
CONCLUSION

One is tempted at this point to go into greater detail, for it is precisely when we look at the details, the nuts and bolts, the brass tacks, that it becomes clear what exactly the US has to offer Islamic Iran at this point. But having sketched out the various aspects of the plan, let us break off. The Plan, after all, is meant to be a loose arrangement in which Iranians would be free to pick and choose. Development programs cannot be imposed, but must work from the bottom up, and not from the top down.

Just as the shah sought to impose various plans, Iran's current leadership is similarly bent on imposing its plans from the top down. Such machinations stand no better chance of succeeding than did the shah's. The truth is that Iran's predicament must be seen for what it is, then confronted head on, point blank. What could be more basic, more urgent, than the housing issue? And how could Iran's leadership ever hope to stem the erosion of its rural heritage without creating new channels by which petrodollars are disseminated regionally? The more I examine the situation, the more it becomes apparent that focused emphasis on adequate family housing, would not only alleviate suffering, stress, but is the only way by which Iran can possibly solve its employment problem, stabilize its political life, and inspire its people to fulfill the promise of the revolution. It seems strange, perhaps, that the USA should have an especial role to play, but it does. US officials must not only understand Iran's predicament for what it is, they must also pick up the spear and throw it - with full force. Should we be insistent in our calls to improve the lot of Iran's dispossessed, Iranians will listen. For those who think the Plan is too brazen, too narrow, too devilish, too idealistic, let me just say that, after repeated investigations, it seems to be the only plan which will achieve our own foreign policy goals vis-a-vis Iran. What better way exists by which to dispel the clouds of hostility that hang over relations between the two countries? Therefore let us clear the decks. Khomeini is sick, Iran's leaders are in the throes of peace, the time is fast approaching when America must throw its spear. The target is there before us. Sure of our aim, let us throw with full force.

- John Paul Maynard
August 23, 1988

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

C0071
Michael

O - OUTGOING

H - INTERNAL

I - INCOMING

Date Correspondence Received (YY/MM/DD) 1/1

Name of Correspondent: Geri Wilson

MI Mail Report

User Codes: (A) _____ (B) _____ (C) _____

Subject: Request for information on alleged deal with the Ayatollah in 1980 to have release of hostages withheld until after Reagan was elected

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>cu hall</u>	ORIGINATOR <u>8810912</u>	<u>C8810919</u> PY
<u>cuat 38</u>	Referral Note: <u>for PDB</u> <u>D 8810913</u>	<u>C8810919</u> CJ
<u>cuat 39/</u>	Referral Note: <u>5 8810919</u>	<u>A 8810919</u> PY
	Referral Note: _____	
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	Referral Note: _____	
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	Referral Note: _____	

ACTION CODES:

- A - Appropriate Action
- C - Comment/Recommendation
- D - Draft Response
- F - Furnish Fact Sheet to be used as Enclosure
- I - Info Copy Only/No Action Necessary
- R - Direct Reply w/Copy
- S - For Signature
- X - Interim Reply

DISPOSITION CODES:

- A - Answered
- B - Non-Special Referral
- C - Completed
- S - Suspended

FOR OUTGOING CORRESPONDENCE:

- Type of Response = Initials of Signer
- Code = "A"
- Completion Date = Date of Outgoing

Comments: _____

Keep this worksheet attached to the original incoming letter.
Send all routing updates to Central Reference (Room 75, OEOB).
Always return completed correspondence record to Central Files.
Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

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Prime Subject Code: C007L Secondary Subject Codes: TL003.03 _____

PRESIDENTIAL REPLY

Code	Date	Comment	Form
C	_____	Time: _____	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:

B - Box/package
 C - Copy
 D - Official document
 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

September 19, 1988

Dear Ms. Wilson:

Thank you for your letter of August 24, 1988 addressed to President Reagan, which has been referred to this office for response.

Please be advised that there is absolutely no substance to the allegation reported in your letter. We would not want to speculate as to why anyone would make the type of statement you referenced.

Thank you for your support of the President and we hope that this letter is reassuring to you.

Sincerely,



Phillip D. Brady
Deputy Counsel to the President

Ms. Geri Wilson
6416 East Lake Drive
San Diego, California 92119

THE WHITE HOUSE

WASHINGTON

September 16, 1988

MEMORANDUM FOR PHILLIP D. BRADY
DEPUTY COUNSEL TO THE PRESIDENT

FROM: MICHAEL J. ASTRUE *MA*
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Request for Information Concerning An
Alleged Secret 1980 Agreement With the
Ayatollah Khomeini

I have attached for your review and signature a response to the above-referenced request that denies the existence of an agreement.

Attachment

AB Collection
August 24, 1988

610957u

President Reagan
The White House
1600 Pennsylvania Avenue
Washington D.C. 20202

Dear President Reagan:

It has been some time since I wrote you. I have supported you for your entire presidency, but after the Iran-Contra scandal broke out, I waited with my breath held, hoping it would not be another Water Gate.

I watched the congressional hearings on C-span, and soon learned it was just another political circus show, and once again began to believe in you as a person and as a good leader for our country.


Yesterday a former member of your 1980 election staff, and a former member of your administration, Barbara Honegger, made some startling accusations on C-span. She said you made a deal with the Ayatollah in 1980 to withhold the release of the hostages until after you were elected president.

Could you send me some information about these allegations. Why would this former member of your administration be so hostile toward you and Vice President Bush?

I know that your staff is busy, but this information is very important to me, as an American citizen, and as someone who has profound respect and affection for you.

Thank you for being my president.

Respectfully,


Geri Wilson
6416 East Lake Drive
San Diego, California 92119

88 SEP 12 P 5: 02

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William P. Clark
of Counsel

612993
4670
6077

January 7, 1988

L0117
JL002

Dear Mr. President:

I write you in the national interest. Yesterday I was interviewed for the first time in connection with the upcoming Iran-Contra criminal trial (indictments may soon issue). Toward determining National Security Council policy and procedure, an attorney and an investigator spent three hours going over the most sensitive material, including covert action findings. Do the American people really want to see a third run of this ordeal, to now include revelation of our most sensitive intelligence sources and methods?

Mr. President, you have the power and I believe the duty to end this matter by exercising your authority under the pardon clause of the United States Constitution.

My predecessors Dr. Kissinger and Dr. Brzezinski add their concurrence to this recommendation.

Sincerely,



William P. Clark

Enclosures:

1. Ltr of August 6, 1987
2. Points and Authorities

The President
The White House

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William P. Clark
of Counsel

August 6, 1987

Dear Mr. President:

Like most Americans, I have been deeply concerned about the Congressional hearings referred to as the Iran-Contra Affair. As you well know, John Poindexter and Oliver North each served us with professional skill, integrity and loyalty as staff members while I was your National Security Advisor before going on to Interior in October 1983. During and since that time they participated in many successful programs, including the defense budget, economic summits, Suriname, Grenada, Achille Lauro, Libya, Phillipines and Haiti. History will judge these programs well. Criticism began, of course, with the failed Iranian initiative. But after almost a year of intense official and media attention the most apt description of National Security Counsel staff conduct is that it was directed by overachievers who, in too enthusiastically implementing your policies, exercised judgments which in hindsight are claimed to be faulty.

The events which are the subject of the Congressional hearings and of the independent counsel's investigations have now been disclosed to the world, and most of us have agonized over them. However, it is abundantly clear that John and Ollie undertook their initiatives in what they deemed to be the national interest at considerable professional risk and without consideration for personal gain. If errors were made, certainly the Administration, the Congress and the American people are by now aware of the pitfalls in recent national security procedures and they have been corrected. There is nothing in my judgment to be accomplished in a criminal prosecution of John or Ollie which would begin to justify still another review of these events. More important national concerns must be addressed.

The President
The White House

A pardon is not necessarily a recognition that any criminal conduct has occurred. It would simply be an expression of your conclusion that the story has been told, that the people involved have suffered enough, and that neither they, the Office of the President nor the country should be forced to endure an extended criminal trial in which the central issue relates to the creation and implementation of your foreign policy. Except for those few who never like anything you do, the American people have overwhelmingly expressed their feeling that there should be no criminal prosecution and they will support a decision to pardon. They will perceive you as a man who, as in the past, stands behind his people in good and in bad times. A pardon would also be a clear sign of your resolve to be the driving force of American foreign policy for the remainder of your term in office.

Taking all of the above into account, I strongly recommend that you grant presidential pardons for John and Ollie now, before the independent counsel concludes his investigations.

Sincerely,

A handwritten signature in cursive script that reads "Bill".

William P. Clark

P.S. Presumptuously, I enclose some suggested language for an announcement. Also a short TV-tape of the horses recently filmed on the ranch.

cc: The Hon. Howard Baker
The Hon. Frank Carlucci

SUGGESTED ANNOUNCEMENT

Now that the two select committees established by the Congress have completed public hearings of the sale of arms to Iran and the transfer of funds to the Nicaraguan Freedom Fighters, I think it is appropriate for me to speak out.

First, I am not here to tell you that mistakes were not made. I think it is clear that they were. It is also clear that as President, I am ultimately responsible for every action taken by my assistants whether or not I know of them in advance. No matter what anyone else has told you, the buck can stop only here.

Second, the American people have heard from all the current and former members of this Administration who know anything about the Iranian initiative and the transfer of funds to the Nicaraguan resistance. I realize that there has been some conflicting testimony, but we should not be surprised that these people have somewhat differing recollections regarding events that occurred as long as two years ago. I have worked with and know most of these people quite well and firmly believe that they have recounted everything that they could honestly remember. Now the American people can decide if what was done was right or wrong.

It is also clear to me that none of these individuals made any decision or took any action which they did not sincerely believe to be in the best interests of the national security of this country. There can be no doubt that it has been and will

continue to be the policy of this Administration to support the cause of freedom in Central America, to secure the release of all American citizens held hostage in foreign lands, and to encourage the establishment of a more moderate regime in Iran. This does not necessarily mean that I approve of the idea of selling arms for hostages or of sending the sale proceeds to the Nicaraguan resistance. That is not the issue. The issue is whether the members of my staff who made these decisions should be subject to criminal prosecution. I believe that the answer is no. This does not mean that I think that any crimes were committed by my former advisors. What it does mean is that I have decided that neither they nor the country should be forced to endure the ordeal of an extended criminal trial in which the central issue is the manner in which the foreign policy of this Administration was created and carried out. Therefore, pursuant to the powers vested in me by the Constitution, and without concluding that any crimes have been committed, I intend to pardon those individuals for their conduct while they served in this Administration.

Article 2, Section 2, Clause 1 of the United States Constitution provides in relevant part:

[The President of the United States] shall have Power to grant Reprieves and Pardons for Offenses against the United States, except in Cases of Impeachment.

U.S. Const. art. II, § 2, cl. 1. The President's pardon power flows from the Constitution alone, not from any legislative enactments, and . . . it cannot be modified, abridged or diminished by the Congress." Schick v. Reed, 419 U.S. 256, 266 (1974). The President may exercise his discretion under the pardon power for whatever reason he deems appropriate, and it is not for the courts to inquire into the motives or rationale of his decision. See Ex Parte Grossman, 267 U.S. 87, 121-22 (1925) (President has full discretion to exercise pardon power, and validity of pardon is not to be tested in federal courts); Schick v. Reed, 483 F.2d 1266, 1270 (D.C. Cir. 1973) (presidential pardon "exercised in a lawful and proper manner, may not be reviewed by a court"), aff'd, 419 U.S. 256 (1974); Hoffa v. Saxbe, 378 F. Supp. 1221, 1225 (D.D.C. 1974) (fact that, in granting pardon, President acted for political advantage," even if proved, would never be enough to vitiate an otherwise proper exercise of Constitutional power"); see also The Federalist No. 74, 500-501 (A. Hamilton) (J. Cooke ed. 1961) ("Humanity and good policy conspire to dictate, that the benign prerogative of pardoning should be as little as possible fettered or embarrassed") (quoted in Schick v. Reed, 419 U.S. at 263 n.6).

The pardon power is not effective in cases of impeachment and does not extend to offenses against the individual states. Ex Parte Grossman, 267 U.S. at 113; In re Bocchiaro, 49 F. Supp. 37, 38 (W.D.N.Y. 1943). The pardon power may be exercised at any time, either before legal proceedings are initiated, or during their pendency, after conviction and judgment. Ex Parte Garland, 71 U.S. (4 Wall.) 333, 380 (1866); Murphy v. Ford, 390 F. Supp. 1372, 1374 (W.D. Mich. 1975). A presidential pardon, to be effective, must be accepted by the grantee. United States v. Wilson, 32 U.S. (7 Pet.) 150, 160 (1833); Hoffa v. Saxbe, 378 F. Supp. at 1242.

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WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name

WHITE HOUSE OFFICE OF RECORDS MANAGEMENT:
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1 CASE FILE

7 10/11/1988 B6

RE: EXPEDITION OF APPEAL FOR
COMPENSATION AT IRAN CLAIMS TRIBUNAL
614027

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

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C. Closed in accordance with restrictions contained in donor's deed of gift.

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- O - OUTGOING
- H - INTERNAL
- I - INCOMING

Date Correspondence Received (YY/MM/DD) 1 / 1

Name of Correspondent: Shereese M. Shaheen

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

Subject: Richard P. Lawless - Contact with Iranian government

ROUTE TO:

ACTION

DISPOSITION

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Completion Date YY/MM/DD
<u>Cuhok</u>	ORIGINATOR	<u>88 10 10 4</u>		<u>C 88 10 10 6</u>
	Referral Note:			
<u>curcul</u>	<u>I/A</u>	<u>88 10 10 6</u>		<u>C 88 10 10 6</u>
	Referral Note:	<u>Copies to Phil Brady and Deau McBrath</u>		
		<u>1 / 1</u>		<u>1 / 1</u>
	Referral Note:			
		<u>1 / 1</u>		<u>1 / 1</u>
	Referral Note:			
		<u>1 / 1</u>		<u>1 / 1</u>
	Referral Note:			

ACTION CODES:

- A - Appropriate Action
- C - Comment/Recommendation
- D - Draft Response
- F - Furnish Fact Sheet to be used as Enclosure
- I - Info Copy Only/No Action Necessary
- R - Direct Reply w/Copy
- S - For Signature
- X - Interim Reply

DISPOSITION CODES:

- A - Answered
- B - Non-Special Referral
- C - Completed
- S - Suspended

FOR OUTGOING CORRESPONDENCE:

- Type of Response = Initials of Signer
- Code = "A"
- Completion Date = Date of Outgoing

Comments: _____

Keep this worksheet attached to the original incoming letter.
 Send all routing updates to Central Reference (Room 75, OEOB).
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PRESIDENTIAL REPLY

Code	Date	Comment	Form
C	_____	Time: _____	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:

B - Box/package
C - Copy
D - Official document
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

Date: 10/6/88

TO: PHILLIP D. BRADY

FROM: ARTHUR B. CULVAHOUSE, JR.
Counsel to the President

I assume that this already
has been shared with the
Vice President's office.

THE WHITE HOUSE
WASHINGTON

Date: 10/6/88

TO: DEAN MCGRATH

FROM: ARTHUR B. CULVAHOUSE, JR.
Counsel to the President

FYI.

U.S. ASIA COMMERCIAL DEVELOPMENT CORPORATION

October 5, 1988

Personal - Informal

Mr. Marlin Fitzwater
Assistant to the President for Press Relations
White House, West Wing
Washington, D.C. 20500

Dear Mr. Fitzwater:

This is to confirm our conversation of today. Enclosed please find the statement I have been giving to all representatives of the media.

We have been working with Peter Jennings of ABC News, sharing with him and his staff Mr. Lawless' passport and all travel documentation (plane tickets, hotel bills, etc.) to prove that Mr. Lawless could not possibly have been in Europe when Banisadr said he was. We have also supplied ABC with names of persons Mr. Lawless met each day during that time (late August-early September) to prove that indeed he was not in Europe or the Middle East within that time period.

Yesterday, Mr. Lawless walked over to the Mayflower Hotel for a few moments so the ABC people could see the whites of his eyes, since they were insisting he was in Europe.

We understand completely the position you find yourself in, (but statements from people in the Administration and the campaign are beginning to both hurt Mr. Lawless' good reputation and also our business.

Anything Mr. Lawless has done in the past, and I repeat past, was done as a patriotic public servant and with the full knowledge, authorization and approval of the U.S. government. Others who know him will confirm this and his good reputation. Please help us try to preserve it.

U.S. ASIA

I would like to encourage you, when asked about Mr. Lawless, to consider stating, with independent corroboration of course, that Mr. Lawless formerly performed faithfully for his country and that you have absolutely no reason whatsoever to believe that he is involved in the negotiations with Iran or with any Iranian officials or nationals of any kind.

I would be happy to discuss this with you further or answer any questions you may have.

Respectfully,



Therese M. Shaheen

TMS/gat
Enclosure

U.S. ASIA COMMERCIAL DEVELOPMENT CORPORATION

4 October 1988

In view of the story which ran on the Monday night (3 October 1988) CBS Evening News, I wish to make the following statement.

I categorically deny and state for the record that I am not involved, either directly or indirectly, in any discussions or negotiations with any party related to attempts to secure the release of the hostages in Lebanon. I have never in my entire career had any direct or indirect contact with any Iranian government officials or Iranian nationals claiming to represent the Iranian government or any Iranian-related interests. Additionally, I deny that I have any active relationship with anyone on the staff of Vice-President Bush or the Bush campaign organization which relates in any way to this or any similar issue. I have maintained this position in numerous discussions with CBS News, ABC News and other representatives of the print and broadcast media over the past three weeks and, in spite of the story aired on CBS, I stand firmly by this position.



Richard P. Lawless

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