

Covert Action and American Foreign Policy: The Iran-Contra Operation

by
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As various sectors of the American foreign policy establishment scramble to define a mission for themselves in the post-Cold War era, one tool of statecraft can expect particular scrutiny: covert action. Covert activities have been elements of American foreign policy since the founding of the nation. Benjamin Franklin himself participated in a covert operation to persuade Canada to join the American Revolution.¹ However, since the end of World War II, when intelligence became an institutionalized member of the national security apparatus, covert action has been the stepchild of foreign policy, praised in victory and scourged in defeat. It has been the victim of a changing political atmosphere, from the “heyday” of covert action in the 1950s, to its vilification in the 1970s, and a brief resurgence in the 1980s. Facing a changing international environment in the 1990s, American policy makers and the American public must once again decide how (or if) covert action will be a part of US foreign policy.

Covert action, as an integrated element of intelligence, *can* be a significant tool of American foreign policy, if it is practiced correctly. It is possible to identify certain component elements of success for covert action programs. Roy Godson, a leader in the academic study of intelligence, developed a conceptual model of elements for successful covert action. Portions of these concepts can be found in his earlier work in *British and American Approaches to Intelligence*, and *Intelligence Requirements for the 1990s*.² The model will be formally presented in Godson’s forthcoming work on intelligence. This article seeks to further develop and illuminate the model by applying it to a case study.

In the late 1980s, what has come to be known as the “Iran-Contra affair” once again led the American legislature, executive, and public to focus on the issue of covert action and its use in US foreign policy. By way of executive and congressional investigations, public hearings, federal court cases, and journalistic endeavors, a considerable amount of declassified material is available for study. The Iran-Contra affair will serve as a critical case to illuminate the elements of successful covert action. While it may seem unusual to use a failure in this manner, failures usually are better publicly documented than successes, thus almost forcing the scholar to create critical cases out of such failures.

Any scholarly exercise must begin with definitions to create common ground for understanding. The definition of covert action has been debated and modified in American political, legal, and academic arenas.³ The 1991 Intelligence Authorization Act defines covert action as activity “of the United States Government to influence political, economic, or military conditions abroad, where it is intended

that the role of the United States Government will not be apparent or acknowledged publicly.”⁴ Basically, covert action is the effort of one government to influence politics, opinions, or events in another state through means which are *not* attributable to the sponsoring state, thus the term “covert.” The four primary means of covert action are propaganda, political action, paramilitary activities, and intelligence support. Covert action can include assassinations, coups, or revolutions, but contrary to the impression given by much of the literature on covert action, these are *not* the primary techniques employed in covert operations. Propaganda is the dissemination of information, either true, false or a combination, through media not directly tied to the state sponsor. Political action is secret support for political forces within another state, the advancement of which will benefit the sponsor state. This does not require that the beneficiaries of such support are politically compatible with the politics of the sponsor. There may be cases when the sponsor advocates the advancement of a particular party simply to block another, and not out of any desire to see the former in power. This support can be financial, material, technical, or political, and may even include supporting coups d’état. Paramilitary activities range from providing military equipment and advice, training in insurgency or counterinsurgency techniques, to actual (secret) military operations by the sponsor. Finally, intelligence support, often viewed as the most benign form of covert action, includes secretly giving information, training, and/or technology to intelligence services of other countries or organizations (ie insurgencies). Depending on the type and quality of information passed, this support can be equally or even more effective as other forms of covert action.⁵

Often covert action programs may combine several of these elements. Political support to an opposition party may include covert propaganda in support of the party’s agenda, and, in certain cases, weapons or training may be given to the military arm of the party. In large-scale covert action operations, such as counter-insurgencies, all four of these elements are likely to be employed.

The very term “covert action” is a peculiarly American invention, as pointed out by Godson:

Covert action, however, is essentially an American term that came into use after World War II. The term is still uncommon, even in translation, in other states. That is not to imply these states do not engage in what we call covert action—almost all of them at some point seek to exert influence in this way. Yet most states have not developed a special term for these activities.⁶

Because of this American penchant for labeling such operations outside the realm of “regular” foreign policy, covert operations are often viewed as adjuncts to policy rather than tools of policy. It is this separation of covert action and foreign policy which is most often responsible for failures of the former. In reality, covert action is an integral element in advancing the interests and the foreign policy goals of a government, employing secret means to accomplish that which cannot or should not be pursued overtly. Angelo Codevilla states:

The term covert action does not denote a category of human activity distinct from foreign policy and its execution, nor even a distinct category of means. Rather, the term covers certain means used by governments ... in a peculiar way, that is secretly, for political purposes.⁷

Thus, as an instrument of policy, as a means of implementing foreign policy objectives, covert action by definition is more closely tied to policy making than any other element of intelligence.⁸

The operations which fall under the rubric "Iran-Contra affair" were covert action operations seeking multiple ends. Covert American arms sales to Iran were approved in order to increase the political influence of moderates in the Iranian government, to counter Soviet leverage in the region (particularly in the event of Khomeini's death), and promote the release of American hostages held in Beirut by Islamic extremists linked to the Iranian government. These arms sales, along with the provision of intelligence information on the Iran-Iraq war, were carried out secretly, using both regular intelligence channels and ad-hoc private connections, and were directed by members of the National Security Council staff. The intent of the Administration was to influence the political climate in Iran so that a government more favorable to the US would eventually come to power. Yet as time passed it became an operation with more specific tactical goals: freeing Americans held hostage, and providing funds for the second half of the equation in the affair, the Contras of Nicaragua.⁹

American aid to Nicaraguan rebels, the *Contrarrevolucionarios*, was an example of a relatively new phenomenon in intelligence operations, the "overt-covert" option. While the fact that the US was supporting the Contras was generally public knowledge and was debated on the floor of Congress, the specifics of such aid was secret. After Congressional restrictions banned the CIA and any other American agency involved in intelligence activities from giving aid to Contra military operations, such aid continued, yet was now covert to deceive both foreign audiences and the American Congress. The goal of the covert support was simple: to de-stabilize and ultimately overthrow the communist-dominated Sandinista government of Nicaragua. Secondary goals included ending Nicaraguan aid to El Salvadorean rebels and countering Cuban influence in Central America.¹⁰

Only the Iranian side of the affair is examined in this essay. This is due to several factors, not the least of which are limitations of time and space. The sale of arms to Iran and the paramilitary aid to the Contras were separate and distinct operations with discrete goals, linked solely through the participation of some of the same individuals and the transfer of monies. The Contra dimension will be discussed only in so far as it effected the Iranian operation.

SURVEY OF AMERICAN COVERT ACTION

While the term "covert action" is a product of the post-World War II era, throughout US history Americans worked as agents in foreign countries to influence

politics, and American troops were used in secret support of political objectives.¹¹ Yet, it was not until the eve of American involvement in World War II that an official organization was created specifically to conduct such operations. The Office of the Coordinator of Information (COI) was created by President Roosevelt on 11 July 1941 (later changing its name to the Office of Strategic Services [OSS]), and General William Donovan was placed at its head. In addition to analysis, counter-intelligence, and collection, the OSS conducted black propaganda operations, trained and supplied resistance fighters, dropped agents behind enemy lines, and conducted psychological operations.¹² President Roosevelt's order establishing the COI/OSS provided for "such supplementary activities as may facilitate the securing of information important for national security not now available to the Government."¹³ General Donovan interpreted this statement to include covert operations, and throughout his tenure at OSS and during the post-war debates regarding a permanent American intelligence service, he argued in favor of such a capability integrated with the other elements of intelligence. He fought to keep the psychological warfare mission centralized under OSS control, and he believed a covert action capability was indispensable to a national intelligence service. In a draft presidential directive submitted to Roosevelt in November 1944, Donovan included subversive operations as part of a permanent world-wide intelligence service.¹⁴ Moreover, Donovan had become convinced by late-1944 that the Soviet Union would be the primary threat to the US in the future, and he advocated targeting intelligence collection and activity against the then-allied Red Army.¹⁵ Likewise, even before World War II was over, elements within the OSS had recognized the changing nature of warfare. Gregory Bateson, an OSS officer in the India-Burma Theater, wrote a report on 18 August 1945 assessing the effect of atomic weapons on future warfare. He asserted that the atomic bomb was ineffective against "subversive practices, guerilla tactics, social and economic manipulation, diplomatic forces and propaganda either black or white."¹⁶ Thus nations would soon resort to such "peaceful methods of war," and he proposed the creation of a specific agency to conduct such activities.¹⁷

In spite of these arguments, the OSS became a victim of bureaucratic politics, and was disbanded on 1 October 1945 by order of President Truman. Certain elements of the service were parceled out to other agencies, but the idea of a centralized independent intelligence agency was abandoned.

However, with the onset of the Cold War, Truman revived the idea of a permanent intelligence agency. The significance of the context surrounding decision-making at that time cannot be underestimated, and remains instructive for modern-day operations. American policy makers faced a monolithic Communist enemy who had spread its power into Eastern Europe, threatened Western Europe, and appeared ready to spread the fight into the global arena. Soviet post-war gains in Eastern Europe, the existence of a substantial Soviet military establishment, the Iran crisis in 1946, the Gouzenko atomic spy revelations, and the Communist takeover of Czechoslovakia in 1948 were among the key Soviet actions which generated the prospect of war between the former allies. Truman's commitment to

countering this threat led to the signing of the National Security Act of 1947, which created the CIA as part of an overhaul of the US defense community. One provision of the act called for the Agency "to perform such other functions and duties related to intelligence affecting the national security as the National Security Council may from time to time direct."¹⁸ This phrase was used to justify the National Security Council (NSC) decision to give the CIA the psychological operations function, leading to the creation of the Special Procedures Group in December 1947.¹⁹

In the Spring of 1948 George Kennan, Director of the State Department's Policy Planning Staff, advocated an expansion into covert political action, in addition to psychological operations. "The distinction at that time was an important and real one. Political action meant direct intervention in the electoral processes of foreign governments rather than attempts to influence public opinion through media activities."²⁰ Initially, the CIA was not to have an "operations" capability, but the State Department, believing that covert actions could compromise US foreign policy, abdicated responsibility for them. Instead, NSC Directive 4A instructed the DCI to use the fledgling intelligence service to conduct covert psychological warfare. "From this point on, the CIA was perceived by successive administrations as the action-oriented agency (as opposed to the "passive" State Department) of American foreign policy."²¹ In June 1948, the Administration responded further with NSC 10/2, creating the Office of Special Projects (later the Office of Policy Coordination [OPC]) to conduct covert operations "planned and conducted in a manner consistent with US foreign and military policies and with overt activities."²² Covert operations included:

propaganda; economic warfare; preventive direct action, including sabotage, anti-sabotage, demolition, and evacuation measures; subversion against hostile states, including assistance to underground resistance movements, guerrillas and refugee liberations groups, and support of indigenous anti-communist elements in threatened countries of the free world.²³

The OPC was a bizarre bureaucratic creature whose budget and personnel were under CIA allocations, but whose activities were to be controlled by the State Department. Anne Karalekas expresses the view that this reflected the original intent to create a "small, contingency force" for limited operations, rather than "large-scale continuing covert operations."²⁴ However, the evidence does not support this assertion, and actions taken after NSC 10/2 appear to reflect the intent to create and maintain a large-scale covert capability. Anticipation of a new war pervaded the political climate of the late 1940s and early 1950s, and leaders developed plans to conduct both conventional and covert operations. NSC 68 called for "intensification of affirmative and timely measures and operations by covert means in the fields of economic warfare and political and psychological warfare with a view to fomenting and supporting unrest and revolt in selected strategic satellite countries."²⁵ Clearly more than just a "small contingency force" was intended to counter the Soviet menace. After the expansion of covert activities in

the Korean War,²⁶ OPC and the Office of Special Operations were merged under CIA control, creating the Directorate of Plans in 1952.

NSC 10/2 specifically excluded espionage and counter-espionage from the covert mandate. However, the disjuncture between the covert action and clandestine intelligence elements had created enormous bureaucratic and operational obstacles, and the demand for a large-scale effective covert capability dictated such a merger. Indeed, the experience of the OSS was instructive in this regard.

During OSS operations in World War II it became obvious that the missions of clandestine intelligence gathering and counterintelligence were complementary to covert operations, and that any separation of the missions into separate agencies would lead to inefficiency, and ultimately to disaster. Arthur Darling, the first CIA historian wrote:

The Office of Strategic Services had closely associated secret intelligence with covert operations, economic intrusion, and other subversive practices. The latter perhaps should have been kept separate and administered in a 'Department of Dirty Tricks.' The immovable fact was that the two were complimentary. Each seemed to work better when associated with the other.²⁷

With the creation of the Directorate of Plans, the CIA had achieved the kind of integrated capability that experience suggested was essential for successful covert action.

The reputation of the CIA's covert capabilities was bolstered in the 1950s with such successes as the overthrow of Mossadegh in Iran and Arbenz in Guatemala.²⁸ During the 1960s, this capability was employed throughout the world, reaching Latin America, Southeast Asia, Western Europe, and Africa. This expanded program of covert action reflected the view that the Soviet threat had become global and that the policy of containment applied to the third world. Yet by the end of the 1960s, American covert operations were being scaled back, reflecting both budgetary restraints and concern over public opinion. Beginning with a *Ramparts* magazine article in 1967 exposing CIA support for the National Student Association²⁹, the Agency came under scrutiny from within and without, culminating in Congressional inquiries under the House and Senate committees.³⁰ Although no evidence was found to support the accusation of a "rogue elephant" agency, Congressional restrictions (in the form of the Hughes-Ryan Amendment of 1974) required first, Presidential findings to demonstrate that any proposed covert action was as "important to the national security" and second, timely executive notification of Congress regarding such activities.³¹ The Intelligence Oversight Act of 1980 allowed the President to limit prior notice if he determined it essential to US vital interests. It also allowed for limiting notification only to the so-called "Gang of Eight": Chairmen and ranking minority members of the House and Senate Intelligence Committees, Speaker and Minority leader of the House, Majority and Minority leaders of the Senate.³² Following the revelations of the Iran-Contra affair, renewed congressional concern over covert action has resulted in further proposals

to regulate executive use of this instrument. However, beyond attempts to clarify the definition of covert action and the agencies covered by the oversight provisions, the legislation directing oversight procedures has not changed significantly. The Intelligence Authorization Act of 1991 requires the President to authorize his findings in writing, and in advance (findings cannot be retroactive). The covert acts cannot violate the Constitution, nor any statute, and must support "identifiable foreign policy objectives." The timely fashion requirement stands, leaving the option of withholding notification from Congress for an undetermined amount of time. The restrictions of the IAA of 1991 apply to all government entities, not just the CIA.

The recent history of post-war covert action and the residual effects of the 1970s investigation had a significant influence on the conduct of the Iran-Contra actions. The operations involved in the Iran-Contra affair were the progeny of the early OSS/CIA covert activities. The atmosphere of the 1980s was colored by heightened concern with the Soviet threat, not unlike that of the late 1940s. The Reagan Administration viewed covert activities as natural weapons to be used in the same way they had in the past. Harkening back to the days of NSC 10/2 and NSC 68, the Administration saw the international arena as a contest in which the US should not unilaterally forego the use of any instrument of statecraft, especially covert tools. However, these tools had new overseers in Congress, and the new processes of authorization required by law ultimately forced the Administration to choose between following the letter of the law or conducting their operations "off the record," free from Congressional scrutiny.

ELEMENTS OF SUCCESSFUL COVERT ACTION

Covert action is often painted as a mysterious, malevolent activity which eludes analysis and definition. The veil of secrecy necessarily surrounding such activity adds to this air of confusion. Yet it is possible to identify certain features that are inherent conditions of successful covert action, as developed under the "Godson Model." Succinctly labeled, these elements are opportunity, policy, leadership, infrastructure, integration, and review.

Covert Action and Opportunity

Identifying opportunities for action is simply another way to describe the current international situation facing the sponsor. Each day countries conduct analyses and estimates to "describe" the world around them. Recognizing occasions open to influence should be a natural part of that analytic process. Without knowledge or identification of such opportunities, covert action could not get off the ground.

In order for covert action to succeed, the sponsor of the covert action must have the opportunity to influence the target, as well as the capability to act in a timely manner. This could mean the existence of any one of several preconditions: sympathetic individuals in or near the target government, a political opposition

movement which is a viable alternative to an unfriendly government, a trend in public opinion that can be exploited, or a single event which can draw world or domestic attention. In other words, the sponsor should not rely on *creating* an opening and possibly building the covert action program on a shaky foundation. At the same time, the sponsor must be prepared to exploit sudden or unexpected opportunities as they arise, and not after the moment has passed.

For example, a program to aid an opposition political party in a certain country by definition requires the prior existence of an opposition party. It is difficult to generate a successful covert operation if the sponsor must first construct the beneficiary. The same is true for support to insurgencies, labor movements, religious organizations, and similar groups. One example of the problems that can arise in attempting to use such institutions as a basis for covert operations is illustrated by the American and British support given to resistance movements behind the Iron Curtain in the late 1940s and early 1950s. In Albania, Poland, the Ukraine, and the Baltic republics, the "resistance movements" were not genuine opportunities. They were "false fronts" controlled primarily by the Soviet Union, used to entrap and "sting" the Western secret services.³³ At the same time however, the Americans were the beneficiaries of an opportunity in Greece and Turkey to (overtly) support the anti-Communist movement. Perhaps a classic example of covert action failure due to lack of opportunity was the Bay of Pigs operation in 1961. The success of the landing operation was predicated upon a subsequent uprising among Cubans in opposition to Castro; yet in reality Castro was relatively popular and had eliminated or neutralized any such opposition forces.³⁴

In 1985, the Reagan Administration believed it had the opportunity to influence Iranian politics through the sale of American arms and spare parts. The Administration believed that "moderates" within the Iranian government were in favor of opening relations with the US, but required more political influence within Iran to be successful. This influence was to come from the arms they would procure from American sources. At the same time, the Americans negotiating with the Iranians believed that they were dealing with individuals who could secure the release of Americans held hostage in Beirut.

The reality was that "moderates" (by any American definition) did not exist, and the Iranians involved in the arms sales did not control the fate of the hostages as directly as expected by the Americans. The opportunity that must exist for a covert program to succeed was clearly absent in the Iranian initiative. Iran was a closed society, its politics were byzantine and the US rarely understood the machinations which were occurring. For example, when a fourth arms sale was proposed by the Americans in the spring of 1986, the Iranians were not as eager to deal, nor did they appear reliable interlocutors, and there were strong signs that they could not get US hostages released. One CIA officer wrote, "What we may be facing is evidence that (the contact) does not have the authority in Teheran to make it work."³⁵

But while the opportunity for such far reaching goals, (altering governments and releasing hostages), was not ripe, there were signs of an opening, however slight, by Iranian officials to some level of relations with the United States. James Bill believes that the Iranians were interested in contacts with the US as part of a trend toward political pragmatism:

The arrangement was grudgingly approved at the highest levels of the Iranian government and had the tacit consent of Ayatollah Khomeini, who was genuinely concerned about the survival of the Islamic Republic, given his steadily declining health, Iran's deteriorating internal situation, and the threat of the Soviet Union.³⁶

An opportunity may have existed to explore, establish, and cultivate preliminary contacts with the Iranian government, which later could have culminated in a change in overt US foreign policy.

What were the American objectives? Was the US trying to ally itself with Iran or simply win the release of the hostages? Early in the initiative, emphasis was given to the larger strategic objectives of aligning with Iranian moderates and mitigating the Soviet threat. This had been the original drive behind the review of US policy toward Iran. Members of the NSC staff and intelligence officers began to question the American hardline policy toward Iran. This began with Geoffrey Kemp in early 1984. Kemp was Senior Director for Near East and South Asian Affairs and principle staff officer for the Persian Gulf on the NSC. In a memo to McFarlane advocating a review of current policy toward Iran, Kemp "viewed the Khomeini government as a menace to American interests, and suggested a revival of covert operations against it." Kemp had maintained contact with Iranian exiles who wanted aid to install a pro-Western government, and Kemp was persuaded by "suggestions of diversions in the country and support from Saudi Arabia."³⁷

The idea was to devise a new policy toward Iran using covert action as a strategic opening. This was the impetus behind the search for changes in policy: "a vague hope of influencing a post-Khomeini regime in Iran to be more friendly to the West"³⁸ — *not* winning freedom for the American hostages.

However, as the initiative developed under poor leadership, untrained operators, and private businessmen, it became a pure arms-for-hostages program:

In fact, the sale of arms was not equally appropriate for achieving both these objectives. Arms were what Iran wanted. If all the United States sought was to free the hostages, then an arms-for-hostages deal could achieve the immediate objective of both sides. But if the US objective was a broader strategic relationship, then the sale of arms should have been contingent upon first putting into place the elements of that relationship. An arms-for-hostages deal in this context could become counter-productive to achieving this broader strategic objective. In addition, release of the hostages would require exerting influence with Hezbollah, which could involve the most radical elements of the

Iranian regime. The kind of strategic opening sought by the United States, however, involved what were regarded as more moderate elements.³⁹

The ties to Iranian politicians never materialized. Ironically, the plan created incentives to hostage-taking, and encouraged US allies to sell arms indiscriminately, which upset the balance in the Iran-Iraq war.

Covert Action as an Element of Policy

Adda Bozeman has written that “sound intelligence theories and practices may be misused or come to naught by poor policymaking.”⁴⁰ A covert action program can be a delicate creature requiring strong support from other instruments of foreign policy — diplomatic, economic, and military. Covert action, in the words of Ray Cline, should not be a last resort, but a first resort, “to supplement strategic planning and policymaking.”⁴¹ Too often covert action has been practiced in a vacuum unsupported by or uncoordinated with other government policies. In certain cases, covert actions have even contradicted publicly stated and actively pursued policies, usually resulting in failure. Because covert action is one instrument of foreign policy among many, it should not be viewed as an independent option for pursuing policy goals, except in very particular circumstances.

The reasons for coordinating covert action and other tools of policy are many. A covert action operation in and of itself only rarely will be successful in isolation, and usually requires the resources of various departments. For example, if a covert operation is developed to support a democratic leader targeted by an extremist opposition, any covert support should be supplemented by diplomatic support on the international front, financial aid or influence (as in the case of a Third World country with a large international debt), and perhaps ultimately some element of military assistance if necessary. The classic example of such policy coordination is the American effort in countering Communist influence in Western Europe immediately following World War II. In addition to the covert aid and assistance to democratic parties and labor unions, the overt policies, reflected in the Marshall Plan and NATO, combined to successfully counter the Communist offensive.⁴²

Another reason covert action should be coordinated with overt policy is that the sponsor must be prepared for the operation to become public knowledge, either at the time of the operation through a leak or mistake, or later at the hands of the historian. The covert program thus must be able to survive public disclosure. Gregory Treverton identifies certain “what-ifs” that could aid in evaluating a covert operation’s connection to policy: What if it becomes public knowledge? Does it contradict stated policy? What if it does not succeed? What signals are received with what results?⁴³ In the case of the post-war covert programs, particularly the Italian elections of 1948, public opinion would have been favorable if the program was overtly acknowledged, particularly given the atmosphere of fear and suspicion towards the Communist threat. A corollary to this is that the covert action program

should be examined for the signals it sends, particularly to foreign audiences. As Treverton points out, “[f]oreigners always assume the U.S. government is more coherent and purposive than it is.”⁴⁴

Because covert action is an instrument of policy, it is imperative that responsibility for policy making and operations are not placed in the same individuals. If presidential advisors become operationally involved in the covert action, they will lose the necessary objectivity to give level-headed judgement. Because of the severe compartmentation of knowledge in the Iran-Contra operations, the policy making functions and the operational functions were placed in the same individuals. This resulted in covert action imperatives driving policy decisions, rather than the reverse. Policy goals became the flexible variables, changing in order to meet the demands of the covert operation.

The covert sale of arms to Iran was not simply a back-channel effort at policy; in fact it directly contradicted official US policy. Thus the operation had no diplomatic support, no financial or trade leverage, and no public mandate. The operation did reflect a general interest within the Administration in establishing ties to Iran. Iran’s strategic importance was underscored by the fear of Soviet influence in a succession crisis that would follow Khomeini’s death. Thus Administration officials were convinced that efforts should be made to open potential channels to Iran.⁴⁵ President Reagan was also haunted by the images of American hostages in Lebanon, and was anxious to win their freedom. Thus the initiative to sell arms acquired a dual purpose, as expressed in a memo by National Security Advisor Robert McFarlane: “The short term dimension concerns the seven hostages; the long term dimension involves the establishment of a private dialogue with Iranian officials on the broader relations.”⁴⁶

However, the recent history of US-Iranian relations was not encouraging. On 14 November 1979, ten days after the Iranian student seizure of the American embassy, the US placed an arms embargo against Iran. The Reagan Administration began rethinking its policy toward Iran as early as July 1981, due to fears over growing Soviet influence in the region, but no conclusion was reached. However, by the spring of 1983, Iran was rebounding in its war with Iraq, and the US began Operation STAUNCH in December 1983 seeking stronger compliance by foreign governments in the arms embargo.⁴⁷ By 1984, the Administration was once again intrigued by the possibility of improving US-Iranian relations, and McFarlane requested an interagency study of “US Relations with Iran after Khomeini.”⁴⁸ Yet even in the midst of this interest, the Administration was publicly pursuing policies of an arms embargo, refusing to negotiate with terrorists, or regimes sponsoring them, and supporting Iraq in the Iran-Iraq war. Thus, as the Tower Commission reported, in 1985 the sale of arms to Iran “ran directly counter to the Administration’s own policies on terrorism, the Iran/Iraq War, and military support to Iran. This inconsistency was never resolved, nor were the consequences of this inconsistency fully considered and provided for. The result taken as a whole was a US policy that worked against itself.”⁴⁹

The lack of coordination between American covert and overt policies toward Iran eventually placed US policy in a vulnerable position vis-à-vis Iran. The US had no leverage outside of the arms sales, and the very fact that these sales ran against stated policy gave the Iranians an advantage. Ironically, the program created incentives for the Iranians to encourage the taking of American hostages in order to receive further arms shipments.

The Iranian agenda was straightforward: they needed modern high technology weapons to counter the Soviet-supplied weapons of Iraq. As the arms sales continued even after several broken promises by Iran, “[t]he lesson to Iran was unmistakable: All US positions and principles were negotiable, and breaches by Iran went unpunished. Whatever Iran did, the US could be brought back to the arms bargaining table by the promise of another hostage.”⁵⁰ Ironically, the two Iranians who ultimately leaked the story were agents of Ayatollah Hossein Ali Montazeri, a leftist political rival of Rafsanjani.⁵¹ Throughout the operation, the “target” had controlled the US, and eventually, Iranian internal politics determined the operation’s finale.

In examining the decision-making surrounding the covert sale, one finds very little concern given to the possibility of public revelations, and no preparations were made for such an eventuality. The individuals involved with the operation appeared convinced of their ability to transport large quantities of weapons, manage millions of dollars, and negotiate with Iranian emissaries without word leaking out.

While the sale of arms to Iran was not coordinated with overall US policy, the second half of the plan—the diversion of profits to the Contras—was an integral component of the Reagan Doctrine. Supplying money to the Contras was in direct alignment with Administration policy, and in fact had been an ongoing strategy from the start of Reagan’s tenure. Oliver North had been the NSC contact with the CIA on Central American issues and was a strong advocate of intensifying covert support to the Contras. When he became involved with the Iranian initiative, “(w)hat had begun as an initiative to obtain the release of the American hostages had now assumed a second, inherently conflicting goal.”⁵² The connection of the two policies created an incentive for the US to charge high dollars for low scale equipment, “...a policy unlikely to win Iranian confidence or the hostages’ freedom.”⁵³ By examining the evidence, it appears that the diversion was contemplated and prepared for by a Presidential finding signed on 17 January 1986, which began direct US control of arms sales (previously Israel had been the intermediary).⁵⁴ The finding authorized US arms sales to Iran either directly by the CIA or through a third party. Significantly, by designating a third party, the opportunity was created for the profits to be controlled by outsiders, and thus not restricted by government regulations. The diversion could not have occurred if the CIA had sold the arms directly.⁵⁵

Covert Action and Political Leadership

If covert action is to be a coordinated instrument of foreign policy, it follows that both the political leadership and the intelligence managers should agree on the propitiousness and effectiveness of covert action programs and should be committed to developing a strong capability (especially in hiring and supporting individuals with the necessary vision and skill). This requires close collaboration among the various executive agencies involved in foreign policy, as well as guidance and review from informed policy makers. Ideally, such leadership should not only tacitly concur in the operation, but also actively lend intellectual and material support. This collaboration calls for agreement on the goals of the policy, the ability of covert action to aid in the promotion of that policy, and the means of such promotion.

One example of such a leadership consensus on a covert action program is the American support to the counterinsurgency efforts in the Philippines in 1950-1956. Hugh Tovar called it "a case study in State/CIA collaboration under ambassadorial direction."⁵⁶ This reflected the early American conception of counterinsurgency as a total effort involving state diplomacy, military aid, economic and technical assistance, and official propaganda.

CIA's role in these early ventures in counterinsurgency focused on the training and logistic support of the internal security services, on providing advice for domestic propaganda programs, and on supplying experts on land reform, economic policy, or electioneering. In these benign interventions the CIA worked with the host government in close cooperation with the other U.S. agencies involved.⁵⁷

In the case of the Iran-Contra affair, the various operations were kept so compartmented that those agencies and political leaders who perhaps had a valid "need to know" were kept in the dark. Even the intelligence leadership in the community was shielded from the specifics of the ongoing operation. Much of the remaining legal controversies surrounding the operation involve pursuing who knew what when, and the resiliency of the legal inquiries can be partially attributed to the belief that more individuals had to have been "read-on," in intelligence parlance. In reality, it is most likely that only a few select individuals were aware of the entirety of the operation, and those who were directly involved in the covert sales and assistance were only given enough information to accomplish their tasks. Too many key individuals were not even told of the program, and the operation was so secret that the political and intelligence leadership was not given a "vote" on its advisability and implementation.

As already explained, initially, the sale of arms to Iran was discussed by the National Security Advisor Robert McFarlane, Secretary of State George Schultz, Defense Secretary Casper Weinberger, and DCI William Casey. While opinion regarding selling weapons to Iran was mixed (and strongly opposed by Weinberger and Shultz), a consensus did exist regarding establishing some level of contact with

Iran and exploring opportunities for increasing US influence in the country. Because of this consensus, a covert plan with such strategic goals probably would have received approval from State and Defense. Such a consensus would also have allowed the operation a wider base of expertise and resources, as the program would not have required such extensive compartmentation. Because arms sales—the very option most objected to by Shultz and Weinberger — were chosen as the means to pursue the strategic objective, the operation had less chance of success.

It is not only the executive branch that supplies coordination and leadership. Following statutory changes in the 1970s, Congress through its intelligence committees now plays a role in the politics of covert operations. As representative bodies, the committees expect to be notified and consulted on executive intelligence activities and have legislated this requirement. There are advantages and disadvantages to such a system. By encouraging consultation and requiring written findings, the system may result in a more clearly thought out policy on the part of the executive. However, because Congress is an entity made up of individuals representing the full range of the political spectrum, any plan emerging from executive-legislative consensus may be too watered-down or too fractured to be effective or coherent. At the same time the risk of leaks is increased in proportion to the number of people informed, and the statute may tie the President's hands in certain situations. Congress needs to be a responsible force of support in covert actions, yet at times that support can collide with the President's control over intelligence activities.⁵⁸ In the Iran-Contra operation, fault could be found on both sides.

The mistakes made throughout the Iran-Contra affair might have been avoided if Congress had been informed. The Administration could have exercised its right to consult only the "Gang of Eight," presented its case, and argued the merits. By such a process, the contradictions and misperceptions inherent in the plan might have emerged and a more logical operation could have developed. However, the Administration chose to ignore the statutory requirements, violating the spirit if not the letter of the law. At the same time Congress had taken a confrontational stance toward the Reagan Administration, particularly regarding policy in Central America. By taking steps of questionable effect, Congress had forced the executive into a "bunker mentality." While consultation with and notification of the legislature is a *desired* step in intelligence activities, mandating it by statute is of suspect practicality. In the end, such statutes may encourage the executive to ignore Congress, hide its plans, and conduct foreign policy on the sly.

Covert Action and Infrastructure

In order for covert action to be successful, a covert operational infrastructure must be available, preferably already in place or at least capable of quick implementation. Regardless of the type of covert activity conducted (propaganda, political action, paramilitary or intelligence support), some combination of human, material, technical, intellectual, and financial resources will be required. This infrastructure

should be controlled by the sponsor, rather than relying on allied resources exclusively. It is better to have the infrastructure already in place, because starting from scratch increases the chances of operational failure due to the necessary downtime before an operation can begin, the probable decrease in counterintelligence assessment of the resources, and hastily contrived security arrangements.

“Infrastructure” may be a difficult requirement to meet, yet this is exactly the concern. Infrastructure can mean as little as having an embassy in country, something that did not exist in Iran. While an intricate infrastructure is not possible in all areas of the world, it is possible to clearly identify priorities and develop plans to take action if necessary. This calls for better opportunity-oriented analysis, and is in fact connected to the issue of integration of covert action with the other elements of intelligence. At a time when US intelligence spending is under pressure it is imperative that the government not indiscriminately reduce its potential; rather, clear priorities must be pinpointed and then matching capabilities supported.

This concept is also connected to the advantage of covert action coordinated with other instruments of foreign policy. This infrastructure probably will not be available if there is no other context for interaction between the states. In the case of covert operations in Iran, there was virtually no American-controlled infrastructure on the ground, no agents, no assets, no security. For example, in response to McFarlane’s initial request for an interagency study on US relations with Iran, the State Department replied it had “no influential contacts” with the Iranian government or political parties and little chance to establish such contact. In a letter to Poindexter (as McFarlane’s deputy) dated 11 December 1984 the CIA admitted that it had only a limited capability to influence events in Iran.⁵⁹ American intelligence on Iran was suspect, and both the diplomatic and intelligence agencies admitted a lack of infrastructure. If other bilateral contacts had existed, ie diplomatic ties or economic exchange, both information and infrastructure would have been improved, and the operation would have had a higher chance of success.

How did this effect the operation? The Americans had little control and almost no independent (ie American controlled) source of reliable information. They relied completely upon Iranian or Israeli assets. This also led the Americans to rely on private individuals to accomplish operational tasks, such as Richard Secord, Albert Hakim, and Manucher Ghorbanifar. The decision to use NSC political staffers in place of trained CIA covert actioneers meant also that these NSC staffers would lack a professionally developed infrastructure (as well as the aid of analysis, collection, and counterintelligence). The seeming advantage of using the NSC to skirt congressional restrictions on covert action was most likely outweighed by the disadvantages of poor information, untrained operators, and reliance on allied support.

Covert Action and the Other Elements of Intelligence.

The traditional American approach to intelligence viewed analysis and collection as the *sine qua non* of intelligence, with counterintelligence as a

necessary afterthought.⁶⁰ As noted earlier, covert action was the focus of much debate among post-war executive agencies regarding mission and control. In fact, covert action is a natural adjunct to the other elements of intelligence, and a mutual benefit can be gained by combining the separate missions in one sphere.⁶¹ Godson calls this a “symbiotic” relationship among the elements of intelligence,⁶² meaning dissimilar entities intimately connected and participating in a mutually beneficial relationship.

In order for covert action to be successful, it requires current, reliable information regarding a target’s opportunities, leadership, and capabilities. This information can be obtained by collection from open and clandestine sources within the target country and from other areas of the world. It thus requires the support of a full-service intelligence gathering organization. Any covert action program conducted in the dark without intelligence, both before the program is initiated and while it is continuing, is likely to fail. During the covert arms sales operation to Iran, the Americans were operating in such a darkened arena. Due to the lack of American intelligence, the Americans relied upon the collection efforts of the Israeli government and private individuals. Robert McFarlane told the Tower Commission that the NSC had received intelligence on the “political map of Teheran” from two sources, Israel and Ghorbanifar.⁶³ It is possible that given the close relationship and mutual interests shared by Ghorbanifar and the individuals running the Israeli end of the operation, the primary and possibly the only source may have been Ghorbanifar.

In addition to collection, covert action requires analytic support in evaluating the possibility of success, identifying the most receptive targets for covert action, and reviewing the quality of information received from collection. Too often policy makers and field operators rely on personal evaluations which may be more informed by political concerns than by operational reality. Compartmentation rigors often add to this gulf between analysis and policy. Hugh Tovar describes how the decision-making surrounding the US support for the failed army coup against Sukarno in Indonesia in 1957 reflected this tendency:

Washington, that is a handful of key figures in State and CIA, made its own appraisal of events without consulting anyone who knew Indonesia. Rarely has compartmentation been so rigidly enforced. Command and control remained in Washington. The Mission in Jakarta, including its CIA components, was excluded from all but the most peripheral involvement.⁶⁴

In the case of the Iranian initiative, expert advice was required on Iranian domestic politics, terrorist groups and their state sponsors, and diplomatic negotiations and arms sales. No such expertise was consulted. The operators cut themselves off from the resources and expertise of the intelligence analysis community. As a result, the operation continued on the basis of certain assumptions never supported by collection product or tested by analysis. For example, one element of an American plan predicted Khomeini’s retirement on the fifth anniversary of the Iranian Revolution. The Tower Commission “found no evidence that

would give credence to this assumption.”⁶⁵ Many other questions emerge regarding these operating assumptions. Did the three political factions described by Ghorbanifar really exist? Could the target group actually accomplish the desired results? Hezbollah, the fundamental shiite terrorist group holding the American hostages, was often described as linked to Iran. What was the strength of these links, and who if anyone in the Iranian government actually gave “orders” to Hezbollah? Would analysis have shown that certain Iranian leaders could not automatically secure the hostages’ release? While the operation was based on the assumption that the Iranians could easily win the hostages’ release, in actuality this did not come to pass. Was such information available and simply ignored or just not consulted? Was it not clear that dealing with Hezbollah meant dealing with radicals, not moderates, thus the two goals of the covert operation were apparently contradictory? Finally, what was the role of Israel, and did the US rely too much on an Israeli intelligence capability perceived by the Americans as extraordinary?

Covert action also requires counterintelligence to accomplish several security missions. First, the “assets” used by covert actioneers, both human and technical, must be vetted for security risks and leaks. Second, logistical concerns such as communication, transport, and travel require security protection. Third, the operators must be concerned about deception by the target country, by the assets employed to accomplish the task, and by any secondary or allied entities involved. Trained counterintelligence officers must be employed, especially because this counterintelligence mission cannot be accomplished by the operators directly involved in the covert action, as their judgement and analysis will be tainted by their desire to see the operation move forward.

This is exactly what occurred in the Iran-Contra covert operations. Several of the key individuals involved did not have any level of security clearance, and were simply private businessmen conducting the business of national security. A literal rogues’ gallery of dubious individuals participated in the arms sales transactions. One central character in the operation, Ghorbanifar, was screened by CIA counterintelligence after having previously been the subject of a CIA burn notice in 1984 because, among other things, he had a “history of predicting events after they happened.”⁶⁶ Ghorbanifar failed a polygraph exam in January 1986, during which deception was indicated in thirteen of the fifteen relevant questions asked, with the other two inconclusive,⁶⁷ but he was allowed to continue his involvement at the center of the operation. Later it was discovered that Ghorbanifar’s *farsi* translations during the American-Iranian meetings were distorted, but his replacement was another private citizen with independent interests in the operation, Albert Hakim. This is also an issue that returns to infrastructure. There were virtually no *farsi*-speaking American officials to call upon, other than George Cave, a CIA expert on Iran who retired and acted as a consultant to the CIA after 1980. Cave was the only official in the agency who spoke *farsi* fluently.⁶⁸ At the same time, the information coming out of Iran was never tested for deception (aside from Ghorbanifar’s polygraph), even though the Iranians had every reason and opportunity to deceive the Americans regarding the internal politics of Iran and the

promised release of the US hostages. For example, even when it was discovered that the first shipment of arms was received by the extremist Revolutionary Guards, further promises of moderates and hostage releases mollified the Americans.

Another interested party was the Soviet Union, who must have been very concerned about American operations in Iran. In the past, Iran had been the site of very valuable listening posts for US intelligence.⁶⁹ The 1979 revolution had benefited Soviet intelligence by eliminating these US facilities, and the Soviets would not have wanted to see US-Iranian relations restored. At the same time, Iran was a strategic concern for Soviet security, both geographically (as a border nation and an access point to the Persian Gulf) and politically (they feared the spread of Islamic fundamentalism into the Soviet Moslem population). In pursuing its own interests in Iran, the Soviets were probably very anxious to learn about American activities, and it would have been in their interest to expose US covert action in Iran. Thus another duty for counterintelligence was to protect the US activities from the prying eyes of Soviet intelligence.

Counterintelligence is not only an intelligence tool directed against enemies, but allies as well. Israel clearly had goals and motives independent of those of the United States, and it is reasonable to expect some level of counterintelligence analysis targeted against Israel, including the possibility of deception. The Americans depended upon Israeli intelligence greatly (in fact almost exclusively) and the opportunity existed for Israel to "influence" US perceptions and decision-making.

Covert action not only benefits from integration with the other elements of intelligence, it returns benefits as well. Analysis and collection benefit from the unique sources of information tapped by covert action operators. Because the objective of covert action is to gain influence in the target country, individuals recruited will usually occupy influential positions. These agents will be a valuable source of political intelligence that otherwise may not be available to collectors. Collectors usually recruit agents through money or other material incentives. In contrast, agents of covert action are interested in the influence and support a covert action program can give them, and probably would not be susceptible to the persuasion of ordinary collectors. Counterintelligence also benefits from this sensitive political intelligence, and it serves as a basis of comparison for counterintelligence analysts when assessing the validity of other sources.

As previously noted, American intelligence on Iran was weak, with little collection occurring. Information primarily came from emigre communities or liaison with other intelligence services. Had a covert action program been successful in establishing even minor contact with officials in Iran, American intelligence would have been one beneficiary.

Covert Action Feedback Channels and Review Processes

Once a program has been initiated, it cannot be left "unsupervised." Situations, conditions and goals are constantly changing and the covert action program

will require fine-tuning and perhaps even termination in response to such changes. A feedback channel is required to evaluate the effectiveness of the program. This channel will help the operators and policy makers evaluate how the target is responding to the operation, how the operation could be changed to make the target more susceptible, and what messages are being received, what messages are not being received. International relations as well as human reactions rarely remain static, and a covert action program must be dynamic.

Treverton writes that covert action tends to expand when faced with a change in circumstances. "Once committed in a small, even secret, way, leaders are more likely to enlarge their stakes than to withdraw."⁷⁰ This is particularly true if the initial program was not adequate to accomplish the policy goals as originally developed. Treverton believes that political action will most likely develop into paramilitary activity as the pressure to "do something" mounts, using the examples of Allende's election in Chile and Castro's revolution in Cuba. While it may be true that covert operations will sometimes develop into larger programs than expected, there are various reasons for this occurrence. It may be that the opportunity for intervention widened, or that the situation changed to require a more sustained effort. Most importantly, Treverton does not address *why* the initial political action programs failed.

One problem with such a review process of covert action is that it complicates the preservation of plausible denial. Few individuals want to claim the signature at the bottom of the authorization or review forms. Because of this reluctance, such review is often undocumented, if conducted at all.

This doctrine of plausible denial can complicate the control of intelligence activities to which it is applied. To be effective, it requires not only that knowledge of the activity be restricted to the smallest possible number of officials but also that there be no formal procedure by which it is approved and no paperwork in which the approval is recorded.⁷¹

"Plausible denial" was supposedly legislated out of existence beginning with the Hughes-Ryan Amendment in 1974 requiring presidential findings authorizing covert action. However, loopholes existed and rules were circumvented to allow such denial to remain an option. In the case of the Iran-Contra operation, John Poindexter claims he specifically withheld information from President Reagan regarding the diversion of funds to the Contras. At the same time, "findings" were not issued for NSC activities because the Administration argued that the NSC was not bound by the legal restrictions applicable to the intelligence agencies, an argument based on a suspect legal opinion. "Plausible denial" remained and was the defense used by Reagan when Iran-Contra became public. The utility of plausible denial is another important issue to explore. Is it by definition a key to covert action? How can covert conduct be unattributed without plausible denial? Is there a line to be drawn indicating what level of denial is acceptable?

One of the most spectacular failures of such a review process was the Bay of Pigs invasion in 1961. Throughout the planning of the operation, clear signs of compromise were ignored, doubts which plagued many of those involved were disregarded, and a new president asked few questions of an operation conceived by the preceding administration.⁷²

No feedback channels existed to gauge the success or failure of the arms sales to Iran other than the number of hostages released. Using such a numerical scale, three hostages released with three others taken equals a draw at best. The only review process was conducted by the very individuals who had an interest, either monetary or professional, in continuing a clearly unsuccessful operation. The excuse of compartmentation and secrecy does not explain the seeming lack of concern shown by officials in other executive agencies concerning the authorization and review process. The CIA, DOD and State Departments were all involved at various junctures, and they could have attempted to implement some sort of review process. Some officials did try, particularly John McMahon of the CIA, who continually insisted on findings and authorizations to cover whatever level of CIA involvement was required. In general, however, it was left to North, Poindexter, and McFarlane to evaluate the operation's ongoing effectiveness.

This same strained review process was employed regarding the Contra assistance operation. In fact, it was most likely the comingling of the two operations which contributed to poor feedback and review. Once the decision was made to divert the profits gained from the Iranian arms sales to the Contras, the operators had a vital stake in seeing the sales continue. Any review of one operation must have taken into account the effect it had on the other. Momentum is a key variable in covert action, sometimes pushing along programs whose effectiveness is either played out or never fulfilled. Treverton's warning of the effect of momentum on covert interventions is instructional for all types of covert action:

Once covert [actions] begin, no matter how hesitantly or provisionally, they can be hard to stop. Operational realities intrude with deadlines attached, new stakes are created, changing the balance of risks and rewards as perceived by political leaders and shifting the structure of the debate: the burden of proof switches from those who would propose covert action to those who would oppose it.⁷³

CONCLUSION

Clearly there are more questions raised than answered by the examination conducted in these pages. The Iran-Contra affair was not a single operation that allows for easy dissection and analysis. Rather it was an amalgam of activities influenced by unfolding events, societal fluctuations, political machinations, leadership preferences, and business imperatives. The story is continually unfolding as information emerges from judicial inquiries, congressional hearings, and participant memoirs. This article serves only as a blueprint for further academic study,

study which is imperative to the advancement of understanding regarding intelligence and policy, especially as it effects American foreign relations.

By its very nature, covert action arouses ardent debate in a multitude of issue areas. In addition to the variables of success discussed here, academics, practitioners and the general public raise concerns over covert action's compatibility with democracy, the ethics of secret operations, and the constitutional control and authorization of intelligence activities. These are significant issues which, due to the limitations of space, could not be addressed in this article, but are definitely elements of future study.

Certain conclusions can be reached, however tentatively. There are certain principles of covert action which increase the likelihood of success as identified originally by Godson and illuminated here in the Iran-Contra case study. These are: first, the existence of an opportunity to influence another state; second, a policy which is supported by covert action objectives; third, leadership which believes in the importance of effective covert action; fourth, an infrastructure to conduct covert action; fifth, integration with the other elements of intelligence, and finally, a feedback and review process to evaluate covert action. All of these were notable for their absence from the Iran-Contra operation, which may go a long way to explain its failure. These principles demand further refinement and exploration, but utilizing them as analytical tools may add a new dimension to the debate surrounding covert action and foreign policy.

Endnotes

1. *Intelligence in the War of Independence* (Washington, DC: CIA Office of Public Affairs, 1976), p. 16. Samuel Chase, Charles Carroll, and Father John Carroll were also part of this effort. Father Carroll was to recruit the Catholic clergy of Canada.
2. Roy Godson, "Intelligence: An American View," in K.G. Robertson, ed., *British and American Approaches to Intelligence* (New York: St. Martin's Press, 1987) pp. 3-36; Roy Godson, "Intelligence for the 1990s," in *Intelligence Requirements for the 1990s* (Lexington, MA: Lexington, 1989), pp. 1-29.
3. For a discussion of the various definitions of covert action, see Abram N. Shulsky, *Silent Warfare: Understanding the World of Intelligence* (Washington, DC: Brassey's (US), 1991), pp. 73-76.
4. United States, *Intelligence Authorization Act, FY 1991*. Title VI "Oversight of Intelligence Activities," sec 503(e).
5. Shulsky, *Silent Warfare*, pp. 76-78, 83, 87.
6. Roy Godson, "Covert Action: An Introduction," in Roy Godson, ed., *Intelligence Requirements for the 1980s: Covert Action* (Washington, DC: National Strategy Information Center, 1981), p. 2.
7. Angelo Codevilla "Covert Action and Foreign Policy: Paper II," in Godson, ed., *Covert Action*, p. 81.
8. Shulsky, *Silent Warfare*, p. 74.
9. Currently the best sources of information on the Iran-Contra Affair remain the Report of the Tower Commission appointed by President Reagan, and the Report of the Congressional investigative committees. See *The Tower Commission Report; The Full Text of the President's Special Review Board* (New York: Random House, 1987). [Hereafter referred to as *Tower Commission Report*];

- US Congress, *Report of the Congressional Committees Investigating the Iran-Contra Affair, with Supplemental, Minority, and Additional Views* 100th Cong., 1st sess. (Washington, DC: GPO, 1987). [Hereafter referred to as *Iran-Contra Report*]; probably the best secondary account is Theodore Draper, *A Very Thin Line: The Iran-Contra Affairs* (New York: Hill and Wang, 1991). Certain participants have written memoirs, with others still in the making. For example, see Oliver L. North, *Under Fire* (New York: HarperCollins, 1991); and Richard Secord, *Honored and Betrayed* (New York: Wiley, 1992).
10. *Tower Commission Report*, Part 1, Section C, and Appendix C.
 11. Sources on pre-World War II American covert action include the CIA monograph *Intelligence in the War of Independence*; Rhodri Jeffrey-Jones, *American Espionage: From Secret Service to CIA* (New York: The Free Press, 1977); Friedrich Katz, *The Secret War in Mexico: Europe, the United States, and the Mexican Revolution* (Chicago: University of Chicago Press, 1981); Nathan Miller, *Spying for America: The Hidden History of U.S. Intelligence* (New York: Paragon House, 1989); G.J.A. O'Toole, *Honorable Treachery: A History of U.S. Intelligence, Espionage, and Covert Action from the American Revolution to the CIA* (New York: Atlantic Monthly Press, 1991); Joseph Burkholder Smith, *The Plot to Steal Florida: James Madison's Phony War* (New York: Arbor House, 1983); Henry Merritt Wriston, *Executive Agents in American Foreign Relations* (Gloucester, MA: Peter Smith, 1967).
 12. For the story of OSS operations, there are a variety of personal accounts of former OSS officers. More general accounts include Anthony Cave Brown, ed., *The Secret War Report of the OSS* (New York: Berkeley Publishing, 1976); Bradley F. Smith, *The Shadow Warriors* (New York: Basic, 1983); Richard Harris Smith, *OSS: The Secret History of America's First Central Intelligence Agency* (Berkeley, CA: University of California Press, 1972); Lawrence Soley, *Radio Warfare* (New York: Praeger, 1989); Thomas Troy, *Donovan and the CIA* (Frederick, MD: University Publications of America, 1981). The records of the OSS are in the process of being transferred from the CIA to the National Archives. Over four thousand cubic feet of records have been made available to the public, with more in preparation. OSS records are Record Group 226 at the National Archives in Washington, D.C.
 13. Arthur B. Darling, *The Central Intelligence Agency: An Instrument of Government, to 1950* (University Park: The Pennsylvania State University Press, 1990), pp. 9-10. In December of 1941 Donovan submitted a plan for an American force modeled after the British SOE, "imbued with the maximum of the offensive and imaginative spirit," an excellent weapon of physical subversion to accompany the black propaganda of psychological warfare.
 14. *Ibid.*, pp. 23, 27.
 15. John Ranelagh, *The Agency: The Rise and Decline of the CIA; Revised and Updated* (New York: Simon and Schuster, 1987), p. 70.
 16. Darling, *Central Intelligence Agency*, pp. 42-3.
 17. *Ibid.*, p. 43.
 18. National Security Act of 1987, Sec. 102 (d)(5), in *Compilation of Intelligence Laws and Related Laws and Executive Orders of Interest to the National Intelligence Community*. Prepared for the Use of the Permanent Select Committee on Intelligence of the House of Representatives, (Washington, DC: Government Printing Office, 1987), p. 8.
 19. This decision was resisted by then-DCI Roscoe Hillenkoetter. In contrast to his friend Donovan, he believed it was not part of the original Congressional mandate and could compromise clandestine activity. See Darling, *Central Intelligence Agency*, pp. 247-62.
 20. Anne Karalekas, "History of the Central Intelligence Agency," in US Congress. Senate. Select Committee to Study Governmental Operations with Respect to Intelligence Activities. *Final Report, Volume IV, Supplementary Detailed Staff Reports on Intelligence and Military Intelligence* (Washington, DC: Government Printing Office, 1976), p. 29.
 21. Ranelagh, *The Agency*, p. 117.
 22. NSC 10/2, reproduced in Thomas H. Etzold and John Lewis Gaddis, eds., *Containment: Documents on American Policy and Strategy, 1945-1950* (New York: Columbia University Press, 1978), p. 127.

23. Ibid.
24. Karalekas, "History," p. 31. George Kennan agreed with this view in testimony to the Church Committee.
25. NSC 68, "United States Objectives and Programs for National Security," (14 April 1950), in Etzold and Gaddis, *Containment: Documents*, pp. 435-36.
26. Under the direction of Hans Tofte, the CIA trained guerrillas in North Korea, ran a CIA-owned air force to support activities, pirated supplies, conducted psychological operations, and expanded operations into China, Manchuria and Vladivostok. "Colorful and successful operations won the agency growing respect in Washington and in military circles. The range of activities involved also demonstrated the enormously varied work of the agency and its ability to grow rapidly and flexibly." Ranelagh, *The Agency*, pp. 217-18.
27. Darling, *Central Intelligence Agency*, p. 41.
28. On the coup in Iran, see Kermit Roosevelt, *Countercoup: The Struggle for the Control of Iran* (New York: McGraw Hill, 1981), and Ranelagh, *The Agency*, pp. 260-64. On the Guatemala operation see David Atlee Phillips, *The Nightwatch; Twenty-Five Years of Peculiar Service* (New York: Atheneum, 1977), and Ranelagh, *The Agency*, pp. 264-69.
29. Marcus Raskin, "A Short Account of International Student Politics and the Cold War with Particular Reference to the NSA, CIA, etc.," *Ramparts*, (March 1967), pp. 29-39.
30. Some of the early criticism came from ex-CIA employees, for example Philip Agee, *Inside the Company: CIA Diary* (Great Britain: Penguin, 1975); and Victor Marchetti and John Marks, *The CIA and the Cult of Intelligence* (New York: Knopf, 1974). The House Select Committee on Intelligence, and the Senate Select Committee to Study Governmental Operations with Respect to Intelligence, together generated twelve volumes of testimony and documents on US intelligence activities.
31. Section 662 of the Foreign Assistance Act of 1961, (22 U.S.C. 2422), ("The Hughes-Ryan Amendment") in *Compilation of Intelligence Laws*, p. 259.
32. Title V of the National Security Act of 1947 (50 U.S.C. 413). Section 501(a)(1): "Accountability for Intelligence Activities" in *Compilation of Intelligence Laws*, p. 257.
33. Nicholas William Bethell, *Betrayed* (New York: Times, 1984); Tom Bower, *The Red Web; MI6 and the KGB Mastercoup* (London: Aurum, 1989).
34. *Operation Zapata: The "Ultrasensitive" Report and Testimony of the Board of Inquiry on the Bay of Pigs* (Frederick, MD: University Publications of America, 1981); Ranelagh, *The Agency*, pp. 349-82; Peter Wyden, *Bay of Pigs* (London: Jonathan Cape, 1979).
35. Jane Mayer and Doyle McManus, *Landslide; The Unmaking of the President, 1984-1988* (Boston: Houghton Mifflin, 1989), p. 219.
36. James A. Bill, *The Eagle and the Lion; The Tragedy of American-Iranian Relations* (New Haven, CT: Yale University Press, 1988), p. 312.
37. *Tower Commission Report*, p. 104.
38. Draper, *A Very Thin Line*, p. 122.
39. *Tower Commission Report*, pp. 63-4. While it is possible for a covert action program to have more than one objective, in this particular case, the objectives were contradictory rather than complimentary.
40. Adda Bozeman in Godson, ed., *Covert Action*, p. 15.
41. Quoted in Godson, ed., *Covert Action*, p. 125.
42. William E. Colby and Peter Forbath, *Honorable Men: My Life in the CIA* (New York: Simon and Schuster, 1978); Sallie Pisani, *The CIA and The Marshall Plan* (Lawrence, KA: University Press of Kansas, 1991); Harry Rositzke, *The CIA's Secret Operations* (New York: Reader's Digest Press, 1977); Ranelagh, *The Agency*, pp. 112-42.
43. Gregory Treverton, *Covert Action: The Limits of Intervention in the Postwar World* (New York: Basic, 1987), p. 216.

44. Ibid., p. 166.
45. *Tower Commission Report*, p. 19.
46. *Iran-Contra Report*, p. 166.
47. Ibid., pp. 157-9.
48. *Tower Commission Report*, p. 20.
49. Ibid., p. 62.
50. *Iran-Contra Report*, p. 170.
51. Deposition by George Cave, a former CIA official, quoted in Mayer and McManus, *Landslide*, pp. 293 and 430. It is suspected that Ghorbanifar and Montazeri had a long standing relationship, and that possibly Ghorbanifar leaked the story. Amazingly, even after exposure in Lebanese paper *Al-Shiraa* and Rafsanjani's speech to Iranian parliament confirming the American mission to Teheran, the US wanted to continue the arms sales and plans were being made up until December when the State Department ended it. *Iran-Contra Report*, p. 261.
52. Ibid., p. 216.
53. Ibid.
54. Ibid., pp. 208, 213.
55. Ibid., p. 270.
56. Hugh Tovar in Godson, ed., *Covert Action*, p. 195.
57. Rositzke, *The CIA's Secret Operations*, p. 187.
58. A fuller discussion of Congressional oversight is warranted, but not within the confines of this paper. For more information on Congressional intelligence oversight, see Frank Smist, *Congress Oversees the United States Intelligence Community, 1947-1989* (Knoxville: University of Tennessee Press, 1990).
59. *Tower Commission Report*, p. 20.
60. The classic work in this tradition is Sherman Kent, *Strategic Intelligence for American World Power* (Princeton, NJ: Princeton University Press, 1949).
61. There is a school of thought that believes covert action is not an element of intelligence, and that covert operations should not be conducted by intelligence agencies. As one example, Allan Goodman writes: "The objectives of covert action and the agents who run it are quite different from the aims and expertise involved in clandestine intelligence collection." See Allan E. Goodman, "Reforming U.S. Intelligence," *Foreign Policy*, 67 (Summer 1987), p. 132. The argument states that the policy implementing function of covert action interferes with the objective role of intelligence in informing policy. Such an attitude ignores the history of organizations such as the OPC and OSO, and the British SOE and SIS discussed earlier.
62. Roy Godson, "Intelligence: An American View," in Robertson, ed., *British and American Approaches to Intelligence*, p. 27. The ideas explored in this section owe a great debt to the original concepts of Dr. Godson.
63. *Tower Commission Report*, p. 192: "We had received intelligence on the political map of Tehran, so to speak, from two sources. We in the United States had received from the Israelis what they had received from the Iranians, and separately Mr. Ghorbanifar transferred to us his own product of intelligence."
64. Tovar, in Godson, ed., *Covert Action*, p. 199.
65. *Tower Commission Report*, pp. 41 and 523.
66. The 1984 burn notice stated: "He was polygraphed [blackened] to determine the veracity of his information. He failed the exam on significant issues of fabrication and he deliberately provided false info ... his reactions indicated he was practicing deception on all relevant questions." *Report of the Congressional Committees Investigating the Iran-Contra Affair; Appendix A: Volume I, Source Documents* (Washington, DC: Government Printing Office, 1988), p. 934.
67. Ibid., p. 1152.

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68. Draper, *A Very Thin Line*, p. 126. On Hakim's involvement, pp. 283-86.
69. Jeffrey T. Richelson and Desmond Ball, *The Ties that Bind* (Boston: Allen and Unwin, 1983), pp. 185, 188-89; James Bamford, *The Puzzle Palace* (New York: Penguin, 1983), pp. 256-59.
70. Treverton, *Covert Action*, p. 107.
71. Shulsky, *Silent Warfare*, p. 133.
73. Allen Dulles described Kennedy's attitude toward the plan: "It was a sort of orphan child JFK had adopted (from the Republicans) — he had no real love and affection for it. [He] proceeded uncertainly toward defeat — unable to turn back — only half sold on the vital necessity of what he was doing, surrounded by doubting Thomases among his best friends." Lucien S. Vandembroucke, "The 'Confessions' of Allen Dulles: New Evidence on the Bay of Pigs," *Diplomatic History*, 8, no. 4 (Fall 1984), p. 367, cited in Ranelagh, *The Agency*, p. 360.
73. Treverton, *Covert Action*, p. 85.