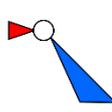


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<p><1220/c></p>  <p>Key: Footprint ConEn1 Footprint ConEn2 Footprint ConEn3</p>	<p>Lake Resources Inc, through which he laundered vast sums of cash from shady middlemen and arms dealers, right-wing American bigots, and the enormous profits out of the arms' shipments to the Iranians, who had paid twice the going rate for what they bought. In November 1985 North shipped out of America two Boeing 707-loads of Hawk anti-aircraft missiles, ostensibly for Israel although by now the pretence was wearing thin and they were simply transferred to Israeli cargo aircraft and flown straight on to Iran. By the beginning of 1986 two major problems faced Reagan: further arms sales to Iran and a preemptive strike against Libya following several terrorist incidents the Americans believed were Libyan-backed. The first was a continuation of the earlier sales because Iran had now promised that within about two months it would be able to arrange the release of the remaining five American hostages. This idea was proposed by Admiral John Poindexter, the president's national security adviser, at a meeting at the White House on 6 January attended by Reagan, Vice-President George Bush, Secretary of State George Shultz, Defence Secretary Caspar Weinberger, head of the CIA William Casey, the White House chief-of-staff Donald Regan, and Edwin Meese, the president's legal adviser. How much the meeting was told about the previous shipments to Iran is unclear but it is hard to believe that those present were not aware of them. Shultz and Weinberger opposed Poindexter's plan, pointing out that it undermined America's much-stated policy, usually made in conjunction with Mrs Thatcher, that no deals must be made with terrorists and that there could be no question of bargaining to get hostages released since this would inevitably lead to more abductions. Poindexter and Casey claimed they were in touch with moderate elements within Iran that America should exploit, otherwise the Russians would. In fact neither Poindexter nor Casey had any evidence of this other than some vague promises made to Poindexter's predecessor, Robert McFarlane, who had met Iran's foreign minister, Ibrahim Yazdi, in Washington. Exactly what Reagan said remains a mystery, but the very fact that he did not dismiss the idea out of hand as quite contrary to all his public statements about Iran certainly left those at the meeting in no doubt that he wanted the deal to go ahead. In February North arranged a further shipment of 1,000 TOW missiles directly to Iran using Ghorbanifar as intermediary and without bothering to use the Israelis. No hostage was released, the excuse given by Ghorbanifar being that Iran did not really need the TOW missiles so they were not counted in the exchange deal. Meanwhile Reagan's other major concern, the plan to attack Libya, was gathering momentum. On 22 March</p> <p>an armada of 45 US Navy warships</p> <p>, Operation Prairie Fire, complete with aircraft carriers, 200 aircraft, and nuclear submarines, appeared off the Libyan coast in the Gulf of Sidra and deliberately trailed their coats until the Libyans reacted by firing two SA-5 missiles at the American aircraft. In retaliation the US Navy sent in A-7 attack aircraft launching stand-off Harm missiles which neatly homed in on the Libyan radar stations and destroyed them, killing over 70 Libyans. A month later, on 14 April 1986, F-111</p>
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bombers from bases in England attacked Tripoli and Benghazi, dropping 32 laser-guided 2,000 pound bombs. Two F-111S were lost and there were considerable civilian casualties among the Libyans. The Libyan attack occupied both the minds of Reagan and the public around the world, although from very different viewpoints as to the morality of the action. Reagan continued to assert that direct action was the only way to deal with terrorist countries like Libya and Iran and that he would not countenance any other approach. But meanwhile North had discovered that the secret shipments of arms to Iran were generating upwards of \$15 million which he proposed diverting to fund the American-backed Contra forces fighting in Nicaragua for whom Congress had refused to provide any further financial aid on the grounds that Reagan was involving America in an operation to overthrow by force another country's legitimate government. That a mere colonel in the White House would have taken it upon himself to engage in such duplicitous and totally illegal operations without the president's knowledge and authority is quite impossible to believe. Throughout 1985-86 North continued shipments of arms to Iran in a series of complex deals involving sleazy arms dealers, shady middlemen, Swiss numbered bank accounts, suitcases stuffed with dollar bills, and all the trappings of dishonest behaviour one would associate with drug smugglers and the Mafia rather than a member of the White House staff. On 26 July 1986 Father Lawrence Jenco was released after being held hostage for 18 months. But during this period the CIA began noticing that North's sales of weapons and monies received from Iran did not add up. A sum of \$3.5 million had gone missing from the first shipment of TOW missiles in 1985 and a further \$24 million could not be accounted for from one of North's Swiss bank accounts. The more the CIA tried to investigate the more inconsistencies they turned up. Eventually the CIA stumbled on the fact that North was privately diverting these missing millions to the Contras. To add to the confusion North had started dealing directly with the Iranians cutting out Ghorbanifar, who was threatening to sue the American government in the courts for breach of contract. In September 1986 the Iranians paid \$7 million direct into one of North's three Swiss bank accounts and