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File Folder	IRAN/ARMS TRANSACTION: STATEMENTS IN SUPPORT OF GEO-STRATEGIC OPENING (NOTEBOOK) (4 OF 4)	***FOIA***	S643
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193

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
165901	MEMO	OLIVER NORTH TO JOHN POINDEXTER, RE: IRAN	1	9/25/1986	B1
165902	MEMCON	OLIVER NORTH, RICHARD SECORD, ET AL., RE IRAN - SEPTEMBER 19, 1986	18	ND	B1

The above documents were not referred for declassification review at time of processing

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

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release November 13, 1986

ADDRESS BY THE PRESIDENT
TO THE NATION

The Oval Office

8:01 P.M. EST

THE PRESIDENT: Good evening. I know you have been reading, seeing, and hearing a lot of stories the past several days attributed to Danish sailors, unnamed observers at Italian ports and Spanish harbors, and especially unnamed government officials of my administration. Well, now you are going to hear the facts from a White House source, and you know my name.

I wanted this time to talk with you about an extremely sensitive and profoundly important matter of foreign policy. For 18 months now we have had underway a secret diplomatic initiative to Iran. That initiative was undertaken for the simplest and best of reasons -- to renew a relationship with the nation of Iran, to bring an honorable end to the bloody six-year war between Iran and Iraq; to eliminate state-sponsored terrorism and subversion, and to effect the safe return of all hostages.

Without Iran's cooperation, we cannot bring an end to the Persian Gulf War; without Iran's concurrence, there can be no enduring peace in the Middle East.

For 10 days now, the American and world press have been full of reports and rumors about this initiative and these objectives.

Now, my fellow Americans, there is an old saying that nothing spreads so quickly as a rumor. So I thought it was time to speak with you directly -- to tell you first-hand about our dealings with Iran. As Will Rogers once said, "Rumor travels faster, but it don't stay put as long as truth." So let's get to the facts.

The charge has been made that the United States has shipped weapons to Iran as ransom payment for the release of American hostages in Lebanon -- that the United States undercut its allies and secretly violated American policy against trafficking with terrorists.

Those charges are utterly false.

The United States has not made concessions to those who hold our people captive in Lebanon. And we will not. The United States has not swapped boatloads or planeloads of American weapons for the return of American hostages. And we will not.

Other reports have surfaced alleging U.S. involvement. Reports of a sealift to Iran using Danish ships to carry American arms. Of vessels in Spanish ports being employed in secret U.S. arms shipments. Of Italian ports being used. Of the U.S. sending spare parts and weapons for combat aircraft. All these reports are quite exciting, but as far as we are concerned, not one of them is true.

MORE

During the course of our secret discussions, I authorized the transfer of small amounts of defensive weapons and spare parts for defensive systems to Iran. My purpose was to convince Tehran that our negotiators were acting with my authority, to send a signal that the United States was prepared to replace the animosity between us with a new relationship. These modest deliveries, taken together, could easily fit into a single cargo plane. They could not, taken together, affect the outcome of the six-year war between Iran and Iraq -- nor could they affect in any way the military balance between the two countries.

Those with whom we were in contact took considerable risks and needed a signal of our serious intent if they were to carry on and broaden the dialogue.

At the same time we undertook this initiative, we made clear that Iran must oppose all forms of international terrorism as a condition of progress in our relationship. The most significant step which Iran could take, we indicated, would be to use its influence in Lebanon to secure the release of all hostages held there.

Some progress has already been made. Since U.S. government contact began with Iran, there's been no evidence of Iranian government complicity in acts of terrorism against the United States. Hostages have come home -- and we welcome the efforts that the government of Iran has taken in the past and is currently undertaking.

But why, you might ask, is any relationship with Iran important to the United States?

Iran encompasses some of the most critical geography in the world. It lies between the Soviet Union and access to the warm waters of the Indian Ocean. Geography explains why the Soviet Union has sent an army into Afghanistan to dominate that country and, if they could, Iran and Pakistan.

Iran's geography gives it a critical position from which adversaries could interfere with oil flows from the Arab states that border the Persian Gulf. Apart from geography, Iran's oil deposits are important to the long-term health of the world economy.

For these reasons, it is in our national interest to watch for changes within Iran that might offer hope for an improved relationship. Until last year, there was little to justify that hope.

Indeed, we have bitter and enduring disagreements that persist today. At the heart of our quarrel has been Iran's past sponsorship of international terrorism. Iranian policy has been devoted to expelling all Western influence from the Middle East. We cannot abide that; because our interests in the Middle East are vital. At the same time, we seek no territory or special position in Iran. The Iranian revolution is a fact of history, but between American and Iranian basic national interests there need be no permanent conflict.

Since 1983, various countries have made overtures to stimulate direct contact between the United States and Iran. European, Near East, and Far East countries have attempted to serve as intermediaries. Despite a U.S. willingness to proceed, none of these overtures bore fruit.

With this history in mind, we were receptive last year when we were alerted to the possibility of establishing a direct dialogue with Iranian officials.

Now, let me repeat. America's longstanding goals in the region have been to help preserve Iran's independence from Soviet domination; to bring an honorable end to the bloody Iran-Iraq war; to halt the export of subversion and terrorism in the region. A major impediment to those goals has been an absence of dialogue, a cut-off in communication between us.

It's because of Iran's strategic importance and its influence in the Islamic world that we chose to probe for a better relationship between our countries.

Our discussions continued into the spring of this year. Based upon the progress we felt we had made, we sought to raise the diplomatic level of contacts. A meeting was arranged in Tehran. I then asked my former National Security Adviser, Robert McFarlane, to undertake a secret mission and gave him explicit instructions. I asked him to go to Iran to open a dialogue, making stark and clear our basic objectives and disagreements.

The four days of talks were conducted in a civil fashion; and American personnel were not mistreated. Since then, the dialogue has continued and step-by-step progress continues to be made.

Let me repeat: Our interests are clearly served by opening a dialogue with Iran and thereby helping to end the Iran-Iraq war. That war has dragged on for more than six years, with no prospect of a negotiated settlement. The slaughter on both sides has been enormous; and the adverse economic and political consequences for that vital region of the world have been growing. We sought to establish communication with both sides in that senseless struggle, so that we could assist in bringing about a ceasefire and, eventually, a settlement. We have sought to be even-handed by working with both sides and with other interested nations to prevent a widening of the war.

This sensitive undertaking has entailed great risk for those involved. There is no question but that we could never have begun or continued this dialogue had the initiative been disclosed earlier. Due to the publicity of the past week, the entire initiative is very much at risk today.

There is ample precedent in our history for this kind of secret diplomacy. In 1971, then-President Nixon sent his national security adviser on a secret mission to China. In that case, as today, there was a basic requirement for discretion and for a sensitivity to the situation in the nation we were attempting to engage.

Since the welcome return of former hostage David Jacobsen, there has been unprecedented speculation and countless reports that have not only been wrong, but have been potentially dangerous to the hostages and destructive of the opportunity before us. The efforts of courageous people like Terry Waite have been jeopardized. So extensive have been the false rumors and erroneous reports that the risks remaining silent now exceed the risks of speaking out. And that's why I decided to address you tonight.

It's been widely reported, for example, that the Congress, as well as top Executive Branch officials, were circumvented. Although the efforts we undertook were highly sensitive and involvement of government officials was limited to those with a strict need to know, all appropriate Cabinet Officers were fully consulted. The actions I authorized were and continue to be in full compliance with federal law. And the relevent committees of Congress are being and will be fully informed.

Another charge is that we have tilted toward Iran in the Gulf War. This, too, is unfounded. We have consistently condemned the violence on both sides. We have consistently sought a

negotiated settlement that preserves the territorial integrity of both nations. The overtures we've made to the government of Iran have not been a shift to supporting one side over the other. Rather, it has been a diplomatic initiative to gain some degree of access and influence within Iran -- as well as Iraq -- and to bring about an honorable end to that bloody conflict. It is in the interests of all parties in the Gulf region to end that war as soon as possible.

To summarize, our government has a firm policy not to capitulate to terrorist demands. That "no concessions" policy remains in force -- in spite of the wildly speculative and false stories about arms for hostages and alleged ransom payments. We did not -- repeat -- did not trade weapons or anything else for hostages -- nor will we. Those who think that we have "gone soft" on terrorism should take up the question with Colonel Gadhafi.

We have not, nor will we, capitulate to terrorists. We will, however, get on with advancing the vital interests of our great nation -- in spite of terrorists and radicals who seek to sabotage our efforts and immobilize the United States.

Our goals have been, and remain:

-- to restore a relationship with Iran,

-- to bring an honorable end to the war in the Gulf,

-- to bring a halt to state-supported terror in the Middle East,

-- and finally, to effect the safe return of all hostages from Lebanon.

As President, I've always operated on the belief that, given the facts, the American people will make the right decision. I believe that to be true now.

I cannot guarantee the outcome. But, as in the past, I ask for your support because I believe you share the hope for peace in the Middle East, for freedom for all hostages, and for a world free of terrorism. Certainly there are risks in this pursuit but there are greater risks if we do not persevere.

It will take patience and understanding; it will take continued resistance to those who commit terrorist acts; and it will take cooperation with all who seek to rid the world of this scourge.

Thank you and God bless you.

END 8:12 P.M. EST

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November 13, 1986
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FACT SHEET

PRESIDENTIAL TELEVISION ADDRESS ON IRAN

The United States undertook a sensitive strategic initiative to Iran to achieve four basic goals:

-- the restoration of a stable relationship with Iran;
-- an honorable end to the Iran-Iraq war and greater stability in the Gulf region;
-- the elimination of state-sponsored terrorism and subversion; and
-- the safe return of all foreign hostages from Lebanon.

Iran is a geo-strategically important country in the Gulf region:

-- it lies between the Soviet Union and the Indian Ocean;
-- it is adjacent to Afghanistan;
-- it borders the Gulf and controls the vital Straits of Hormuz; and
-- its oil deposits are critical to the long-term health of the international economy.

While we continue to have policy differences with Iran, there is an increasing convergence of strategic interests between our two countries.

Since the commencement of our diplomatic dialogue with Iran a year and a half ago, there have been no instances of terrorist acts sponsored by the Iranian government against Americans.

The United States has not and will not make concessions to the terrorists holding our hostages in Lebanon. We have always believed and continue to believe that making concessions to terrorist demands would only encourage additional terrorism and place even more Americans at risk.

The President confirmed the visit to Tehran of his Special Emissary, Robert C. McFarlane, and acknowledged the transfer of small quantities of defensive arms and spare parts for defensive systems to Iran. Both the trip and the arms transfers were undertaken to continue the development of that strategic relationship with Iran.

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13

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release December 6, 1986

RADIO ADDRESS
BY THE PRESIDENT
TO THE NATION

Camp David

12:06 P.M. EST

THE PRESIDENT: I'm speaking to you today from Camp David; and because the atmosphere here is a bit more informal than everyday Washington, I thought it would be a good opportunity to think and reflect with you you about those crucial foreign policy matters so much in the news lately. It's also a chance to do something I've wanted to do throughout the course of these events -- and that's share some personal thoughts with you -- to speak to you, the American people, from the heart.

I realize you must be disappointed and probably confused with all the furor of the last couple of weeks. You must be asking: what were we doing in the Middle East, what was our policy, where was it wrong, were we engaged in some kind of shenanigans that blew up in our face? I can understand if these are the questions you're asking, and I'd like to provide some answers.

First of all, the Middle East is critically important to our nation's security. Right now it's a major trouble spot that could easily set off the sparks of a wider conflict. Much of our effort has been aimed at stopping terrorism; putting an end to the bombing of innocent civilians and the kidnapping of hostages -- especially our own citizens; and bringing about an end to the bloody war between Iran and Iraq.

When word came to me that individuals in Iran including some members of the government there had asked through an intermediary in a third country for a meeting with a representative of our government, I said yes. And even though these were responsible elements in Iran that might be able to assist us in stopping the violence and possibly helping us get back the hostages being held in Lebanon, there was a risk involved. But I believed then and believe now there was a greater risk in doing nothing -- of not trying.

So I gave the order to proceed. We had some notable success: there was some reduction in terrorism and three of our hostages were released -- one at a time -- and others were about to follow. Then, someone in the government of Iran leaked information about our contacts with Iran to a newspaper in Lebanon. You know the rest -- this effort to establish a relationship with responsible moderates in Iran came to light and was broken off.

But I think you can see the purposes behind our policy: to end the war in the Middle East, to prevent Soviet expansionism, to halt terrorism, and to help gain release of American hostages.

But now I want to speak to you about something else -- not the policies themselves, but how they were carried out. And while we are still seeking all the facts, it's obvious that the execution of these policies was flawed and mistakes were made. Let me just say it was not my intent to do business with Khomeini, to trade weapons for hostages, nor to undercut our policy of anti-terrorism.

And let me say again, I know the stories of the past few weeks have been distressing. I'm deeply disappointed this initiative has resulted in such a controversy and I regret it's caused such concern and consternation. But I pledge to you I will set things right.

That's what I am doing now. When our Iranian initiative came to light, I spoke to you from the Oval Office and explained it. When revelations regarding a transfer of money from Iran to those attempting to fight the Sandinista government were reported to me, they were immediately shared with you and the Congress. I then appointed a distinguished, independent board chaired by former Senator and Ambassador, John Tower, to review our National Security Council staff apparatus. And, to insure a complete legal inquiry, I urged the appointment of an independent counsel. They used to be called special prosecutors and that's what they are; they just changed the title.

And finally, I have stated we will cooperate fully with the Congress as they undertake their proper review.

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

I will continue to make all the facts known surrounding this matter. We live in a country that requires we operate within rules and laws -- all of us. Just cause and deep concern and noble ends can never be reason enough to justify improper actions or excessive means.

In these past six years, we have done much together to restore the faith and confidence and respect of our people and our country. We've done so not by avoiding challenges or denying problems but when confronted with these problems dealing with them directly and honestly. We will continue to do so. Until next week, thanks for listening and God bless you.

END 12:11 P.M. EST

14

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release March 4, 1987

ADDRESS OF THE PRESIDENT
TO THE NATION

The Oval Office

9:00 P.M. EST

THE PRESIDENT: My fellow Americans, I've spoken to you from this historic office on many occasions and about many things. The power of the Presidency is often thought to reside within this Oval Office. Yet it doesn't rest here; it rests in you, the American people, and in your trust.

Your trust is what gives a President his powers of leadership and his personal strength and it's what I want to talk to you about this evening.

For the past three months, I've been silent on the revelations about Iran. And you must have been thinking, "Well, why doesn't he tell us what's happening? Why doesn't he just speak to us as he has in the past when we've faced troubles or tragedies?" Others of you, I guess, were thinking, "What's he doing hiding out in the White House?"

Well, the reason I haven't spoken to you before now is this: You deserved the truth. And, as frustrating as the waiting has been, I felt it was improper to come to you with sketchy reports, or possibly even erroneous statements, which would then have to be corrected, creating even more doubt and confusion. There's been enough of that.

I've paid a price for my silence in terms of your trust and confidence. But I've had to wait, as you have, for the complete story. That's why I appointed Ambassador David Abshire as my special counselor to help get out the thousands of documents to the various investigations. And I appointed a special review board, the Tower Board, which took on the chore of pulling the truth together for me and getting to the bottom of things. It has now issued its findings.

I'm often accused of being an optimist, and it's true I had to hunt pretty hard to find any good news in the Board's report. As you know, it's well-stocked with criticisms, which I'll discuss in a moment, but I was very relieved to read this sentence, "...the Board is convinced that the President does indeed want the full story to be told." And that will continue to be my pledge to you as the other investigations go forward.

I want to thank the members of the panel -- former Senator John Tower, former Secretary of State Edmund Muskie, and former National Security Adviser Brent Scowcroft. They have done the nation, as well as me personally, a great service by submitting a report of such integrity and depth. They have my genuine and enduring gratitude.

I've studied the Board's report. Its findings are honest, convincing and highly critical, and I accept them. And tonight I want to share with you my thoughts on these findings and report to you on the actions I'm taking to implement the Board's recommendations.

First, let me say I take full responsibility for my own actions and for those of my administration. As angry as I may be about activities undertaken without my knowledge, I am still accountable for those activities. As disappointed as I may be in some who served me, I am still the one who must answer to the American people for this behavior. And as personally distasteful as I find secret bank accounts and diverted funds -- well, as the Navy would say, this happened on my watch.

Let's start with the part that is the most controversial. A few months ago I told the American people I did not trade arms for hostages. My heart and my best intentions still tell me that is true, but the facts and the evidence tell me it is not. As the Tower Board reported, what began as a strategic opening to Iran deteriorated in its implementation into trading arms for hostages. This runs counter to my own beliefs, to administration policy, and to the original strategy we had in mind. There are reasons why it happened, but no excuses. It was a mistake.

I undertook the original Iran initiative in order to develop relations with those who might assume leadership in a post-Khomeini government. It's clear from the Board's report, however, that I let my personal concern for the hostages spill over into the geopolitical strategy of reaching out to Iran. I asked so many questions about the hostages' welfare that I didn't ask enough about the specifics of the total Iran plan.

Let me say to the hostage families, we have not given up. We never will. And I promise you we'll use every legitimate means to free your loved ones from captivity. But I must also caution that those Americans who freely remain in such dangerous areas must know that they're responsible for their own safety.

Now, another major aspect of the Board's findings regards the transfer of funds to the Nicaraguan Contras. The Tower Board wasn't able to find out what happened to this money, so the facts here will be left to the continuing investigations of the court-appointed Independent Counsel and the two Congressional investigating committees. I'm confident the truth will come out about this matter as well. As I told the Tower Board, I didn't know about any diversion of funds to the Contras. But as President, I cannot escape responsibility.

Much has been said about my management style, a style that's worked successfully for me during eight years as Governor of California and for most of my Presidency. The way I work is to identify the problem, find the right individuals to do the job, and then let them go to it. I have found this invariably brings out the best in people. They seem to rise to their full capability, and in the long run you get more done.

When it came to managing the NSC staff, let's face it, my style didn't match its previous track record. I have already begun correcting this. As a start, yesterday I met with the entire professional staff of the National Security Council. I defined for them the values I want to guide the national security policies of this country. I told them that I wanted a policy that was as justifiable and understandable in public as it was in secret. I wanted a policy that reflected the will of the Congress as well as of the White House. And I told them that there'll be no more freelancing by individuals when it comes to our national security.

You have heard a lot about the staff of the National Security Council in recent months. I can tell you, they are good and dedicated government employees, who put in long hours for the nation's benefit. They are eager and anxious to serve their country.

One thing still upsetting me, however, is that no one kept proper records of meetings or decisions. This led to my failure to recollect whether I approved an arms shipment before or after the fact. I did approve it; I just can't say specifically when. Well, rest assured, there's plenty of record-keeping now going on at 1600 Pennsylvania Avenue.

For nearly a week now, I've been studying the Board's report. I want the American people to know that this wrenching ordeal of recent months has not been in vain. I endorse every one of the Tower Board's recommendations. In fact, I'm going beyond its recommendations, so as to put the house in even better order.

I'm taking action in three basic areas -- personnel, national security policy, and the process for making sure that the system works.

First, personnel. I've brought in an accomplished and highly respected new team here at the White House. They bring new blood, new energy, and new credibility and experience.

Former Senator Howard Baker, my new Chief of Staff, possesses a breadth of legislative and foreign affairs skills that's impossible to match. I'm hopeful that his experience as Minority and Majority Leader of the Senate can help us forge a new partnership with the Congress, especially on foreign and national security policies. I'm genuinely honored that he's given up his own presidential aspirations to serve the country as my Chief of Staff.

Frank Carlucci, my new National Security Adviser, is respected for his experience in government and trusted for his judgment and counsel. Under him, the NSC staff is being rebuilt with proper management discipline. Already, almost half the NSC professional staff is comprised of new people.

Yesterday I nominated William Webster, a man of sterling reputation, to be Director of the Central Intelligence Agency. Mr. Webster has served as Director of the FBI and a U.S. District Court Judge. He understands the meaning of "rule of law."

So that his knowledge of national security matters can be available to me on a continuing basis, I will also appoint John Tower to serve as a member of my Foreign Intelligence Advisory Board.

I am considering other changes in personnel, and I'll move more furniture as I see fit in the weeks and months ahead.

Second, in the area of national security policy, I have ordered the NSC to begin a comprehensive review of all covert operations. I have also directed that any covert activity be in support of clear policy objectives and in compliance with American values. I expect a covert policy that if Americans saw it on the front page of their newspaper, they'd say, "That makes sense."

I have had issued a directive prohibiting the NSC staff itself from undertaking covert operations -- no ifs, ands or buts.

I have asked Vice President Bush to reconvene his task force on terrorism to review our terrorist policy in light of the events that have occurred.

Third, in terms of the process of reaching national security decisions I am adopting in total the Tower Report's model of how the NSC process and staff should work. I am directing Mr. Carlucci to take the necessary steps to make that happen. He will report back to me on further reforms that might be needed.

MORE

I've created the post of NSC Legal Adviser to assure a greater sensitivity to matters of law.

I am also determined to make the Congressional oversight process work. Proper procedures for consultation with the Congress will be followed, not only in letter but in spirit. Before the end of March I will report to the Congress on all the steps I've taken in line with the Tower Board's conclusions.

Now, what should happen when you make a mistake is this: You take your knocks, you learn your lessons, and then you move on. That's the healthiest way to deal with a problem. This in no way diminishes the importance of the other continuing investigations, but the business of our country and our people must proceed. I've gotten this message from Republicans and Democrats in Congress, from allies around the world -- and if we're reading the signals right, even from the Soviets. And, of course, I've heard the message from you, the American people.

You know, by the time you reach my age, you've made plenty of mistakes. And if you've lived your life properly -- so you learn. You put things in perspective. You pull your energies together. You change. You go forward.

My fellow Americans, I have a great deal that I want to accomplish with you and for you over the next two years. And, the Lord willing, that's exactly what I intend to do.

Good night and God bless you.

END

9:12 P.M. EST

15

THE WHITE HOUSE

Office of the Press Secretary

NEWS CONFERENCE
BY
THE PRESIDENT

March 19, 1987

The East Room

8:00 P.M. EST

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8:35 P.M. EST

THE PRESIDENT: Sam, all I know is that I was never -- my memory didn't fail me on the fact that I had agreed to this thing. The only thing I could not recall was at what point was I asked. And as a result of that and not being able to recall when I gave this permission, we now have quite a system installed of people taking notes in all our meetings and all our doings.

Q If you don't recall, when Benjamin Weir -- Reverend Weir was released in mid-September of that year, why did you think they had released him if you couldn't recall that you had authorized Israel to do that?

THE PRESIDENT: No. As I say, I'm aware -- I can't remember just when, in all the calls and meetings and so forth, this was presented and when I gave the go ahead. But this was a thing in which the Israelis were willing to sell weaponry -- mainly TOW missiles -- and wanted to know if they did, if we would agree to sell them replacements when and if they needed it.

Q A shipment only went the day before he was released, sir.

THE PRESIDENT: I know that I agreed to that and I've heard -- and there are other people that don't remember either who were present at meetings. One of them was Bud and what his memory was -- I don't think it was a phone call. He has described it as a visit to the hospital where I was after surgery. But others who were there present, they didn't remember that conversation. But I know that it must have come up and I must have verbally given the okay.

Bill?

Q Mr. President, you said that in your heart you still believe that it wasn't an arms-for-hostage deal, but that the weight of the evidence presented by the Tower commission convinced you that it was. In your heart do you now believe that it was an arms-for-hostages deal from the beginning, as the Tower commission said, and that the policy was flawed?

THE PRESIDENT: But it could be that the policy was flawed in that it did deteriorate into what I myself and when I went on the air recently said -- was arms-for-hostages. But let me just as briefly as I can take you through the steps which I did from the very beginning.

We had, by way of Israel, a report that there were responsible people, some from the government of Iran but not necessarily in the inner circle of -- with Khomeini, who wanted to see if they could not open a dialogue with representatives from the United States that would lead to a better understanding -- and I'm sure that they had in mind a future government of Iran -- that we could have the kind of relationship that we'd had once earlier. I thought, because our policy had always been based on trying to restore a relationship with a country that is very important strategically, and also behind the scenes to try and get and end to that war -- and end with no victor, no vanquished, both countries retiring to their own boundaries and so forth. So, I wasn't going to miss that opportunity. And I approved our going ahead.

One of the first things brought up in the meeting with those who were representing us was that these people said that they, for two reasons, needed something like -- and they mentioned the arms sales. It came from them, not us. They said, one', for their own prestige it would give them a standing with the people that they would have to be dealing with in the future, including the military leaders. And, at the same time, it would assure them that the people they were dealing with did have access to our government at the highest levels and they could trust them to deal. And, so, our answer to that was that we had a policy of not doing business with a

that they had even done some things counter to terrorism -- terrorist activities and so forth. Well, our reply to them was, there is a very practical way in which you can prove that, and that is, help the -- use your influence to get the hostages out. Now, I have never believed, and I don't believe now, that Iran can give orders to the Hezbollah, but there is a philosophical relationship there that we thought they might be able to be persuasive and they've indicated that that was true. Now, with no further information than that, until I read the Tower commission report, after appointing the Tower commission to get to the bottom of this thing and see what was going on, then I found that the strategy talks had disappeared completely, and led by the Iranians, the coversation was totally arms-for-hostages. So I don't see where I could say now that isn't what it degenerated into.

Q Mr. President, they faulted you in the Tower commission report for caring too much about the hostages. If you had it to do all over again, sir, would you do it again?

THE PRESIDENT: No, I would not go down that same road again. I will keep my eyes open for any opportunity again for improving relations. And we will continue to explore every legitimate means of getting our hostages back for the reason that I explained earlier.

Q Mr. President, Iran and Nicaragua are important up our way in Buffalo, but more important is Canada because we are right there on the border and the number one irritant in U.S.-Canadian relations is acid rain. Now, you're going up there next month, and yesterday you announced a $2.5 billion, five-year program, but many Canadians and environmental groups in this country feel you haven't gone far enough. They feel that the U.S. government should set standards for these emissions that cause acid rain. Is your administration giving any consideration to the establishment of standards?

THE PRESIDENT: Yes, let me say, that we've not just been sitting here holding back or anything, we have that joint commission with them to get at this problem. We have found out that the further we've gone, the more complex the issue of the source of acid rain becomes. And so what we've been trying to do is avoid going down some avenue that would disappoint us and we wouldn't really solve the problem but we would've wasted our resources. We've made some progress in learning things that can be done and we were ready to make this move, there are others probably yet to come. We're still investigating this.

Q Well, sir, another point they bring up is that the Environmental Protection Agency isn't sufficiently involved in your new initiative. Do you plan to bring them into it in full force?

THE PRESIDENT: Everybody will be brought into this thing as to find out how we can solve it. But at the moment, too, we're dealing with the private sector, with the industries and so forth that would be involved in this.

Chris -- I've got to change sides here a little bit. I've been looking to the left all evening.

Q Mr. President -- thank you. At your last news conference four months ago, you said that Israel has nothing to -- U.S. had nothing to do with Israeli arms shipments to Iran when you knew that that was not true. Why did you say that?

THE PRESIDENT: Chris, I'm glad you asked that, because I've read at great length references to that, and heard them on the air. I'm glad to explain. When I left here after that press conference and went back there, and our people were waiting back there and had been watching on the monitor what was going on, they told me what I had said. And it was evidently just a misstatement on

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THE WHITE HOUSE

Office of the Press Secretary
(Venice, Italy)

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NEWS CONFERENCE
BY THE PRESIDENT

Hotel Cipriani
Venice, Italy

2:00 P.M. (L)

THE PRESIDENT: I have an opening statement first. I'd like to begin by serving as a sort of unofficial spokesman for all of us who've been here this week. I'm sure we all agree our stay in Venice has been comfortable and productive, and I want to express our thanks to the Italian government, and especially the people of this lovely and historic city.

Although this may come as a partial surprise to some, this has been a summit on economic issues. For all the attention certain international developments have received, I think important steps were taken in the economic sphere. The Summit 7 have put the capstone on a new process for enhanced cooperation and coordination and have agreed jointly to take the policy steps necessary to assure sufficient world growth.

Implicit in all of this is our common commitment to principles that mark a turning point in public policy. I refer here to our growing desire to seek economic growth and opportunity through less government and more personal freedom. And we've seen two direct applications of these principles at this summit.

First, our resolve to work together against protectionism by correcting the imbalances which are the real cause of our trade deficit. Trade barriers and protectionism can only bring about a contraction of international markets and a slowing of economic growth.

And, second, we've taken further steps toward reducing government subsidization of agriculture and moving toward a day when market signals determine the supply and demand.

I said last year that the Tokyo summit was one of the most successful I'd attended because we had launched new initiatives in the areas of trade and agriculture and economic policy coordination. If that's the case, then Venice must be seen as going one better because it put form, substance, and institutional framework on those initiatives and locked in a process which will better enable us to navigate the dynamic new world of international economics.

Now, let me add that, in addition to these economic matters, we also had an opportunity to deal with two other pressing international issues. First, I'm pleased with the support our allies have shown for a united position in the Persian Gulf. Actually, a commitment to keeping the sea lanes open in that area is a vital strategic objective.

As many of you know, America's allies have a very sizeable presence in the Gulf. Great Britain, for example, has nearly 18 percent of its naval vessels committed there and has escorted more than a hundred ships since the beginning of this year through the Straits.

MORE

you approved it, that operation did not require a finding or notification of Congress?

THE PRESIDENT: All I knew about that particular thing was that I was told that there was something going on in which it might be possible to free one or more hostages of ours, and they would be delivered to the beach north of Beirut if we were able to take them off that beach. And I said, well, of course, with the Mediterranean fleet there, you bet we can take them off. And it wasn't until all of this exposure, that then I heard that what it was about was supposedly some money for bribing some people that they thought could effect the rescue of one or more of our hostages and that had to the the thing. But it never happened and no one ever arrived on the beach north of Beirut.

Q Well, somthing else you also may not have heard, sir, during the testimony it became clear that Colonel North, in addition to spending money that had been raised, presumably, for the Contras, also, apparently, was about to receive -- or arrangements had been made for him to receive -- $200,000 from the Secord-Hakim operation. Do you believe that North was on the take? Whether or not you do, do you believe he's still an American hero?

THE PRESIDENT: One cannot quarrel with his military record and it established him as such with the awards that he received for his heroism in combat. But I'm going to wait until he's had his day in court also. And I'm not going to prejudge on the basis of all that has been going on for these countless hours.

Q Mr. President, did you find it uncomfortable or difficult to talk to your summit partners about not selling weapons to Iran and Iraq, when everyone at the table knew that the administration had done just that in the case of Iran?

THE PRESIDENT: We were not dealing with the government of Iran. And, again, I want to point out that I did not believe -- still feel as I always have -- you do not ransom hostages and thus create a market for more hostages. We had been approached by individuals -- some in the government of Iran -- but, who said that they were trying to establish a relationship with the United States that could go into effect when and if there was a succeeding government to the Khomeini. And as a matter of fact, we were given to believe that they thought that might be sooner rather than late And they asked for -- it was almost in comparison to the normal sa of weapons -- a token to -- first of all, that would prove our sincerity in this but also, they, frankly, admitted would enhance their ability to have -- have the help of the military if and whe this time came. And this was how we settled upon the $12 million worth of arms.

But never -- and this has been, I'm afraid, misportrayed to many -- we were not doing business with the Khomeini's government. As a matter of fact, the operation was covert because we believed that the people who were trying to contact us, their lives would be in danger if it was ever found out in their home country what they were doing.

Q A follow-up, sir -- but nonetheless, there was the distinct possibility -- or is the distinct possibility -- that those weapons did end up as part of the war effort against Iraq. So, again, the question is how can the U.S. come to a meeting like this and ask other people not to do what it actually did?

THE PRESIDENT: And because we won't do this any more -- but as I say, we were -- that amount of arms -- as nearly as we can determine, in the last few years, countries involving the communist bloc of the countries in Europe and Asia have probably provided $10 billion worth of arms to Iran, and some $34 or $35 billion worth to Iraq. And we have been all of this time trying to bring the war to an end. And we're going to continue to try, and as I said, this

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