Portraits in Oversight:
The Iran-Contra Affair

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In 1986, two major scandals rocked the United States. On October 5, a former U.S. Marine captured by Sandinista troops in Nicaragua admitted that he was delivering military supplies to the anti-government Contra forces on behalf of the Central Intelligence Agency. Then, on November 3, Lebanese magazine *Ash Shiraa* reported that the United States had been secretly selling weapons to Iran in exchange for the release of American hostages. After initially denying both claims, the administration of President Ronald Reagan admitted in late November that, not only were the reports true, but the two scandals were intertwined. The admission shocked the American public and launched multiple investigations by Congress and others. Televised congressional hearings exposing the Iran-Contra scandal gripped the nation over the summer of 1987, disclosing dramatic facts involving terrorists, American hostages, weapons sales, taxpayer dollars, and covert operations, as well as an ongoing struggle between the executive and legislative branches over who controls U.S. foreign policy and intelligence activities.

The roots of both scandals reached back years and built up over time. In 1978 and 1979, Iran underwent a revolution during which *52 American diplomats were held hostage* at the U.S. embassy in Tehran for 444 days. President Jimmy Carter’s inability to secure the hostages’ freedom damaged his reelection efforts, and Iran released the

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hostages minutes after his successor, President Reagan, was sworn into office.³ Meanwhile, in Nicaragua, the American-backed dictator, Anastasio Somoza Debayle, was overthrown by the Sandinista National Liberation Front, a socialist political party. Fearing Soviet influence in Central America, President Reagan froze economic aid to Nicaragua in 1981, and secretly authorized the CIA to provide weapons, money, training, and strategic advice to the Nicaraguan Democratic Force (Contras), organized in part from remnants of the Nicaraguan military.⁴

On November 8, 1982, an article in Newsweek magazine exposed the CIA’s clandestine efforts in Nicaragua, drawing the attention of Democratic Representative Edward Boland of Massachusetts, chair of the House Select Committee on Intelligence. The president was supposed to notify the House and Senate intelligence committees of covert operations, but the Reagan Administration had bypassed Congress when initiating the CIA action. In response, Rep. Boland won bipartisan approval of an amendment to the Defense Appropriations Act of 1983, banning funding and military support “for the purpose of overthrowing the government of Nicaragua.”⁵ The House voted unanimously for the amendment, and the Senate added its bipartisan support.

Despite the Boland Amendment restrictions, the CIA continued to operate in Nicaragua, mining three Nicaraguan ports in early 1984, which damaged nine vessels, killed two, and injured fifteen. Congress learned of the CIA’s Nicaraguan operation

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³ Blenk, L. (Director). (2021, September 18). Setting the stage (Season 1, Episode 1) [TV series episode]. In J. Burkhart & S. Fero (Executive Producers), Fiasco. A Red Arrow Studios Company; Left/Right Productions; Prologue Projects.
⁴ Clasberry, J. (Director). (2021, September 25). Body and soul (Season 1, Episode 2) [TV series episode]. In J. Burkhart & S. Fero (Executive Producers), Fiasco. A Red Arrow Studios Company; Left/Right Productions; Prologue Projects.
through a *Wall Street Journal* exposé. Republican Senator Barry Goldwater of Arizona wrote to CIA Director William Casey:

“The President has asked us to back his foreign policy. Bill, how can we back his foreign policy when we don’t know what the hell he is doing? ... Mine the harbors in Nicaragua? This is an act violating international law. It is an act of war.”

On October 3, 1984, Congress approved a second Boland Amendment to the *Intelligence Authorization Act of 1984*. It allocated $24 million in aid to the Contras but stated the funds could not be used for “supporting, directly or indirectly, military or paramilitary operations,” and prohibited any U.S. intelligence agency “from directly or indirectly supporting military operations in Nicaragua.” In response, the President’s Intelligence Oversight Board determined that the National Security Council (NSC) was not an intelligence agency, and the amendment therefore did not limit its activities.

In addition, National Security Advisor Robert McFarlane and NSC staffer Lieutenant Colonel Oliver North secretly began soliciting funding for the Contras from countries such as Saudi Arabia, Taiwan, and Israel, as well as from private donors. In the summer of 1984, Mr. McFarlane recruited retired Air Force Major General Richard Secord to deliver supplies to the Contras in a secret operation later dubbed “the Enterprise.”

Foreign policy challenges also erupted on the other side of the world. In March 1984, William F. Buckley, CIA station chief in Beirut, Lebanon, was kidnapped by an extremist group, Hezbollah. Over the next year, six more Americans were taken hostage by the group. Though President Reagan continued to insist publicly that the United States would not negotiate with terrorists, in February 1985, he privately gave National

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Security Advisor McFarlane authority to negotiate with Iran, which backed Hezbollah. In August, despite an arms embargo placed on Iran by Congress, President Reagan approved a plan to allow Israel to sell American missiles to Iran in exchange for the release of the seven hostages, with assurances that the United States would replenish Israel's stockpile. Ninety-six TOW missiles were delivered to Iran on August 20, 1985, with the agreement that four hostages would be released – however, none were returned. On September 14, an additional 408 missiles were sent to Iran, and one hostage was released the next day.\(^\text{10}\)

Weapons sales to Iran continued in the hope that more hostages would be freed. In early 1986, at the direction of Lt. Col. North, the Enterprise began to sell arms directly to Iran on behalf of the U.S. government rather than through Israel. Some of the profits from those off-the-books weapons sales were then diverted into accounts used to support the Contras in Nicaragua.

This program, known as “Project Democracy” by those involved in the operation, continued to covertly deliver weapons and other material to the Contras—in violation of the laws enacted by Congress and signed by the president—until one of its planes was shot down on October 5, 1986. Three crew members died, and the fourth, American Eugene Hasenfus, was captured by Sandinista soldiers.\(^\text{11}\) He confessed to supplying the Contras with food, ammunition, and small arms. A month later, on November 3, Lebanese magazine Ash-Shiraa reported the arms-for-hostages deal between the U.S. and Iran.\(^\text{12}\)

On November 21, 1986, Attorney General Edwin Meese began an investigation of the arms sales to Iran, specifically to determine whether President Reagan had been aware of the arrangement beforehand. Warned by newly appointed National Security

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\(^{12}\) Chapman, E. S. (Director). (2021, October 16). Shot out of the sky (Season 1, Episode 5) [TV series episode]. In J. Burkhart & S. Fero (Executive Producers), *Fiasco*. A Red Arrow Studios Company; Left/Right Productions; Prologue Projects.
Advisor Admiral John Poindexter that a Department of Justice (DOJ) team would search his office, Lt. Col. North and his secretary, Fawn Hall, altered thousands of documents and shredded many others. Still, the DOJ investigators found a memo that Lt. Col. North had written to Adm. Poindexter detailing how profits from the Iranian arms sales were diverted to a Swiss bank account and used to buy supplies for the Contras. Assistant Attorney General Chuck Cooper later explained:

The immediate question was, what were the implications of that revelation? That diversion was a misuse of federal funds, had not been authorized by Congress, and, at least insofar as [we] knew, it had no authorization by the president. And so, it was a diversion that was completely unauthorized by any lawful authority.13

To fend off comparisons to a Watergate-style coverup, the White House held a press conference on November 25, 1986. Attorney General Meese revealed to the room of shocked journalists:

In the course of the arms transfers ... certain moneys which were received in the transaction between representatives of Israel and representatives of Iran were taken and made available to the forces in Central America which are opposing the Sandinista government there.

It was the Meese press conference that sparked the 1986 congressional investigation of the Iran-Contra Affair. The House and Senate each established a select committee to conduct the inquiry. The House Select Committee to Investigate Covert Arms Transactions with Iran was chaired by Democratic Rep. Lee Hamilton of Indiana, with Democratic Rep. Dante Fascell of Florida serving as vice chair. Its membership consisted of nine Democrats and six Republicans. The Ranking Republican on the committee was Rep. Dick Cheney of Wyoming. The Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition was chaired by Democratic Sen. Daniel Inouye of Hawaii, with Republican Sen. Warren Rudman of New Hampshire serving as vice chair. Six Democrats and five Republicans served as members. The two select committees agreed to hold joint hearings.14

At the same time, President Reagan appointed former Sen. John Tower to lead an independent commission to evaluate the Iran-Contra matter.15 In addition, Attorney General Meese appointed Lawrence Walsh as an independent counsel to consider possible criminal and civil proceedings against those who broke the law.

13 Chapman, E. S. (Director). (2021, October 23). The fall guy (Season 1, Episode 6) [TV series episode]. In J. Burkhart & S. Fero (Executive Producers), Fiasco. A Red Arrow Studios Company; Left/Right Productions; Prologue Projects.
The Tower Commission issued its report first on February 27, 1987. The report explicitly criticized President Reagan, saying he “clearly didn't understand the nature of this operation, who was involved and what was happening,” and faulted his lax management of White House staff. It also criticized NSC staff, particularly Lt. Col. North and Adm. Poindexter, for their roles in the creation and execution of the scheme. In addition, it revealed that Adm. Poindexter had deleted approximately 5,000 NSC emails as well as the destruction of documents by Lt. Col. North and Ms. Hall.

The House and Senate Select Committees considered the findings of the commission report as they continued their investigations, each having hired its own investigative staff. The committees also allowed each committee member to designate a liaison on their staff to keep them apprised of the latest developments. The two committees used a Sensitive Compartmented Information Facility (SCIF) in the Capitol building to collect and review classified materials. Conducting a bicameral inquiry posed novel issues, but the House and Senate committees successfully worked together to design joint hearings and later draft a joint report.

On May 5, 1987, the Select Committees launched the first in what would become seven weeks of joint public hearings. It was the most watched series of televised congressional hearings since the Senate Watergate Committee hearings in 1973, with tens of millions of viewers tuning in. During the hearings, the committees questioned 28 witnesses publicly and four more in closed sessions.\(^\text{16}\)

In his opening statement, Sen. Inouye placed the fracture between the executive and legislative branches and the use of irregular, hidden covert operations at the heart of the Iran-Contra inquiry:

The President may be the senior partner in foreign policy, but he is not the sole proprietor. Indeed, this fact was seemingly recognized by this Administration. In 1984, the Administration pledged its complete cooperation with Congress. It entered into an unambiguous agreement with the Senate Intelligence Committee promising advance notification of

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http://library.cqpress.com/cqalmanac/cqal87-1144395
anticipated covert activities .... But at the very moment these promises of cooperation, notification, and partnership were being made and reaffirmed, the secret chain of events which would explode in the Iran/Contra affair was well in motion. The story is one not of covert activity alone, but of covert foreign policy .... It is a tale of working outside the system, and of utilizing irregular channels and private parties accountable to no one on matters of national security while ignoring the Congress and even the traditional agencies of executive foreign policymaking.

Sen. Inouye also took the occasion to applaud his committee’s bipartisan efforts, acknowledging that each senator had:

[S]pent many hours preparing for these hearings, reviewing mountains of evidence, pouring over the transcripts and documents on busy days, weeknights, and weekends. No one has raised a political issue in private or in public. Not one has sought to turn this matter into partisan or personal advantage. All our committee votes on even the most sensitive and potentially divisive questions have been unanimous.

The Senate Select Committee had taken several steps to ensure bipartisanship, including hiring committee staff on a bipartisan basis, rather than having separate staffs for the majority and minority. Sen. Inouye also named Republican Sen. Rudman as the committee’s vice chair, rather than as its ranking member.¹⁷

The Select Committees took testimony from multiple senior administration officials and others involved in the Iran-Contra affair, including Secretary of State George Shultz, Secretary of Defense Caspar Weinberger, Attorney General Edwin Meese, White House Chief of Staff Donald Regan, National Security Advisors John Poindexter and Robert McFarlane, Assistant Secretary of State Elliott Abrams, NSC staffers Lt. Col. Oliver North and Fawn Hall, former Major General Richard Secord, and

businessman Albert Hakim. Former CIA Director Casey died of a brain tumor on May 6, 1987, before the committees were able to conduct an interview with him.

To obtain their testimony, the committees granted limited immunity from criminal prosecution to Adm. Poindexter and Lt. Col. North, over the objection of Independent Counsel Lawrence Walsh. Of the decision to immunize important witnesses, John Nields, chief counsel of the House Select Committee, offered this justification:

[T]he major things that went wrong were more important to our political system than to our criminal justice system. It was our political system that had broken down really badly. The public had been told we have this policy and we had the exact opposite policy, and Congress had been told that the executive had been following the law that the Congress had passed and they weren’t. 18

Juries later found Adm. Poindexter and Lt. Col. North guilty of misconduct, including such charges as making false statements, falsifying and destroying documents, and helping to obstruct Congress’ investigation, but an appeals court vacated both convictions on the ground that the defendants’ immunized testimony four years earlier had likely influenced the testimony of other witnesses at trial, thereby undermining the defendants’ constitutional right against self-incrimination. 19 For years after those court decisions, Congress refrained from granting immunity to any hearing witness.

Some observers criticized the joint hearings for being too deferential to the administration. Former Rep. Elizabeth Holtzman who served on the House Judiciary Committee said, “Perhaps they were trying to respond to President Reagan's popularity and to public confusion over the abstract issue at stake: the constitutional system of checks and balances.” Critics cited the committees' acceptance of White House documents, such as entries from President Reagan’s diary that contained multiple redactions, and a failure to subpoena potentially important files from the Justice Department. 20 In response, Arthur Liman, chief counsel of the Senate Select Committee, explained in a 1991 lecture:

We tried, in the Iran-Contra investigation, to observe some due process .... There was a sense by all of the members of that committee that the fact that the executive had breached its powers should not give the Congress license to abuse its own. That would be almost the ultimate irony – tragedy

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- of Iran-Contra, if an abuse by one branch just led to an abuse by another, and nobody wanted to conduct a McCarthy-like investigation.\textsuperscript{21}

Another area of criticism involved how the Select Committees handled Lt. Col. North. Because he’d been granted limited immunity from prosecution, the committees did not depose him before his public testimony as they did with other witnesses. Mr. Nields, chief counsel of the House Select Committee, later admitted that this decision left them inadequately prepared for his fiery testimony.

Appearing in his Marine uniform, Lt. Col. North defiantly defended his actions, portraying them as patriotic. An estimated 55 million Americans watched his first day of testimony, and “Olliemania” broke out across the country. Shirts and bumper stickers were sold, supportive prayer vigils were held, hundreds of thousands of dollars were collected for his legal fees, and a parody song of “Johnny B. Goode” called “Ollie B. Good” was released.\textsuperscript{22} In response, during the hearings, Sen. George Mitchell of Maine made this observation, speaking directly to Lt. Col. North:

Of all the qualities which the American people find compelling about you, none is more impressive than your obvious deep devotion to this country. Please remember that others share that devotion and recognize that it is still possible for an American to disagree with you … and still love this country as much as you do. Although he's regularly asked to do so, God does not take sides in American politics, and in America disagreements with the policies of the government is not evidence of lack of patriotism.\textsuperscript{23}

Lt. Col. North later attempted to use his groundswell of popular support to run for a U.S. Senate seat in Virginia, but was unsuccessful.

\textsuperscript{22} Time. (1987, July 20). \textit{Olliemania breaks out all over.} http://content.time.com/time/subscriber/article/0,33009,965014,00.html
\textsuperscript{23} Iran-Contra investigation: Joint hearings before the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition and the House Select Committee to Investigate Convert Arms Transaction with Iran (Hrg. 100-7), 100\textsuperscript{th} Cong. (1987).
Altogether, the congressional investigations took about ten months. During that
time, the committees interviewed more than 500 witnesses and reviewed over one
million pages of documents.\textsuperscript{24} They concluded by issuing a \textit{690-page report} presenting
their factual findings and recommendations. The report included the following findings:

- The Enterprise made at least $48 million from weapons sales to Iran, at least $3.8
  million of which was diverted to the Contras. It spent $35.8 million financing
  covert operations that were not reported to Congress.

- President Reagan signed a CIA Finding that approved selling weapons directly to
  Iran and requested that Congress not be notified, but Adm. Poindexter destroyed
  the document to protect the president. The Finding, written in December 1985,
  was inadequate because it attempted to retroactively approve the arms shipment
  in November, and operations of that nature require prior written approval.

- No Presidential Findings were unearthed that directed or encouraged Lt. Col.
  North’s efforts to ransom hostages or divert money from the arms sales to the
  Contras, so it was unclear whether President Reagan had approved his actions.

- Adm. Poindexter, Mr. McFarlane, and Lt. Col. North initially lied to the
  committees when questioned about the NSC’s involvement in fundraising and
  providing military support to the Contras. The report stated that, "[s]enior
  intelligence officials, including the Director of Central Intelligence, misled
  Congress, withheld information, or failed to speak up when they knew others
  were giving incorrect testimony."\textsuperscript{25}

- Members of the Administration, including Mr. McFarlane and Lt. Col. North,
  traveled to Iran in May 1986, using forged Irish passports, to negotiate the release
  of hostages. They were unable to meet with high-level Iranian officials, and the
  negotiations failed.

According to the Select Committees’ report:

The common ingredients of the Iran and Contra policies were secrecy,
deception, and disdain for the law. A small group of senior officials
believed that they alone knew what was right. ... They told neither the
Secretary of State, the Congress nor the American people of their actions.
When exposure was threatened, they destroyed official documents and
lied to Cabinet officials, to the public, and to elected representatives in
Congress. They testified that they even withheld key facts from the
President. ... The Administration’s departure from democratic processes
created the conditions for policy failure, and led to contradictions which
undermined the credibility of the United States.\textsuperscript{26}

https://www.jstor.org/stable/40209076
The report did not reach a conclusion as to whether President Reagan knew about the diversion of funds from the Iranian weapons sales to the Contras, though it did state that, “the ultimate responsibility for the events in the Iran-Contra Affair must rest with the President. If the President did not know what his National Security Advisers were doing, he should have.” Former General Secord stated at the hearings that Lt. Col. North told him the president knew, but Lt. Col. North claimed he had lied to General Secord. Adm. Poindexter testified that he intentionally withheld the information from President Reagan to protect him. The report concluded:

“The Constitution of the United States gives important powers to both the President and the Congress in the making of foreign policy. The President is the principal architect of foreign policy in consultation with the Congress. The policies of the United States cannot succeed unless the President and the Congress work together. Yet, in the Iran-Contra Affair, Administration officials holding no elected office repeatedly evidenced disrespect for Congress’ efforts to perform its Constitutional oversight role in foreign policy.”

The report offered several recommendations that were described as intended to strengthen congressional oversight of intelligence activities but, in fact, might have made oversight more difficult. The recommendations included:

- replacing the House and Senate intelligence committees with a Joint Intelligence Committee to limit members and staff with access to sensitive intelligence;
- requiring intelligence committee members to adopt a secrecy oath, punishable with stiff penalties if violated;
- strengthening the laws against disclosing classified information; and

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• allowing the president, in certain circumstances, to notify only four members of Congress about a covert operation instead of the full “Gang of Eight.”

Ultimately, none of the recommendations were adopted.

The report was signed by all six Democratic senators and all nine Democratic representatives on the committees, as well as a majority of the Senate Republicans: Vice Chair Sen. Rudman and Sens. Bill Cohen and Paul Trible. Republican Senators Orrin Hatch of Utah and Jim McClure of Idaho did not sign the report, nor did any of the six Republican House members. Instead, they provided extensive minority views which found that, while mistakes had been made by the Reagan administration, they were “mistakes in judgment, and nothing more” — there was no “systematic disrespect” for the rule of law, “no grand conspiracy,” no “coverup,” and no one who “was acting out of corrupt motives.” In addition, they laid blame on congressional Democrats for vaguely wording the Boland Amendments and overstepping congressional authority to direct foreign policy in Central America. At the same time, the minority views stated that limits on the ability to affect foreign policy “must be recognized by both branches.”

The Independent Counsel eventually charged 14 people for their involvement in the Iran-Contra affair. Former National Security Advisor McFarlane pled guilty to four counts of withholding information from Congress. He was sentenced to two years of probation, 200 hours of community service, and a $20,000 fine, but was pardoned by President George H. W. Bush in 1992. Convictions of both Adm. Poindexter and Lt. Col. North on a variety of charges were overturned on technical grounds related to their immunized hearing testimony. In addition, former Defense Secretary Weinberger, former Assistant Secretary of State Abrams, and four

1987 cartoon entitled, "It Didn't Happen," by Herbert Block
(Source: Bill of Rights Institute, © Herb Block Foundation)

29 “Gang of Eight” refers to the two leaders of the House and Senate and the chairs and ranking members of the House and Senate intelligence committees. The more limited notification option would have required notice to only the chairs and ranking members of both intelligence committees.
CIA officials were pardoned by President Bush.\textsuperscript{32} In response to those pardons, Mr. Walsh \textit{told the media}, “[t]he Iran-Contra cover-up has continued for more than six years. It has now been completed.”

The Iran-Contra investigation by Congress brought to public attention a wide-ranging set of actions taken by senior administration officials involving terrorists, American hostages, weapons sales, substantial taxpayer dollars, and covert operations—all of which had been hidden from Congress and the public. While the Select Committees achieved only a limited consensus on the facts, their work gave much broader and more detailed exposure of the wrongdoing, which brought it to an end and revived an important bipartisan dialogue that continues to resonate today about the respective roles and responsibilities of the legislative and executive branches in U.S. foreign policy and intelligence operations. The investigation also reaffirmed the unique and essential role Congress plays in investigating the executive branch and informing the American public about the actions taken by their government.

For more information about the Iran-Contra Affair and hearings:

- \textit{Congress Investigates: A Critical and Documentary History}, Volume Two, Chapter Ten by the Robert C. Byrd Center
- \textit{Report of the Congressional Committees Investigating the Iran-Contra Affair}
- C-SPAN: Iran-Contra hearings
- Understanding the Iran-Contra Affairs
- The Iran-Contra Affair and the Ronald Reagan Oral History Project
- The National Security Archive: Oliver North
- President Reagan’s address to the nation on the situation in Nicaragua on March 16, 1986
- President Regan’s address to the nation on the Iran-Contra controversy, November 13, 1986

\textsuperscript{32} Brown University. (n.d.). \textit{Summary of prosecutions}. Understanding the Iran-Contra Affairs. \url{https://www.brown.edu/Research/Understanding_the_Iran_Contra_Affair/prosecutions.php}