

George H. Walker Bush and the 1980 “October Surprise” Mystery

By [Robert Parry](#)

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A recently discovered lecture by the late British traitor Kim Philby contains a lesson that may help explain how George H.W. Bush could bluff and bluster his way past mounting evidence that he and other Republicans conspired in 1980 to block release of 52 U.S. hostages in Iran and thus ensure Ronald Reagan’s election, an alleged gambit that bordered on treason itself.

In a speech in East Berlin in 1981 – [just aired by the BBC](#) – the Soviet double-agent Philby explained that for someone like himself born into what he called “the ruling class of the British Empire,” it was easy to simply “deny everything.” When evidence was presented against him, he simply had to keep his nerve and assert that it was all bogus. With his powerful connections, he knew that few would dare challenge him.

“Because I was born into the British governing class, because I knew a lot of people of an influential standing, I knew that they [his colleagues in Britain’s MI-6 spy agency] would never get too tough with me,” Philby told members of East Germany’s Stasi. “They’d never try to beat me up or knock me around, because if they had been proved wrong afterwards, I could have made a tremendous scandal.”

That’s why growing evidence and deepening suspicions of Philby’s treachery slid by while he continued spying for the Soviet Union. He finally disappeared in January 1961 and popped up several months later in Moscow, where he lived until his death in 1988.



Image: Ronald Reagan and his 1980 vice-presidential running mate George H.W. Bush.

Though the circumstances are obviously quite different, Philby’s recognition that his patrician birth and his powerful connections gave him extraordinary protections could apply to George H.W. Bush and his forceful denials of any role in the Iran-Contra scandal – he falsely claimed to be “out of the loop” – and also the October Surprise issue, whether the Reagan-Bush dealings with Iran began in 1980 with the obstruction of President Jimmy

Carter's negotiations to free 52 U.S. Embassy hostages seized by Iranian radicals on Nov. 4, 1979.

Carter's failure to secure the hostages' release before the U.S. election, which fell exactly one year later, doomed his reelection chances and cleared the way for Reagan and the Republicans to gain control of both the White House and the Senate. The hostages were only released after Reagan was sworn in as President on Jan. 20, 1981, and as Bush became Vice President.

We now know that soon after the Reagan-Bush inauguration, clandestine U.S.-approved arms shipments were making their way to Iran through Israel. An Argentine plane carrying one of the shipments crashed in July 1981 but the incriminating circumstances were covered up by Reagan's State Department, according to then-Assistant Secretary of State for the Middle East Nicholas Veliotis, who traced the origins of the arms deal back to the 1980 campaign.



Image: President Ronald Reagan, delivering his Inaugural Address on Jan. 20, 1981.

This hard-to-believe reality – that the tough-guy Reagan-Bush administration was secretly shipping weapons to Iran after Tehran's mullahs had humiliated the United States with the hostage crisis – remained a topic for only occasional Washington rumors until November 1986 when a Beirut newspaper published the first article describing another clandestine shipment. That story soon expanded into the Iran-Contra Affair because some of the arm sales profits were diverted to the U.S.-backed Nicaraguan Contra rebels.

For Bush, the emergence of this damaging scandal, which could have denied him his own shot at the White House, was time to test out his ability to “deny everything.” So, he denied knowing that the White House had been secretly running a Contra resupply operation in defiance of Congress, even though his office and top aides were in the middle of everything. Regarding the Iran arms deals, Bush insisted publicly he was “out of the loop.”

Behind closed doors where he ran the risk of perjury charges, Bush was more forthcoming. For instance, in non-public testimony to the FBI and the Iran-Contra prosecutor, “Bush acknowledged that he was regularly informed of events connected with the Iran arms sales.” [See Special Prosecutor's Final Iran-Contra Report, p. 473]



Image: British double-agent Kim Philby, who spied for the Soviet Union and fled to Moscow in 1961.

But Bush's public "out of the loop" storyline, more or less, held up going into the 1988 presidential election. The one time when he was directly challenged with detailed Iran-Contra questions was in [a live, on-air confrontation](#) with CBS News anchor Dan Rather on Jan. 25, 1988.

Instead of engaging in a straightforward discussion, Bush went on the offensive, lashing out at Rather for allegedly ambushing him with unexpected questions. Bush also recalled an embarrassing episode when Rather left his anchor chair vacant not anticipating the end of a tennis match which was preempting the news.

"How would you like it if I judged your career by those seven minutes when you walked off the set in New York?" Bush asked testily. "How would you like that?"

Fitting with Philby's observation, Bush's bluster won the day. Much of the elite U.S. media, including Newsweek where I was working at the time, sided with Bush and slammed Rather for his sometimes forceful questioning of the patrician Bush.

Having put Rather in his place and having put the Iran-Contra issue to rest – at least as far as the 1988 campaign was concerned – Bush went on to win the presidency. But the history still threatened to catch up with him.

October Surprise Mystery

The October Surprise case of 1980 was something of a prequel to the Iran-Contra Affair. It preceded the Iran-Contra events but surfaced publicly in the aftermath of the Iran-Contra disclosures. This earlier phase slowly came to light when it became clear that the U.S.-approved arms sales to Iran did not begin in 1985, as the official Iran-Contra story claimed, but years earlier, very soon after Reagan and Bush took office.

Also, in the wake of the Iran-Contra Affair, more and more witnesses surfaced describing this earlier phase of the scandal, eventually totaling about two dozen, including former Assistant Secretary of State Velioles; former senior Iranian officials, such as President Abolhassan Bani-Sadr and Defense Minister Ahmad Madani; and intelligence operatives, such as Israeli intelligence officer Ari Ben-Menashe and a CIA-Iranian agent Jamshid Hashemi. Many of these witnesses were cited in a PBS documentary that I co-wrote in April 1991, entitled "The

Election Held Hostage.”

After the documentary aired – and amid growing public interest – pressure built on Congress to open a new inquiry into this prequel, but President Bush made clear that his reaction would be to “deny everything.”

On May 3, 1991, at a White House press availability, Bush was asked about reports that he had traveled to Paris in October 1980 to personally seal the deal on having the 52 hostages released only after the election – as Israeli intelligence officer Ben-Menashe had described.

“Was I ever in Paris in October 1980?” a clearly annoyed Bush responded, repeating the question through pursed lips. “Definitely, definitely, no.”

Bush returned to the October Surprise topic five days later, his anger still clearly visible: “I can only say categorically that the allegations about me are grossly untrue, factually incorrect, bald-faced lies.”

Yet, despite Bush’s anger – and despite “debunking” attacks on the October Surprise story from the neoconservative New Republic and my then-former employers at Newsweek – the House and Senate each started investigations, albeit somewhat half-heartedly and with inadequate resources.

Still, the congressional October Surprise inquiries sent Bush’s White House into panic mode. The President, who was expecting to coast to reelection in 1992, saw the October Surprise issue – along with the continued Iran-Contra investigation by special prosecutor Lawrence Walsh – as threats to his retention of power.

By fall 1991, the Bush administration was pulling together documents from various federal agencies that might be relevant to the October Surprise inquiry. The idea was to concentrate the records in the hands of a few trusted officials in Washington. As part of that process, the White House was informed that there appeared to be confirmation of a key October Surprise allegation.

In a “[memorandum for record](#)” dated Nov. 4, 1991, Associate White House Counsel Paul Beach Jr. wrote that one document that had been unearthed was a record of Reagan’s campaign director William J. Casey traveling to Madrid, Spain, a potentially key corroboration of Jamshid Hashemi’s claim that Casey had met with senior Iranian emissary Mehdi Karrubi in Madrid in late July and again in mid-August 1980.



Image: CIA Director William Casey.

The U.S. Embassy in Madrid’s confirmation of Casey’s trip had gone to State Department legal adviser Edwin D. Williamson, who was responsible for assembling the State Department documents, according to the memo. Williamson passed on word to Beach, who wrote that Williamson said that among the State Department “material potentially relevant to the October Surprise allegations [was] a cable from the Madrid embassy indicating that Bill Casey was in town, for purposes unknown.”

The significance of this confirmation of Casey’s trip to Madrid can hardly be overstated. The

influential October Surprise debunking stories – ballyhooed on the covers of Newsweek and The New Republic – hinged on their joint misreading of some attendance records at a London historical conference which they claimed proved Casey was there and thus could not have traveled to Madrid. That meant, according to the two magazines, that the CIA’s Iranian agent Jamshid Hashemi was lying about arranging Casey’s two meetings with Karrubi in Madrid.

In their double-barreled shoot-down of the October Surprise story, Newsweek and The New Republic created a Washington “group think,” which held that the October Surprise case was just a baseless “conspiracy theory.” But the two magazines were wrong.

I already knew that their analyses of the London attendance records were inaccurate. They also failed to interview key participants at the conference, including historian Robert Dallek who had looked for Casey and confirmed to me that Casey had skipped the key morning session on July 28, 1980.

But 1991 was pre-Internet, so it was next to impossible to counter the false reporting of Newsweek and The New Republic, especially given the powerful conventional wisdom that had taken shape against the October Surprise story.

Not wanting to shake that “group think,” Bush’s White House withheld news of the Williamson-Beach discovery of evidence of Casey’s trip to Madrid. That information was neither shared with the public nor the congressional investigators. Instead, a well-designed cover-up was organized and implemented.

The Cover-up Takes Shape

On Nov. 6, 1991, two days after the Beach memo, Beach’s boss, White House Counsel C. Boyden Gray, convened an inter-agency strategy session and explained the need to contain the congressional investigation into the October Surprise case. The explicit goal was to ensure the scandal would not hurt President Bush’s reelection hopes in 1992.

At the meeting, Gray laid out how to thwart the October Surprise inquiry, which was seen as a dangerous expansion of the Iran-Contra investigation where some of prosecutor Walsh’s investigators also were coming to suspect that the origins of the Reagan-Bush contacts with Iran traced back to the 1980 campaign.

The prospect that the two sets of allegations would merge into a single narrative represented a grave threat to George H.W. Bush’s political future. As assistant White House counsel Ronald vonLembke, [put it](#), the White House goal in 1991 was to “kill/spike this story.” To achieve that result, the Republicans coordinated the counter-offensive through Gray’s office under the supervision of associate counsel Janet Rehnquist, the daughter of the late Chief Justice William Rehnquist.

Gray explained the stakes at the White House strategy session.

“Whatever form they ultimately take, the House and Senate ‘October Surprise’ investigations, like Iran-Contra, will involve interagency concerns and be of special interest to the President,” Gray declared, according [to minutes](#). [Emphasis in original.]

Among “touchstones” cited by Gray were “No Surprises to the White House, and Maintain Ability to Respond to Leaks in Real Time. This is Partisan.” White House “talking points” on the October Surprise investigation urged restricting the inquiry to 1979-80 and imposing strict time limits for issuing any findings, [the document said](#).

In other words, just as the Reagan administration had insisted on walling off the Iran-Contra investigation to a period from 1984-86, the Bush administration wanted to seal off the October Surprise investigation to 1979-80. That would ensure that the public would not see the two seemingly separate scandals as one truly ugly affair.



Image: President George H. W. Bush addresses the nation on Jan. 16, 1991, to discuss the launch of Operation Desert Storm.

Meanwhile, as Bush’s White House frustrated the congressional inquiries with foot-dragging, slow-rolling and other obstructions, President Bush would occasionally lash out with invective against the October Surprise suspicions.

In late spring 1992, Bush raised the October Surprise issue at two news conferences, bringing the topic up himself. On June 4, 1992, Bush snapped at a reporter who asked whether an independent counsel was needed to investigate the administration’s pre-Persian Gulf War courtship of Iraq’s Saddam Hussein.

“I wonder whether they’re going to use the same prosecutors that are trying out there to see whether I was in Paris in 1980,” the clearly peeved President responded. “I mean, where are we going with the taxpayers’ money in this political year? I was not in Paris, and we did nothing illegal or wrong here” on Iraq.

At another news conference at the world environmental summit in Brazil, Bush brought up the October Surprise case again, calling the congressional inquiries “a witchhunt” and demanding that Congress clear him of having traveled to Paris.

Taking their cue from the President, House Republicans threatened to block continued funding for the inquiry unless the Democrats agreed that Bush had not gone to Paris. Although Bush’s alibi for the key weekend of Oct. 18-19, 1980, was shaky, with details from his Secret Service logs withheld and with supposedly corroborating witnesses contradicting each other, the Democrats agreed to give Bush what he wanted.

After letting Bush off the hook on Paris, the inquiry stumbled along inconclusively with the White House withholding key documents and keeping some key witnesses, such as Bush’s former national security adviser Donald Gregg, out of reach.

Perhaps more importantly, the Casey-Madrid information from Beach’s memo was never

shared with Congress, according to House Task Force Chairman Lee Hamilton, who I interviewed about the missing material in 2013.



Image: Former Rep. Lee Hamilton, D-Indiana.

Whatever interest Congress had in the October Surprise case faded even more after Bush lost the 1992 election to Bill Clinton. There was a palpable sense around Official Washington that it would be wrong to pile on the defeated President. The thinking was that Bush (and Reagan) should be allowed to ride off into the sunset with their legacies intact.

So, even as more incriminating evidence arrived at the House task force in December 1992 and in January 1993 – including testimony from French intelligence chief Alexander deMarenches’s biographer confirming the Paris meeting and a report from Russia’s duma revealing that Soviet intelligence had monitored the Republican-Iranian contacts in 1980 – it was all cast aside. The task force simply decided there was “no credible evidence” to support the October Surprise allegations.

Trusting the Suspect

Beyond the disinclination of Hamilton and his investigators to aggressively pursue important leads, they operated with the naïve notion that President Bush, who was a prime suspect in the October Surprise case, would compile and turn over evidence that would prove his guilt and seal his political fate. Power at that level simply doesn’t work that way.

After discovering the Beach memo, I emailed a copy to Hamilton and discussed it with him by phone. The retired Indiana Democratic congressman responded that his task force was never informed that the White House had confirmation of Casey’s trip to Madrid.

“We found no evidence to confirm Casey’s trip to Madrid,” Hamilton told me. “The [Bush-41] White House did not notify us that he did make the trip. Should they have passed that on to us? They should have because they knew we were interested in that.”

Asked if knowledge that Casey had traveled to Madrid might have changed the task force’s dismissive October Surprise conclusion, Hamilton said yes, because the question of the Madrid trip was key to the task force’s investigation.

"If the White House knew that Casey was there, they certainly should have shared it with us," Hamilton said. Hamilton added that "you have to rely on people" in authority to comply with information requests.

Therein, of course, lay the failure of the October Surprise investigation. Hamilton and his team were counting on President Bush and his team to bring all the evidence together in one place and then share it with Congress, when they were more likely to burn it.

Indeed, by having Bush's White House gather together all the hard evidence that might have proved that Bush and Reagan engaged in an operation that bordered on treason, Hamilton's investigation may have made it impossible for the historical mystery ever to be solved. There is a good chance that whatever documentary evidence there might have been doesn't exist anymore.

After discovering the Beach memo, I contacted both Beach and Williamson, who insisted that they had no memory of the Casey-to-Madrid records. I also talked with Boyden Gray, who told me that he had no involvement in the October Surprise inquiry, although I had the minutes to the Nov. 6, 1991 meeting where he rallied Bush's team to contain the investigation.

I also filed a Freedom of Information Act request to have the records of the U.S. Embassy in Madrid searched for the relevant cable or other documents regarding Casey's trip, but the State Department said nothing could be found.

So, the question becomes: Did Bush's loyal team collect all the raw documents in one place, not so they could be delivered to Congress, but rather so they could be removed from the historical record permanently, thus buttressing for all time the angry denials of George H.W. Bush?

Surely, someone as skilled in using power and influence as former President Bush (the elder) would need no advice from Kim Philby about how to use privilege and connections to shield one's guilt. That, after all, is the sort of thing that comes naturally to those who are born to the right families, attend the right schools and belong to the right secret societies.

George H.W. Bush came from the bosom of the American ruling class at a time when it was rising to become the most intimidating force on earth. He was the grandson of a powerful Wall Street banker, the son of an influential senator, and a director of the Central Intelligence Agency. (Along the way, he attended Yale and belonged to Skull and Bones.)

Indeed, Poppy Bush could probably have given Kim Philby lessons on how to brush off suspicions and cover up wrongdoing. Still, Philby's insight into how the powerful and well-connected can frustrate the investigations and questions of lesser citizens is worth recalling: "Deny everything."

[For the newest compilation of evidence on the October Surprise case, see Robert Parry's [America's Stolen Narrative](#).]

Investigative reporter Robert Parry broke many of the Iran-Contra stories for The Associated Press and Newsweek in the 1980s. You can buy his latest book, America's Stolen Narrative, either in [print here](#) or as an e-book (from [Amazon](#) and [barnesandnoble.com](#)).

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