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Authority E012958
By AT NARA Date 2-5-98

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No. 188

TOP SECRET

Sunday Nov 9 S 05003

CH to ⊙ Residence 0900 to discuss the problem

Talking points for ⊙ w/ Φ

I ~~understand~~ recognize that this ~~approach to~~ effort to deal with Iranians has been done for the most admirable goals: the humanitarian need to get the hostages out, and the strategically important aim of winning Iran back to a pro-West position.

But it has not worked; ~~and~~ that has been repeatedly demonstrated. And it will not work if you stick with it. It was based entirely on the requirement of secrecy and that has disappeared.

~~As a result of this deal and~~

The exposure of this deal has revealed that major aspects of ~~your~~ the foreign policy you have constructed over 6 years have been gravely damaged. If we do not act now, some of ~~the~~ your major achievements will not endure. And the morale and structure of your administration could start to collapse.

Here's why.

~~-- for years we have worked to~~

-- after years of work the keystone of our counter-terrorism policy was set: No deals with terrorists. Now we have fallen into the trap. We have voluntarily made ourselves the victims of the terrorists extortion racket. We have spawned a hostage-taking industry. Every principle that you praised in Ben Netanyahu's book has been dealt a terrible blow by what we have done.

-- We have assaulted our own MidEast policy. The Arabs counted on us to play a strong and responsible role to contain and eventually bring the Gulf war

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to an end. Now we are seen to be aiding the most radical forces in the region. We have acted directly counter to our own major effort to dry up the war by denying ~~the weapons~~ needed to continue it.

REF [redacted] and other moderate Arabs -- are appalled at what we have done ~~[illegible]~~ And our hopes of getting ~~[illegible]~~ united allied action [redacted]

REF [redacted] have foundered as the allies see us doing precisely what we have relentlessly pressured them ~~[illegible]~~ not to do.

-- We appear to have violated our own laws. Certainly we have corrupted ourselves in the eyes of the law. At this moment there are Israelis and others on trial in US criminal courts for doing what the USG is now revealed ~~[illegible]~~ itself to be doing.

-- Our credibility is shot. We have taken refuge in tricky technicalities of language to avoid confronting the reality that we have lied to the American people and misused our friends abroad. We are revealed to have been dealing with some of the sleaziest international characters around. They have played us for suckers. There is a Watergate-like atmosphere around here as the WH staff has gotten increasingly secretive, self-deluding, and vindictive. ~~[illegible]~~

I can tell you that the hardest meeting I've had as SecState was to listen to the [redacted] tell me what we have done to their sov. and our reputation by Bud's ~~alleged~~ use of an [redacted] passport.

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