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Non-State United States Support For The Contras During The Reagan Era

Gillian Sheffy
Bucknell University, ges022@bucknell.edu

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NON-STATE UNITED STATES SUPPORT FOR THE CONTRAS DURING THE
REAGAN ERA

By

Gillian E. Sheffy

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Approved By:

Advisor: Professor W. M. Schmidli

Department Chair: Professor David Del Testa
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Abstract

Under President Ronald Reagan, the White House pursued a complex foreign policy towards the Contras, rebels in trying to overthrow the Sandinista regime in Nicaragua, in Nicaragua. In 1979, the leftist Sandinista government seized power in Nicaragua. The loss of the previous pro-United States Somoza military dictatorship deeply troubled the conservatives, for whom eradication of communism internationally was a top foreign policy goal. Consequently, the Reagan Administration sought to redress the policy of his predecessor, Jimmy Carter, and assume a hard line stance against leftist regimes in Central America. Reagan and the conservatives within his administration, therefore, supported the Contra through military arms, humanitarian aid, and financial contributions.

This intervention in Nicaragua, however, failed to garner popular support from American citizens and Democrats. Consequently, between 1982 and 1984 Congress prohibited further funding to the Contras in a series of legislation called the Boland Amendments. These Amendments barred any military aid from reaching the Contras, including through intelligence agencies. Shortly after their passage, Central Intelligence Agency Director William Casey and influential members of Reagan’s National Security Council (NSC) including National Security Advisor Robert McFarlane, NSC Aide Oliver North, and Deputy National Security Advisor John Poindexter cooperated to identify and exploit loopholes in the legislation. By recognizing the NSC as a non-intelligence body, these masterminds orchestrated a
scheme in which third parties, including foreign countries and private donors, contributed both financially and through arms donations to sustain the Contras independently of Congressional oversight.

This thesis explores the mechanism and process of soliciting donations from private individuals, recognizing the forces and actors that created a situation for covert action to continue without detection. Oliver North, the main actor of the state, worked within his role as an NSC bureaucrat to network with influential politicians and private individuals to execute the orders of his superiors and shape foreign policy. Although Reagan articulated his desire for the Contras to remain a military presence in Nicaragua, he delegated the details of policy to his subordinates, which allowed this scheme to flourish. Second, this thesis explores the individual donors, analyzing their role as private citizens in sustaining and encouraging the policy of the Reagan Administration. The Contra movement found non-state support from followers of the New Right, demonstrated through financial and organizational assistance, that allowed the Reagan Administration’s statistically unpopular policy in Nicaragua to continue. I interpret these donors as politically involved, but politically philanthropic, individuals, donating to their charity of choice to further the principles of American freedom internationally in a Cold War environment. The thesis then proceeds to assess the balance of power between the executive and other political actors in shaping policy, concluding that the executive cannot act alone in the formulation and implementation of foreign policy.
Introduction: “A Neat Idea”

I don't think it was wrong. I think it was a neat idea and I came back and I advocated that and we did it.
- Oliver North, July 8, 1987; Day 24 of the Iran-Contra Hearings

The rise of modern conservatism, which began in the late 1950’s, culminated with the election of Ronald Reagan in 1980. The New Right championed an exaggerated pro-American, morality-driven agenda and assumed a hard anti-communist stance internationally. These political priorities motivated New Right policymakers to employ interventionist policies in developing nations to gain ideological control against the Soviets.1 Conservatives championed traditional American ideology, claiming that one flaw of the Republican administrations, prior to the Reagan administration, was their disregard for classic American values abroad. This included Richard M. Nixon's pursuit of containment and détente and the Democratic President Jimmy Carter, who tried to negotiate with communist leaders and “lost” Panama. After the U.S. defeat in Vietnam, proponents of the New Right perceived a disturbing trend in American foreign policy of submitting to weaker powers and sacrificing American interests abroad.2

Reagan’s election in 1980 marked the ascendancy of the New Right and served as a historical watershed. After the tumultuous rise of the New Left in the 1960’s and 70’s, the growth of Modern Conservatism provided a new lense through which to restore American superiority and values domestically. The conservatives

1 Odd Arne Westad, The Global Cold War (Cambridge: Cambridge University Press, 2007), 95.
within the U.S. mobilized after a chaotic decade, struggling through an identity crisis as a result of the unpopular Vietnam War in the late 1960's and early 1970's, doubting government credibility following Watergate in the 1970's, and facing uncertainty regarding the U.S. position abroad in light of the Iran Hostage Crisis beginning in 1979.

Reagan’s election made acting upon that vision possible. Throughout the Carter presidency, New Right politicians criticized his administration as failing to defend U.S. interests and allowing U.S. allies to succumb to internal opposition and insurgency movements. Reagan sought to rebuild American superiority abroad through a major defense build-up, employing aggressive Cold War rhetoric to achieve his policy goals and rally popular support. Additionally, the New Right advocated a return to traditional institutions, like the Church, home, and community. In a speech given at the Annual Convention of the National Association of Evangelicals in March 1983 in Orlando, Florida, Reagan concisely demonstrated his embodiment of these defining New Right principles. Initially, he campaigned on behalf of a constitutional amendment introduced in Congress to restore prayer in schools and condemned Planned Parenthood for promoting promiscuity. In a seamless transition, he compared these domestic evils to the godless communists in the USSR, calling upon the American people to “ignore...the aggressive impulses of an evil empire” and return America to its Judeo-Christian superiority both home and

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abroad. The values and goals articulated by Reagan demonstrated the New Right’s renewed commitment to tradition and American resurgence in all aspects.

To achieve the defeat of the Soviet evil empire, the Reagan administration engaged in a series of proxy wars designed to weaken the Soviets militarily and decrease their international strength. In Afghanistan in the early 1980’s, when the Afghan communist party fell apart, the Soviets intervened in the neighboring state to try and reinstall the leftist regime. This Soviet intervention was seen by the West, including the U.S. and neighboring countries, as proof of aggressive intent in maintaining and spreading communist ideology. In response, the US formed a strong military relationship with the revolutionary Mujahedin forces through the CIA and covert operations to bleed the Soviet forces in Afghanistan. In this mission, Reagan’s policy was largely successful. The main goal of the assistance to Afghanistan was to remove Soviet influence, and this end was achieved. By engaging in this conflict, the US depleted the Soviets of military strength, using the Afghan forces to kill Soviet soldiers and destroy expensive equipment. In the mid 1990’s, the Afghanis tortured and killed the last Soviet installed Afghani leader following the Soviet withdraw in defeat.

Similarly, the U.S. intervened militarily in Grenada and engaged in a proxy war in 1983 to constrain the Soviets. As a leftist regime emerged in Grenada, Regan sought to prevent further growth of Communist or Soviet-friendly power and

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5 Westad, 322.
6 Ibid, 378.
support the prior government, which cooperated with U.S. interests. The administration hoped to restore democracy in Grenada, while also demonstrating the US anti-communist resolve, and emphasized the island as a Soviet-Cuban colony. This pattern of intervention in states of Soviet expansion in other nations led to the support of the Contras in Nicaragua to eradicate the leftist Sandinistas.

True to his New Right loyalties, Reagan’s highest foreign policy commitment was the eradication of communism, especially in neighboring Latin America. Reagan only paid close attention to a handful of foreign policy issues, and the Contras—anti-communist guerrillas in Nicaragua—had captivated his attention. In Nicaragua, the Sandinista government overthrew the Somoza family’s military dictatorship in 1979. Reagan believed the Sandinistas, a leftist political regime, had ties to both Fidel Castro in Cuba and the Soviet Union. Accordingly, immediately after assuming office in 1981, Reagan ordered Central Intelligence Agency Director William Casey to organize and mobilize anti-Sandinista guerrilla forces comprised of pro-Somoza Nicaraguan exiles. Reagan believed President Carter’s attempts at constructive engagement demonstrated weakness and allowed for the fall of the U.S.-friendly Somoza regime. New Right emphasis on the need for U.S. superiority internationally, and the goal of the final defeat of communism, propelled Reagan to seek remedy to the perceived failures of the previous administrations and

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9 Ibid, 150.
overthrow regimes, like the Sandinistas, that were bastions of communist theory and therefore hostile to notions of American freedom.

Between 1982-1987, the Reagan Administration pursued a complex foreign policy against the Contra forces in Nicaragua, seeking to assist counter-revolutionaries to expel the leftist regime. Beginning in 1982, los contrarrevolucionarios, translated to the counterrevolutionaries, or Contras, as the guerrilla fighters were called, were sustained nearly entirely on indirectly routed American funding.11 The CIA and National Security Council ran this covert operation mostly from non-traditional channels, subverting congressional control and using the power of the executive to finance an underground war that continued until 1989. As historian Thomas Carothers summarizes, “the war against the Sandinistas spanned all eight years of the Reagan presidency and was a policy of extraordinary controversy that absorbed incalculable amounts of the administration’s energy and had only ambiguous effects.”12

The Contras, while receiving state-sponsored funding, did not subsist on solely congressional-approved funding. In 1982, Democratic Representative Edward Boland from Massachusetts proposed a bill that limited the money and supplies the U.S. was sending to the guerrilla fighters. The bill limited the ability of the Reagan Administration to provide taxpayer funds for Contra supplies and training due to the ingenuity of the Administration; however, the Contras remained well supported. National Security Aide Oliver North ultimately took credit for the “neat idea” of funneling money to the Contras through non-traditional channels from third party

11 Schaller, Reckoning Reagan, 150.
12 Carothers, In the Name of Democracy, 77.
donors, including private individuals, think tanks, and other nations. Unlike other foreign policy goals, which typically form through congressional approval, the policy supporting the Contras demonstrated the covert and potentially illegal foreign policy pursued by the Reagan Administration in Nicaragua.

In any analysis of Reagan, one must recognize the separation between the President as an individual and the policy coming out of the administration. Reagan was infamous for his simultaneous disinterest in details and strong convictions in overarching goals, like the eradication of communism in Latin America. As a result, in my discussion of the policy coming from the federal government, I will analyze the policy from the collective and the interactions of the individuals in that collective.

These non-traditional channels included a variety of covert operations, including foreign donations and arms sales profits. Domestically, they centered on large donations from wealthy conservative donors transferred through lobbying and interest organizations. To successfully carry out this elaborate funding scheme, state and non-state actors cooperated to raise and quietly transmit money to the National Security bureaucracy and the Contra fighters. This cooperation exemplified the political philosophy of the New Right through its emphasis on traditional values, quietly executed to preserve the integrity of the U.S. without allowing for the liberal dissidents of the leftist movement to interfere and sacrifice American superiority. Reagan, who dubbed his opponents in Congress as a “meddlesome committee of 535” directed his support staff to circumvent the law if necessary to achieve policy

goals. As a result, the complex foreign policy used to support the Contras emerged with the crucial support of individuals like Oliver North and Spitz Channell, the director of multiple interest groups and non-profit fundraising organizations geared towards supporting the Contras. These non-state actors formed a movement in which private citizens could drive policy formation, proving exceptionally historically significant due to their involvement in the political process outside of channels like voting and basic activism. As a strong movement from the foundation of society, individual American citizens, to the top levels of the government, the pro-Contra movement demonstrated the power of non-state actors in support of government policy.

The method of policy creation is crucial in the discussion of implementation. Since major, private donors contributed to the cause of the Contras, did they influence the direction of policy? Did policy emerge from channels wholly independent of the traditional, democratic processes? To answer these questions, this thesis will explore three distinct points.

First, I analyze of the scope of state involvement in the traditional and nontraditional sense. By this, I mean to articulate clearly how the Administration circumvented boundaries set into place by congress to continue the Contra war. The central figure is Oliver North, a mid-level bureaucrat who headlined the Iran-Contra scandal. In negotiations and covert operations, North emerged as the key player for the Administration, using his low-profile to work with private citizens and also connect with high-level political figures. The historiography commonly depicts

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North as a manipulative and conniving individual who worked alone to circumvent the democratic process. I demonstrate, however, how North operated within a system and within his role at the National Security Council to allow the government to receive support from private donors and influence the donors into a mutually beneficial relationship. Rather than assigning blame, I will assess how North worked within an elaborate political system to achieve the goals of his superiors yet keep them safe from scrutiny and political harm.

Second, I analyze the other component of the policy process: non-state actors. Organized by Spitz Channell, among others, a large group of private individuals contributed significantly to the continuation of an unpopular and illegal policy with the Contras. Here, the non-state actors found success where the Reagan Administration failed. Unencumbered by Congress, non-state actors—particularly private wealthy individuals—held events, fundraisers, and awareness meetings to raise a significant amount of funding for the Contras. These donors did not contribute the majority of third-party Contra funding, but the channels in which they organized and contributed remain significant due to the political implications and revolutionary role of private citizens within state function. Operating multiple non-profit, tax exempt organizations, Channell provided the mechanism for state actors, like North, to raise and funnel the money from the donors into supplies and training for the Contras. By tracing appearances, fundraising events, and the communications between North and Channell, I illustrate the unique path of policy formulation, analyzing the ability of the state to act outside its traditional confines and circumvent the democratic process.
Through an analysis of these two contributing state and non-state political entities, I seek to demonstrate how the executive’s monopoly on violence and foreign policy making is a false conception. Many scholars during and after the 1980’s have examined the Iran-Contra crisis and U.S. support for the Contras.\textsuperscript{15} Many of these accounts have characterized the actors as operating illegally in relations with Nicaragua and the Contras.\textsuperscript{16} Since the Iran-Contra Affair was the defining scandal of the Reagan Administration, the extensive existing historical narrative provides excellent discussion of the atrocities of the Contras, networks of third-country funding, and Oliver North personally. There has, however, been very little research done on how non-state actors fit into the diplomacy and policymaking process.

This thesis is not to recount the Oliver North story, but rather to analyze the system he exploited and the individuals that made his maneuvering possible. A large bureaucratic network, including the NSC, CIA, and other governmental agencies, holds a substantial stake in the formation of policy. Actors like North, who hold seemingly powerless political positions, can utilize and create extensive networks to manipulate the direction of U.S. policy. Through manipulating the elaborate political system, not by any extraordinary ability, these actors provide policy direction using


outside funding, successfully circumventing the legislature and other designed checks on the executive branch. I argue that this disrupts the delicate political balance, violating the constitutional limits of the executive branch and allowing for policy implementation, like that in Nicaragua, where not only do normal citizens remain misinformed but so too does the majority of the government. North’s “neat idea” may not have been his own brainchild, but the system in place fostered underground political maneuvering under the guise of national security. Essentially, this analysis and case study demonstrates the ability of the government to stop at nothing to achieve a policy goal with the assistance of engaged, wealthy, politically minded citizens.
Chapter 1: From the White House

The making of US foreign policy is a complex process. It is also a messy process, for the variety of individuals and institutions that affect US foreign policy do not stand still, but constantly interact and impact on one another.

-Jerel Rosati17

In the Reagan Administration, especially regarding the Contras in Nicaragua, Rosati’s depiction of U.S. foreign policy could not more perfectly describe the path of foreign policy formation and implementation. The Contras, comprised of military leaders from the past, authoritarian, U.S.-friendly, Somoza regime and various guerrilla fighters, sought to overthrow the leftist Sandinista government. The Reagan Administration employed financial and military aid to support the Contras in Nicaragua in their efforts and saw this internal authority conflict as a central security interest. This chapter views the events from the perspective of the White House and federal government, analyzing the actors, congressional discussions, and priorities until the Iran-Contra scandal broke. Although Ronald Reagan claimed complete innocence regarding the latter, the Reagan Administration, with the help of Oliver North, cohesively orchestrated a pragmatic scheme between 1983 and 1986 to gain money from wealthy donors to continue their foreign policy goals in the face of congressional resistance.

This broad plan evolved in response to the foreign policy of the Carter Administration, which sought to engage in peaceful negotiations rather than aggressively control the Central American region. To conservative critics of Carter,

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his relinquishment of the Panama Canal, the increased Soviet presence in Afghanistan, and inability to end to hostage crisis in Iran indicated a U.S. retreat in the international sphere. In Nicaragua, Carter saw withdrawal of military aid as a proper punishment for the human rights violations of the Somoza dictatorship. Additionally, Carter expressed a strong commitment to nonintervention, arguing that the best path to maintaining favorable international relationships was to respect the affairs and sovereignty of other states. Critics saw the Carter Administration’s acceptance of détente as a submission to Soviet expansion in the third world and sought to reverse this trend through increased aggression and repossession of neighboring nations into American influence.

As part of a global strategy to defeat communism, the Reagan administration pursued an aggressive policy in Nicaragua by supporting the Contra fighters. In response to the policy of the Carter administration, right-wing intellectuals advocated for increased U.S. aggression and many played an integral part in the formation of the Reagan Doctrine. The Committee of Sante Fe, composed of L. Francis Bouche, Roger Fontaine, David C. Jordan, Lieutenant General Gordon Sumner Jr., and Lewis Tambs, articulated a platform in a document drafted in 1980 calling for the end of Soviet Communist influences in Latin America.

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19 Ibid, 19.
20 Ibid, 53.
Sumner, and Tambs later joined Reagan’s foreign policy team, indicating both the significance of this document to the formation of policy and to Reagan himself.\

Indeed, Reagan articulated the belief that the U.S. was not doing enough to promote the development of democratic infrastructure in other nations in a speech in London in 1982. This speech was a key step in the creation of the administration’s “democratic initiative policy,” which played a crucial role in the Reagan Doctrine. Additionally, in 1983 Reagan assembled a National Bipartisan Commission on Central America, a twelve person conservative panel lead by Henry Kissenger, to analyze the region and provide recommendations for policy action in the area. This report, which Reagan reviewed as “magnificent,” recognized that any problems in Central America, for example, communist sympathetic regimes, equated to a problem for the U.S. In 1984, Reagan described the Sandinistas as “a communist reign of terror,” imparting the fear of Soviet Russia onto the leftist Central American government. The Reagan Doctrine, having fully matured by 1985, swore not to break faith with nations that were susceptible to Soviet sponsored aggression. In Latin America, the Reagan Doctrine guided the administration to eradicate what it perceived as Soviet and Cuban penetration into the backyard and sphere of influence of the U.S. The Reagan Doctrine shaped the foreign policy of the 1980’s, emphasizing the

\[22\] Ibid.
importance of Central America due to its geographic proximity and believed Soviet influence in the emerging leftist regimes, like the Sandinistas.

Scholars have extensively analyzed the role of Vietnam in the formulation of the Reagan Doctrine. For the New Right, defeat and withdraw of U.S. forces in Vietnam signified the end of America’s global superiority. This lasting political attitude, called Vietnam Syndrome, polarized the American people into two camps: those who opposed all military intervention for fear of defeat, and those who sought to reassert American dominance through an increased military presence. Reagan and his New Right cohorts fell definitively into the latter of the two ideologies. I accept the widely held interpretation that Reagan sought to neutralize the defeatist Vietnam Syndrome in the American population, through his determination to reinstate U.S. superiority militarily by the eradication of communist friendly regimes in Latin America.

The Reagan Doctrine, articulated through Reagan’s ideological rhetoric, left concrete policy up for interpretation by his advisors and administration officials. Although the aforementioned documents guided the direction of the Reagan Doctrine, the President never clearly articulated definite and strategic pathways of policy implementation. Reagan sought to eradicate communism globally and reinstate traditional Christian values domestically. The strategy of policy implementation, however, he delegated to his team in the administration. The funding scheme for the Contras could emerge because of Reagan’s intentional

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28 Leogrande, 6.
29 Ibid, 7.
30 See Parry, Robert, and Peter Kornbluh. "Iran-Contra’s Untold Story." Foreign Policy. no. 72 (1988): 5.
distance from policy creation and comfort with delegating management to his staff. Reagan provided the general direction, but relied upon others to sort out the minute details of policy formation.

The Sandinistas were a vital component of this perceived threat. As Reagan articulated in a 1984 speech, the Sandistas were “attempt[ing] to destabilize the entire region and eventually move chaos and anarchy toward the American border.”31 The Reagan Administration and the elites of the New Right believed that the rise of the Sandinistas would create a toppling of U.S. friendly regimes in the region in favor of more leftist, hostile political leaders. This fear stemmed from the domino theory that emerged decades earlier in the Cold War, which argued that Soviet influence would infiltrate a region and then spread to the neighboring states, and had prompted the U.S. intervention in both Korea and Vietnam. The leaders of the New Right believed that the development of regimes in Central America with Soviet and Cuban ties would spread rapidly in the Latin American region. Reagan himself viewed the Sandinistas as strongly committed Communists engaged in war with God and man, believing their mere existence posed a threat to U.S. security interests.32

The ideological commitment to the Contras extends further than the early years of the Reagan administration. Dating back to the Eisenhower Administration, the domino theory, or the belief that Soviet expansion occurs exponentially after the fall of one friendly state, drove the New Right and the Reagan Administration to tally

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the score of Soviet and U.S. friendly states carefully. By the time the Contras lost Congressional funding they had already become a crucial security interest in the eyes of the Republican Party. Reagan, therefore, saw no choice but to continue their support to redeem U.S. superiority and protect the interests of his people.

In 1981, Reagan issued National Security Decision Directive 17, which provided for “significant covert activities” in Nicaragua and Central America.33 Issued prior to any prohibition on Contra funding by Congress, like N.S.D.D. 17, a similarly themed NSC policy summary in 1983 printed in the New York Times entitled “US Policy in Central America and Cuba Through the Fiscal Year 1984, Summary Paper” called for a refusal to compromise with the Sandinistas and to approach foreign policy on “our terms,” indicating a lack of negotiation. Additionally, this policy summary noted that N.S.D.D. 17 had not been fully implemented, and requested “full implementation thereof.”34 The Reagan administration both provided for and ordered the execution of covert action in the Central American region. Although later limited by the passage of Congressional legislation, this early support from the Reagan Administration for intervention through covert channels remains significant as the beginnings of a policy trend toward Nicaragua.

Although providing for covert activities, the Reagan Administration implemented a number of sanctions on Nicaragua through visible legal channels. These legal and widely supported steps to weaken the Sandinistas included a termination of the $15 million balance of the aid approved by Former President

34 Gutman, 94.
Carter, blocking of credits from international financial institutions, turning intelligence operations against Sandinistas, organizing counterrevolutionary forces (the Contras), and holding military and naval exercises around Nicaragua in a display of superiority.\textsuperscript{35} Prior to the passage of the Boland Amendments, between 1982 and 1984, a series of legislative initiatives in which Congress stopped funding to the Contras in Nicaragua, the Reagan Administration enjoyed limited support from Congress in assisting with humanitarian efforts in Nicaragua. Reagan shifted the direction of policy in Nicaragua, focusing on military aid for the Contras rather than the humanitarian aid Carter championed. As historian James Lebovic recognizes:

[Under the Reagan Administration] Arms supplies were once again viewed as a 'regular' and not an 'exceptional' policy instrument, and economic assistance was unapologetically offered as a means to 'promote political stability and avoid the movement of less developed countries towards Communism.' When economic development itself was at issue, US economic interests were stressed.

These legal interactions with the Contras in Nicaragua created the impression of U.S. support and Contra dependence. While Reagan still maintained the support of Congress, he implemented military-oriented policies geared at building a friendly regime in respect to U.S. security and economic policy.

The Contras, however, did not appear to be idealistic freedom fighters in the eyes of the American public. In the Central American peace movement, over one hundred thousand U.S. citizens mobilized to halt U.S. intervention in Central

American affairs. Reed Brody, a U.S. lawyer, voluntarily traveled to Nicaragua for five months to chronicle the effects of the Contras on the Sandinista regime and Nicaraguan people. His findings, which were described in detail in a fact-finding report, shocked readers. Brody described a multitude of terrifying behavior, including mass rape, murder of innocent civilians, and pillaging of nearly all the communities the Contras encountered. The Contras left very few survivors unharmed and committed various human rights violations. In one account, the Contras ambushed a truck of volunteer coffee pickers. They proceeded to slaughter twenty-one civilians, including a mother and five-year-old child that had simply used the truck for a ride.

The atrocities committed by the Contras, detailed in multiple fact-finding missions, sparked anti-war movements similar to those of the Vietnam Era. Citizens fought against government-sponsored propaganda campaigns and decentralization. The opposition movement asserted that the Reagan Administration possessed a “hegemonic presumption” that Latin America fell within the U.S. sphere of influence. These solidarity protests were also commonly driven by moral outrage, religious sentiments, emotional reaction to human rights violations, and personal values. The anti-Contra movement indicated the lack of public support behind Reagan’s policy in Nicaragua, a precursor to political action meant to stop the U.S. funded violence.

36 Smith, xvi.
37 Reed Brody, Contra Terror in Nicaragua (Boston: South End Press, 1985).
39 Smith, 18.
40 Ibid, 168.
Regardless of these protesters, which numbered in the tens of thousands, the Reagan Administration continued its support of the Contras. Reagan took the promise he made to eradicate communism to the American people seriously and believed that to protect them from the threat of hostile communist regimes he had to continue in his policy direction, sacrificing popularity as protests continued and became more aggressive to maintain, in his belief, the safety of American citizens for generations to come.

As the reality of the situation in Nicaragua and the actions of the Contras became public knowledge, Congressional financial support dried-up. In 1984, after two years of debate and discussion, Congress passed a series of legislation known as the Boland Amendments, introduced by Massachusetts Representative Democrat Edward Boland, prohibiting assistance to the anti-Sandinista rebels. The legislation, signed on October 12, 1984, recognized that:

During fiscal year 1985, no funds available to the Central Intelligence Agency, the Department of Defense, or any other agency or entity of the United States involved in intelligence activities may be obligated or expended for the purpose or which would have the effect of supporting, directly or indirectly, military or paramilitary operations in Nicaragua by any nation, group, organization, movement or individual.

This legislation allowed for the President to request funds from Congress again after February 28, 1985, providing the Administration needed assistance for “military or paramilitary operations” otherwise prohibited by the Boland Amendments. The Reagan administration, therefore, could receive $14 million in funds following 1985
if Congress passed a joint resolution approving such action.\textsuperscript{41} This brief summary of the Boland Amendment demonstrates the intent of the legislation to stop government funds from reaching aggressors in Nicaragua. In discussions, Representative Boland confirmed this intention, stating that the legislation meant to prohibit any funds, direct or indirect, from reaching any use of force in Nicaragua opposing the existing government, identifying no exceptions to that prohibition.\textsuperscript{42}

The effect of the Boland Amendment, in the eyes of the Reagan Administration, would certainly be a complete Sandinista victory in the region. The Boland Amendment required the Reagan Administration to get creative, as the Administration refused to abandon their goals in Nicaragua and sacrifice U.S. security interest. Led by William Casey, the Administration and CIA worked to divert costs to CIA overhead and payroll accounts. Reagan recognized the Congressional intent to stop all Contra support, but believed the interests of the U.S. were not to be compromised under any circumstances. Although the Boland Amendments had a clear intention of stopping the intervention, Reagan refused to allow the legislation to interfere with his policy objectives.

Under Reagan’s wishes, therefore, the Administration began to search for a loophole to continue the intervention in Nicaragua. The National Security Council sought to circumvent the Boland Amendments to proceed with covert action. To do this, the NSC defined their responsibilities as separate from “intelligence activities.” In a January 1985 memorandum, the CIA identified two organizations, the State


Department and the NSC, as possible institutions to circumvent the legislation. By favoring the use of third-party countries, this memorandum demonstrates the disconnected nature of the NSC as a non-intelligence agency. Whereas institutions like the CIA firmly fell within the realm of the Boland Amendment, the political elites within the Reagan Administration, both in his cabinet and in other intelligence institutions, employed creative interpretations to place the NSC in an unconstrained gray area as a pseudo-intelligence/government agency. As a result, the informal alliance between the NSC, CIA, State, and the Office of the Secretary of Defense deliberated on how, through an exclusion of the intelligence agencies, the Reagan administration could continue the activities in Nicaragua outlawed by the Boland Amendments. This action continued the thread initiated in 1981 with N.S.D.D. 17 in support of covert action, demonstrating both the commitment of various institutions within the Reagan Administration to the anti-Sandinista cause and also to covert action as an acceptable foreign policy tool.

The support Ronald Reagan himself provided for this policy is unknown. The evidence suggests, however, that Reagan directed his subordinates to circumvent

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44 Robert McFarlane, Top Secret, Memorandum “[With Tabs - "Approve" Box Initialed by Robert McFarlane].” DNSA. January 15, 1985, 16 pp. Item Number: IC00725.

45 Ibid.
the law. In 1983, he explicitly ordered the Department of Defense to act as a support system and cooperate with the Director of Central Intelligence, William Casey, to the best of its abilities with the goal of assisting the Nicaraguan resistance forces. Reagan's attendance at important meetings, including one in 1984 where plans were drawn to initiate third-country funding, indicates his support and involvement in working around the Boland Amendments to continue his policy toward Nicaragua. While Reagan was not the architect of the entire plan, his oversight and interest suggests that he remained involved in guidance, but not as an organizer, throughout the entire Iran Contra Affair.

Although then-CIA Director William Casey died shortly before the scandal surfaced in US media, he was undoubtedly one of the main architects of the elaborate scheme to circumvent the Boland Amendments and continue providing financial support to the Contras. Casey gained the nickname “Secretary of State for the Reagan Doctrine Countries” from U.S. Diplomats, demonstrating his ability and ambition when crossing departmental lines to achieve his policy prerogatives. Upon recommendation from CIA Deputy Director for Intelligence Robert Gates, Casey discussed in a 1986 speech that consistent military aggression was necessary to alter the course of political power in Nicaragua, revealing his opinions and goals for the Contras. During the Iran-Contra hearings, North inadvertently revealed that Casey envisioned a stand-alone, offshore enterprise that financed itself entirely

46 Schaller, 151.
47 Leogrande, 383.
48 Leogrande, 388.
49 Gutman, 314.
50 Peace, 7.
through extra-governmental donations and could operate covert missions on behalf of the U.S. as a non-related entity, effectively serving as a financier for missions without requiring Congressional or even executive approval.\textsuperscript{51} While this level of sophistication never materialized, North’s slip demonstrated the closeness of North and Casey in creating and executing the complex scheme that ultimately came to fund the covert action in Nicaragua.

The second key player, Oliver North, emerged as an unexpected, and necessarily inconspicuous, leader for the Contra support efforts in Washington. In 1984, Casey and National Security Advisor Robert McFarlane met to discuss the Contras and McFarlane suggested his favorite aide, Lieutenant Colonel Oliver North, for the precarious assignment of acting as a liaison between the NSC and CIA for the Contra funding program.\textsuperscript{52} North’s background in the Marines characterized his approach to the position, demonstrated by his complete obedience to superiors, especially the Commander-in-Chief. In early 1984, Robert McFarlane described Reagan’s orders to North that he hold the Contra forces together “body and soul” when Congress stripped the CIA of funding through the Boland Amendments.\textsuperscript{53} As political scientists Kyle Longley, Jeremy D. Mayer, Michael Schaller, John W. Sloan recognize, for Reagan, “a president who seldom issued clear instructions to subordinates, this was a definitive order.”\textsuperscript{54} North, therefore, saw no choice but to

\textsuperscript{51} Gutman, 341.
\textsuperscript{52} Leogrande, 396.
\textsuperscript{53} Leogrande, 400; Gutman, 313.
focus his attention on the singular goal of maintaining the Contra forces regardless of any obstacles.

McFarlane, while not as influential of an actor as North or Casey, remained a crucial and interesting behind-the-scenes actor in the Contra schemes. His connection to Reagan as a National Security Advisor allowed him to serve as the link between North, Casey, and Reagan. As an aide to Henry Kissinger in the Nixon administration, McFarlane gained a reputation for doing business with foreign governments outside of regular channels. McFarlane’s relationship with North, although rather ordinary, allowed for him to communicate the needs and goals of Reagan without involving the President too closely or giving North too much formal power. McFarlane was not an architect, but rather a necessary cog in the wheel to continue Reagan’s loose involvement in the Contra funding plan and provide necessary information and instructions to North and Casey.

Consequently, Oliver North, an unlikely NSC mid-level bureaucrat, became the champion, architect, and inconspicuous leader of the Contra cause. North was the perfect candidate for Casey’s schemes: he directed funding, arms drops, understood military and political strategy, and maintained day-to-day control on the Contra rebels. By mid-1985, North had developed a network of donors, both private citizens and third party countries, that he and Casey dubbed “the Enterprise.” North operated within the interior channels of the NSC, continuously advised by National Security Advisor John Poindexter, McFarlane, and Casey, who

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56 Gutman, 314.
57 Leogrande, 402-404.
provided guidance and support while North assumed the majority of responsibility. Prominent NSC and White House Officials lobbied relentlessly to reinstate funding and create congressional support for North’s directives in Central America, but their continued failure increased the pressure on North and Casey’s activities to succeed and provide alternative support for the Contras. North cooperated with private think tanks, nonprofits, and lobbying groups, which will be discussed extensively in the next chapter. These conservative groups held expensive fundraisers or even private meetings with policymakers to solicit contributions to the Contra cause. North would then funnel the money through a Swiss bank account to weapons procurement agencies, which would then ship weapons to the Contras. North’s low profile allowed for this to occur without high-level scrutiny, keeping the process entirely underground from 1985 until late 1986.

After failing to repeal the Boland Amendments in 1984, the Reagan Administration toughened its anti-Sandinista rhetoric, escalating the pressure on North to increase domestic support. As a result, Casey assisted North in implementing an aggressive propaganda campaign, flooding major news U.S. outlets with fabricated information on Sandinista activities, including accusations that anti-Contra journalists were engaging in illicit behavior. This campaign, especially once major media began to understand the real actions of the Contras in Nicaragua and the surrounding states, elicited enraged responses from critics of the administration

58 Leogrande, 407.
and members of the Central America peace and solidarity movements. A prominent example was Eldon Kenworthy, a Cornell University professor during the Reagan era, who wrote scathing scholarly articles in prominent journals, accusing Reagan of distorting facts, lying to the American people, and exploiting national fears to gain support for misguided policies, demonstrating the lack of support for the policy and even open criticism academics and experts publicly articulated.  

Conversely, Robert Parry and Peter Kornbluh recognized the necessity of the administration’s sophisticated informational war as a tool to neutralize post-Vietnam sentiments.  

Around times of crisis or war, the population of the US tends to increase its general support for political leaders and the nation’s foreign policy. This social phenomenon, referred to as “rallying around the flag,” did not apply for the Contras. Political scientist Gordon Bowen, in an article analyzing this broad phenomenon, cited the Contras between 1983-1989 as a clear example of the limitations of this typical American political response. The informational campaigns orchestrated by Casey and North, although fascinating in their own right, merely serve to demonstrate the unshakable statistical unpopularity of the Contra cause, illustrating both the pressure placed on North to continue his mission by the administration and the questionable importance of public opinion in the formation of foreign policy during the Reagan administration.

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63 Parry, Robert, and Peter Kornbluh. 3.
Consequently, the position of the Reagan Administration prior to the Iran-Contra scandal, which started to leak in late 1986, remained adamantly in support of the Contras. Resisting congressional and public pushback, the NSC and CIA worked hand-in-hand to continue funding to the Contras with the larger goal of eradicating communist regimes in neighboring Latin America. Oliver North emerged as a prominent figure in gaining Contra support and working within the bureaucracy to continue Reagan’s goal of eliminating the leftist Sandinista regime, demonstrating the insignificance of his mid-level status in creating and implementing real political change and policy. Through a creative interpretation of the Boland Amendments, the NSC sought ways to circumvent the traditional policy channels and find funding to continue supporting the Contra cause.
Chapter 2: Non-State Contributions

In 1984, Mrs. Ellen Garwood was a co-signatory on a letter written by Spitz Channell, a political organizer, on behalf on the American Conservative Trust to President Reagan. This letter applauded Reagan’s policies in Central America, specifically toward Nicaragua, and emphasized the growing threat to American security represented by the Sandinista regime. Garwood, a wealthy Texas widow, chose the anti-Sandinista cause as her charity of choice. The following year, through General Singlaub, another political organizer, a large donation from Garwood allowed for the purchase of a medical evacuation helicopter for the Contras that was named “Lady Ellen.” In a New York Times article discussing the helicopter, Garwood disclosed that she spent the majority of her time networking with individuals, contributing to the Contra cause, and writing letters to encourage other Texans to support the freedom fighters in Nicaragua.

In the complex web of Contra funding, North, Channell, and donors like Ellen Garwood remained closely connected, using their different strengths to compensate for any financial or legal obstacles the Contras may have faced. In this political moment, ordinary individuals like Mrs. Ellen Garwood became political actors influenced by the state and in turn influencing the actions of the state. Just a week later, Garwood donated another $75,000 to the National Endowment for the

Preservation of Liberty, a tax-exempt fundraising organization run by Channell.\(^6^7\) At 10:30 that same day, Garwood appeared in Oliver North’s personal schedule for a meeting undoubtedly regarding her financial contributions and commitments.\(^6^8\) The day prior, North had met with Channell to presumably discuss the same.

Between 1983 and 1987, donors like Garwood proved instrumental to maintaining the Contra fighters in Nicaragua. These donors organized supporters on a grassroots level through public interest meetings and networking, met with other wealthy and influential people in their area, and acted as a foundation for conservative lobbying groups. Channell courted various wealthy widows similar to Garwood, entertaining and flattering them in the context of asking for donations to his organizations (then privately mocking them as “the blue rinse brigade”).\(^6^9\) Of the money Channell raised from private donors, twenty-five percent went to tours of swing-districts by Contra leaders, anti-Sandinista advertising, lobbying in Washington, and attack campaigns designed to unseat anti-Contra congressional leaders, while the rest went to the salaries of organizers and cost of maintaining the political network.\(^7^0\) Donors could also opt to buy arms, like planes, directly. This private fundraising, combined with state-orchestrated efforts by Oliver North, created a loosely united, yet still formidable, anti-Sandinista force within the Reagan administration and in the non-state arena.

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\(^6^7\) Check. “Check for $75,000 from Ellen Garwood to NEPL for Contra Arms.” DNSA. 23 August 1985. Item Number: IC01459.


\(^6^9\) Smith, 276.

\(^7^0\) Smith, 277.
In other words, while the machinery of the Reagan administration worked to create channels within the state to continue funding of the Contras and solicit non-governmental funds, actors outside the state also saw continued support of the Contra fighters as necessary to U.S. security interests. North assumed the lead on this plan, fulfilling his promise to Reagan to keep the Contras together “body and soul” through a series of elaborate relationships with lobbying groups and well-connected private individuals. In this chapter, I analyze how the non-state actors understood the actions of the Reagan administration toward the Contras and also how they shaped the Administration’s foreign policy. North’s position allowed him to forge inconspicuous business and political relationships with non-state institutions and organizations, which is significant because he remained an important actor while avoiding the spotlight in the media. I also discuss the non-state actors on a personal level in depth, exploring individuals like Channell, a political organizer, and prominent private donors like Garwood, and I analyze the involvement of these donors with both the non-state political organizations and the Reagan Administration. These non-state actors are significant due to their unprecedented involvement in the foreign policy creation and implementation process. Finally, I illustrate how donations were procured and where they were spent in the effort to promote the Contra cause.

Although private U.S. citizen donations alone did not completely sustain the Contras, their use and solicitation did indicate a new element of policy formation. During the Iran-Contra trials in 1989, the funds obtained from arms sales to Iran
and private donations gained most of the attention. The lifeblood of the Contra cause, however, was financed through contributions from third party countries. This thesis explores the donations from private individuals to further explore the formation of U.S. policy in the domestic sphere, but it is important to recognize that these private donations were not solely responsible for maintaining the Contra fighters and providing them with weapons. In total, from fiscal years 1982 through 1990, when the Sandinistas lost in a democratic election to a U.S.-sponsored leader, the U.S. government appropriated $322 million for Contra aid, with $142 million for military use and $179 million for nonmilitary purposes. Compared to these large government contributions, which were suspended for a period of time by the Boland Amendments, private donors contributed $10 million for Contra aid. As political scientist Richard Sobel recognizes, “private contributions from Americans and profits from arms sales to Iran received major publicity, only contributions from third countries were significant in helping to sustain the Contras financially when US government funding was unavailable.” The donations from non-state actors are historically significant, however, due to the unprecedented involvement of private U.S. citizens in a political action that directly drove the formation of foreign policy. These contributions demonstrate, as political scientist James M. Scott argues, that “treating foreign policy as the exclusive province of the executive branch is a narrow focus that does not reflect the complexity that flows from the constitutional

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72 Sobel, 288.
73 Sobel, 290.
74 Sobel, 288.
ambiguity, that is manifested in US history, and that ignores important features of American foreign policy making." Non-state actors became a part of the institutionalized policy-making process, complicating the policy formation process by adding a previously unseen driving force. While, in numerical percentage, their influence may appear small, the mere presence of this non-state involvement in policy formation remains significant because it establishes a channel for contribution, financially and politically, and creates a previously nonexistent mechanism for non-state actors to infiltrate the political spectrum.

Although these organizations, such as the National Endowment for the Preservation of Liberty and the American Conservative Trust, among others, were pressuring the state to pursue specific policies, they also grew due to Reagan Administration rhetoric and ideology. To generate support for these organizations, the Reagan Administration assisted in promoting their causes and goals. On April 20, 1985 the President issued a radio broadcast that claimed the Sandinistas were lobbying U.S. representatives and senators to deny aid to the Contras. He called upon the American people, asking them to see through the campaign of “distortion and lies” the Sandinistas were running. In support, the Washington Times published a five-part series identifying a network of hundreds of leftist groups, organizations, individual supporters, and politicians lobbying against the efforts of the Reagan Administration and the Contras to support the communist Sandinistas. The Reagan Administration recognized these leftist orchestrators as a threat to their

75 Scott, 238.
agenda of democracy and consequently identified and supported similar organizations on the conservative side of the political spectrum. While members of the left tried desperately to maintain the integrity of legislation to prevent the right from continuing to support the Contras, conservatives refused to desist. On both sides, social activists mobilized to campaign for their respective political goals, but conservative organizations became essential to the cultivation and growth of a non-governmental network of donors who contributed financially to the Contra cause.

The Reagan Administration also employed traditional advertising techniques to gain support for his Contra policy. Reagan’s rhetoric highlighted the deepest fears of the New Right, linking Soviet expansionism, terrorism, and international drug trafficking to the Contras in Central America.\(^{77}\) Casey and North, along with Assistant Secretary of State for Inter-American Affairs Elliot Abrams in the State Department, worked with professionals in advertising, public relations, and marketing to increase public support, both politically and financially, for the Contra fighters.\(^{78}\) This advertising scheme was initiated by the White House, but found cooperative political organizers in the non-state realm to orchestrate the details. The advertising approach demonstrates the desire of the Reagan Administration to mobilize private citizens and increase their awareness of the Contras and the military support necessary to salvage the situation in Nicaragua. Moreover, through this organized, coherent effort, the Reagan Administration quietly set the stage for solicitation of monetary contributions from private individuals. More than just basic political support, the advertising tools employed by the Reagan Administration

\(^{77}\) Kenworthy, 107.
\(^{78}\) Kenworthy, 112.
allowed for a foundation of non-state support necessary for North and Channell, among others, to orchestrate their elaborate plan to gain donors and financial support.

Privately, numerous political organizations worked to mobilize the anti-Sandinista cause. Encouraged by the President through policy and rhetoric, established conservative organizations like The Christian Broadcasting Corporation, the Unification Church, and Veterans of Foreign Wars, along with new Contra-specific organizations like the Nicaraguan Patriotic Association, Citizens for America, the Nicaraguan Freedom Fund, and Refugee Relief International engaged in aid they claimed was purely humanitarian in nature to avoid violating the Neutrality Act.\textsuperscript{79} By 1984, the President was personally engaged in soliciting funds, meeting donors one-on-one and at events to thank them. Before the Iran-Contra scandal erupted, in May of 1987, the President even claimed the fundraising of private humanitarian donors was his idea.\textsuperscript{80} This humanitarian aid, however, did not improve the human rights record of the Contras. Instead, by aiding Contras and classifying their families as refugees, these organizations provided more funding for the Contras to spend on weapons.\textsuperscript{81}

In September of 1984, State Department and CIA officials adamantly told the Senate Select Committee on Intelligence that there was no U.S. government involvement or sponsorship for private political organizations providing

\begin{footnotes}
\footnotetext{80}{Scott, 254.}
\footnotetext{81}{Kornbluh, 77.}
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humanitarian aid.\textsuperscript{82} In reality, however, the NSC briefed Contra supporters in specific organizations on the needs of the \textit{Fuerza Democrática Nicaragüense} (Nicaraguan Democratic Force (FDN)), a subset of the Contra fighters, provided transportation for goods to camps in Honduras, and facilitated contact between private individuals and Contra leaders. Additionally, the CIA assisted in dividing the proceeds from fundraising to different Contra factions.\textsuperscript{83} This example demonstrates the covert activity of the CIA and NSC. By exploiting political loopholes in legislation and boundaries of authority, the institutions created a united front designed to further an unpopular and illegal policy while maintaining secrecy.

If Oliver North worked as the main actor in this process from the governmental side, Channell acted as one of the central organizers for the civilians involved in supporting the Contras on the non-state side. Channell served in the military during the Vietnam War and following his return became deeply involved in the New Right opposition to Vietnam Anti-War protests. Prior to his involvement with the Contra cause, he maintained a low-profile except among Washington insiders.\textsuperscript{84} A fund-raiser by profession, Spitz Channell operated and managed multiple right-wing letterhead organizations including the National Endowment for the Preservation of Liberty (NEPL), the American Conservative Trust, and National Conservative Political Action Committee. Using his contacts in Washington and

\begin{flushright}
\textsuperscript{82} Ibid.  \\
\textsuperscript{83} Ibid, 79.  \\
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strong support from the Reagan Administration, Channell acted as a key component in a network of private citizens generating funds for the Contras.

Channell’s primary organization, the NEPL, hosted fundraisers and worked directly with officials, such as North, in the Reagan Administration. The NEPL described itself as a nonpartisan, tax-exempt nonprofit foundation. In its articles of incorporation, the NEPL claimed it worked towards a historical analysis of the evolution and progress of the American political system for purely educational reasons.\textsuperscript{85} Founded under the District of Columbia Nonprofit Corporation Act and operating under the provisions of Section 501(c)(3) of the Internal Revenue Code, contributions to the NEPL were tax deductible.\textsuperscript{86} Under these classifications, when donors made a contribution to the NEPL, which could buy a plane, supplies, or military hardware for the Contras, they could deduct it as a charitable donation. This special status is crucial to the analysis of non-state actors since it demonstrates the delicate, complex, and malleable relationship between state and non-state. The state recognized the NELP as tax-exempt; non-state individuals thus received a financial reward for monetary contributions to an agency that then passed those contributions on to illegal state-sponsored activities. In doing so, the state allowed for the creation of a gray area where individuals could use loopholes within the law to donate directly to a right-wing cause, despite Congressional barriers.


In 1985, the NEPL began soliciting donors on behalf of the Contra cause. Solicitation letters called upon individuals to help President Reagan in his efforts to thwart the communists destabilizing the Central American region. In the letter, Channell relayed that Reagan viewed “the Nicaragua situation [as] a keg of dynamite ready to explode” and noted the President is “extremely worried about the tremendous refugee problem...created by the Nicaraguan tyranny.”

One of the solicited individuals, James D. Dannenbaum, wrote directly to Vice President George H.W. Bush requesting confirmation that the NEPL was supported by the administration. In his letter, Dannenbaum revealed that Vice President Bush had previously discussed with him the NEPL and its upcoming requests for funding.

Dannenbaum also praised the Vice President for the Administration’s continued pursuit of freedom worldwide. While, in his response, Vice President Bush refused to link the Administration and the NEPL, he did vouch for the character of NEPL founder Channell, citing him as an organizer of an event in which the President had recently spoken, noting Reagan’s “appearance at the fund raising dinner affirmed our support for this cause.”

From the early months of the NEPL, the organization shared a close relationship with the Reagan Administration due to the political connections of Channell and the Administration’s need to continue to support the Contra cause. For

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donors who contributed over $300,000 dollars, Channell would promise an arranged meeting with the President, demonstrating both the involvement of the administration and the ties between Channell and Reagan as individuals. His solicitations promised potential donors that “support for victims of tyranny [in Nicaragua] will strengthen the President’s strategy...[showing] all governments the grass roots of America support his policy.” Channell assured donors he worked closely with the President in implementing policy although he remained a private citizen with no true governmental role.

During this time, Channell also built a relationship with officials within the Reagan Administration. In 1984, he wrote a letter to Reagan on American Conservative Trust (ACT) letterhead demanding the President to be more proactive in Central America and recognize the value of political organizations, like the ACT, in networking and talking with concerned citizens nationwide. This letter demonstrates the outward show of closeness to Reagan but the actual disconnect between the organizations and the President. This changed by 1985, as Channell’s relationship with the Administration clearly evolved when Oliver North personally wrote him a thank you note for his generous support, education efforts, and partnership with the Administration. North praised Channell as a person that “carried this great burden with dedication and a true sense of patriotism,” recognizing that “[Channell’s] resources helped carry the day...to save freedom from

90 Smith, 276.
91 “Fundraising Appeal for the Contras,” Item Number: IC00975.
extinction in Nicaragua.” The evolution of this relationship is significant because it demonstrates not only the growing connection between state and non-state actors in the foreign policy process, but also an emerging gray area in the duties of citizens in the formation of policy. Contra policies may have been misguided or poorly supported by the general American public, but private, well connected political individuals like Channell allowed for North’s rise to power and continued funding of the Contras without Congressional support.

The NEPL simultaneously solicited funds, networked with key conservative political leaders, and lobbied in Congress, acting outside their legal boundaries and creating waves in the political community. By the final month of 1985, Channell had received advertising proposals on behalf of the NEPL from large agencies like Robert Goodman. The proposal articulated a strategy in which the organization would purchase national television time to gain congressional funding and target possible swing voters in regards to Nicaragua and the Contras. As a tax-exempt organization, however, the NEPL was prohibited from lobbying activities. Regardless, the NEPL sponsored continuous political advertisements entitled “Freedom Fighters TV.” At the same time, internal papers reveal that NEPL officials were sending thank you letters to various influential politicians, like White House Communications Director Pat Buchanan, and also soliciting multiple individuals for sums over $20,000 per person.

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This behavior continued through 1986. In February, the NEPL held a press conference to announce a new multi-million dollar campaign entitled Central American Freedom Program (CAFP) designed to lobby in congress and increase education and awareness of the Contra cause among the American people. Operating in three parts: congressional lobbying, mass media, and grassroots mobilization, these efforts were meant to ensure that funds continued to flow to the Contras. Additionally, in the preparation and advertising of the CAFP, Channell’s organizations identified the “misinformation” of pro-Sandinista activist groups as an enemy in the fight to support freedom in Central America and Nicaragua. Publicly, Channell’s organizations like the NEPL and the American Conservative Trust worked to educate the American people about the virtues of the Contras.

Secretly, however, these organizations worked to tangibly further the goals of the Reagan Administration through closely involving political advisors to develop programs, not just promote the policy in the media. Early 1986 documents, including letters, personal calendars, and other means of correspondence, reveal that the American Conservative Trust (ACT) and NEPL were working closely with Oliver North and the NSC. In the release of the CAFP, the NEPL enlisted Reagan Administration insiders to promote the program to the public, giving the illusion of official government support to NEPL activities. The NEPL developed the CAFP to gain donors, but state officials within the Administration provided necessary support to transform the campaign into a mobilizing tool for the American public,


97 Ibid.
using White House intelligence and connections to elevate the status of the report.

Chief of Staff Don Regan, National Security Advisor Admiral John Poindexter, Oliver North, and Assistant Secretary Elliot Abrams joined NEPL-sponsored programming for the announcement of the CAFP.\textsuperscript{98} In 1985 alone, the NEPL and ACT spent over three million dollars supporting Reagan Administration programs in the media, and in return the Administration recognized and legitimized the conservative political organizations.\textsuperscript{99} By the revelation of the CAFP, the state had closely intertwined with non-state political organizations, creating a gray area in which private individuals gained insight and authority in the foreign policy realm.

Another key organizer was retired Major General Singlaub. Singlaub worked through the U.S. Council for World Freedom (USCWF), an organization created in 1981 to assist “freedom fighters around the world.”\textsuperscript{100} The USCWF provided food, boats, and helicopters for medical use after Congress passed the Boland Amendments and discontinued government aid to the Contras. Using the humanitarian loophole to assist the Contras, Singlaub advertised that he received the support of the Reagan Administration, the Pentagon, and the Department of State. Reagan himself wrote a letter to the organization, commending the USCWF and World Anti-Communist League on their support for the noble cause of the Contras.\textsuperscript{101} Singlaub chaired the Council for National Policy, another conservative activist group, and solicited wealthy individuals like beer mogul Joseph Coors, oil

\textsuperscript{99} Ibid.
\textsuperscript{100} Kornbluh, 79.
\textsuperscript{101} Ibid.
executive Nelson Baker Hunt, singer Wayne Newton, comedian Bob Hope, and football player Roger Staubach to contribute to the Contra humanitarian cause. Employing New Right morality rhetoric, they appealed to the sensitive side of conservative donors to protect innocent democracy advocates in Nicaragua from the communist terror of the Sandinistas. One dinner hosted by Singlaub in 1985, long after the passage of the Boland Amendments in 1982, where President Reagan gave the keynote speech, raised upwards of two hundred thousand dollars. The Reagan Administration used individuals like Singlaub and Channell with wealthy conservative political networks to gain support and funding from private citizens to assist the Contras in defeating the Sandinista regime.

Singlaub’s involvement with the Reagan Administration and the Contras differed from Channell’s political organizing approach. Singlaub worked within the USCWF and also represented GeoMiliTech Consultants Corporation (GMT), an arms brokerage run by conservative talk show host Barbara Studley with the purpose of advising and facilitating supplies of military, industrial, and agricultural products worldwide. GMT politically advocated free trade and strong national defense, so the corporation fit neatly into the goals of the Reagan Administration in Nicaragua. Singlaub, through GMT, submitted a plan to the CIA in 1985 to arm freedom fighters around the world without the knowledge of the Department of State or Congress by creating a three-way trade network with China, Israel, and the U.S. As a “neutral foreign trading company,” GMT could act as the middleman in this complex

102 Ibid, 80.
arrangement to provide the Contras with funding and arms without approval from traditional foreign policy channels.\textsuperscript{104} Although this proposal never came to fruition, it demonstrates the connection between Singlaub, the USCWF, North, and the CIA. Like Channell, Singlaub used his extensive political network to alter the foreign policy process through networking and lobbying influential political figures. North’s relationship with Singlaub, which he later denied, is recorded in North’s to-do lists, personal journal entries, and notes.\textsuperscript{105} The evolution and growth of an intertwined political network, while operating nearly entirely outside legislative channels led by state and non-state actors, worked to circumvent the Boland Amendments.

Congress, which constitutionally holds the power of the purse strings, stopped financial aid in 1982. Instead of abiding by the intent of the legislation, intelligence and National Security officials cooperated to form a network of state and private actors to continue to support the necessary foreign policy intervention in Nicaragua.

Channell and Singlaub worked extensively within the Reagan Administration with the support of a population of wealthy conservative donors heavily invested in the Contra cause. Channell’s letters demonstrated his belief that an appearance of popular support would strengthen the President’s policy domestically and in the eyes of the international community. The support existed in more than appearance, however, as conservative activists mobilized behind the Reagan Administration to


\textsuperscript{105} See Digital National Security Archive Numbers: IC00796, IC00923, IC01068 among many others which document phone calls, calendar appointments, and memos in North’s personal materials where he personally met or spoke with Singlaub.
combat the Central America peace movement and continue the intervention in communist friendly states like Nicaragua. These donors provided the foundation for Reagan Administration policy in Nicaragua and at times even funded the Contra forces to continue a largely unpopular, and Congressionally prohibited, goal that the New Right held dear: elimination of an elected, leftist, and hostile to the U.S. Sandinista regime.

Aircrafts were an excellent example of big-ticket items private benefactors were asked to purchase to support the Contra cause.106 On June 18, 1985, Coors Brewing Company Chief Operating Officer Joseph Coors met with Oliver North and William Casey in support of the Administration’s actions in Nicaragua.107 A few short months following this meeting, Coors transferred $65,000 to a Swiss bank account used by North and Casey to funnel money to the Contras.108 This money, provided by Coors after meeting personally with the state architects of Contra funding, purchased a U.S. Maule airplane to be used by the Contras in resupply missions. By purchasing items directly, as Coors did, private donors, under North’s careful coaching, circumvented the Boland Amendments’ restriction of U.S. government funding to provide Administration-backed support for the Contras. Interestingly, it appears the relationship initially built between Coors and North then transferred to Channell. Instead of continuing to meet with North directly, Channell’s personal calendar entries indicate that he assumed the contact point with

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Coors following the donation. While Coors, unlike Garwood, chose to keep his charity of choice private, his donation still underscores the involvement and investment of wealthy conservatives nationwide in Reagan’s top foreign policy goal.

Like the Reagan Administration, the leaders of the Contra forces also networked with influential individuals to gain support from the U.S. people. Richard Miller, a Reagan campaign aide, founded International Business Communications (IBC) in the summer of 1984 and quickly became partners with Frank Gomez, a retired U.S. Information Agency Official then associated with the State Department’s Office of Public Diplomacy for Latin America (S/LPD). Gomez and Miller together used the IBC as a front organization to supply contracting services to Channell and North. This connection is of great significance because it demonstrates that the U.S. was not imposing policy on the Contras, but rather working with representatives to achieve a common goal in Nicaragua: the overthrow of the Sandinistas.

In 1985, Adolfo Calero, leader of Fuerza Democratica Nicaraguense (FDN), a Contra group, sent a letter to Channell informing him that the Contras required over $500,000 per month to continue their fighting. In the letter, Calero specified Miller and Gomez as Channell’s contact points for updates on the progress of the Contras. Although Gomez remained in a semi-governmental role, as a private, well connected, citizen Miller successfully used his business as a middle ground in the

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implementation of foreign policy. Instead of donating directly to other organizations, Miller created a business to serve and protect the U.S. government. Miller’s involvement demonstrates the contributions of private citizens in more ways besides financial; his organizational skills and connections allowed him to assist the Contras without possessing a formal role in the Reagan Administration.

Once Miller gained the trust of the Channell, he assisted in running the first White House event in 1985 for fundraising. North served as the keynote speaker, giving a brief presentation on the Contras and the policy issue. Then, Miller and Channell escorted donors to the Hay-Adams Hotel across the street to solicit them for contributions. This isolated incident became, with Miller’s assistance, the standard process for Channell’s solicitation process.\textsuperscript{111} North bowed out before donations were requested, providing the state with protection from liability. Then, the private individuals, immediately after North’s presentation, collected funds to be distributed through their own organizations with North’s direction and blessing.

In these situations, Oliver North was not the careful craftsman, but rather a member of an elaborate fundraising cohort primarily operated by private, non-state individuals. These individuals, from Garwood to Singlaub, operated in many different capacities but all acted to implement and create foreign policy outside of the state, a power typically associated with the Executive Branch. The Reagan Administration influenced these individuals, providing a policy goal and assisting in its direction. The remarkable initiative of these private individuals to enact a

specific policy, however, demonstrates the capability of regular citizens to alter the
course of policy through wealth, connections, or determination. This non-state
mobilization, occurring on a level likely unbeknownst to the President, allowed the
military activities of the Contras to continue with U.S. support long after
Congressional prohibitions on funding and arguably entirely without the explicit
approval of the Commander in Chief.
Chapter 3: It All Falls Down

In October of 1986, the Reagan Administration’s carefully constructed web of covert Contra funding began to unravel. On October fifth, Sandinista forces in Nicaragua gunned down a C-123 cargo airplane flown by Eugene Hasenfus, an American pilot. Hasenfus admitted he had been dropping weapons, among other supplies, to the Contras in contradiction to the Boland Amendments. Although documents on the aircraft linked the mission to the CIA, both the White House and CIA Director Casey denied the connection.¹¹² When the Sandinistas tried to return the bodies of the other passengers, the U.S. refused to accept them, continuing to deny it was a private operation with no connection to the White House.¹¹³ Hasenfus, the only survivor, remained in Sandinista custody until December.¹¹⁴ This triggered a series of media investigations, which catalyzed Congressional investigations and ultimately the explosive Iran-Contra Affair.

Although the private donations played a role in the Iran-Contra Affair, the majority of the scandal and funding allowing Contra activities to continue stemmed from the donation of weapons from third party countries. After winning re-election in 1984, Reagan had ordered sale of weapons to Iran, breaking the Arms Export Control Act, which prohibited transfer of U.S. arms without express permission of Congress, and then directly funneled the money generated to the Contras. Weapons

¹¹⁴ Ibid, 104
were relayed through Israel, where they would deliver Israeli weapons to Iran to negotiate the release of hostages held by the radical Shiite Islamic group Hezbollah in Lebanon. Congress never received notice of this elaborate exchange. In November of 1986, shortly after Hasenfus crashed in Nicaragua, a Lebanese paper published an exposé on the arms sales.115

While, in monetary amount, the private donations did not rival the financial contributions of third party countries, the use of domestic actors to support a foreign policy remains significant because it demonstrates the capability of private U.S. citizens to act outside of traditional democratic channels, such as voting, to influence and shape the policy process. In the Iran-Contra Affair, most publicity focused on the involvement of third party countries, but in the age of globalization, the impact of non-state domestic actors is historically significant because it illustrates the complex and fluid balance of power within the U.S. government—not only between the Executive, the bureaucracy within the Administration, and ordinary citizens. The involvement of non-state actors indicated the evolution of new channels of policy creation that remains in the current era, indicating the significance of the non-state involvement irrespective of monetary amounts.

Initial inquires, although unsuccessful, grew from articles in the press about the activities of the Contras and their continued support from the U.S. As demonstrated in the prior chapter, private donors, unaware they were engaging in illegal covert activity, campaigned heavily on behalf of the Contra cause and

networked to encourage more donations.\textsuperscript{116} In May of 1986, shortly before officially inquiries passed, the Miami Herald published an article accusing North of knowingly and directly violating the Boland Amendments.\textsuperscript{117} These accusations startled the NSC and White House, creating the first stirs of scandal amongst the administration.

Official investigation into Contra support began with Congressional action, in the form of House Resolution 485, which passed on June 24, 1986. This resolution demanded the President submit any documents concerning Oliver North’s communication with any Contra officials and North’s communication with other prominent organizers, like Major General John K. Singlaub.\textsuperscript{118} This investigation resulted partially out of personal vendetta against the Reagan Administration and Oliver North by Democratic House members. A NSC memorandum to Poindexter accused Representative Ron Coleman (D, TX) of filing H.Res.485 on behalf of Representative Michael Barnes (D, MD), who had attempted to inquire into the activities of North for the past year unsuccessfully.\textsuperscript{119} The memorandum subtly mocks the inquiry efforts of the Democratic Representatives, exuding confidence that no records would be released. The White House prepared recommended answers for their officials when the press asked why the documents were not released, assuring the press and people of the United States that the actions of Oliver North, the NSC, and the White House had been in compliance with the spirit and

\textsuperscript{116} See “A Copter Called Lady Ellen.” Item Number: IC01418.
letter of the law regarding actions in Nicaragua. The recommended answer went so far as to imply that this inquiry was a political tool against the White House strategically timed around a contra aid vote in Congress.\textsuperscript{120} As congressional support mobilized for a witch hunt in the NSC, North and his cohorts dodged initial efforts at investigation, continuing to believe their activities would remain entirely secret. To try to avoid a scandal, Reagan held a press conference on November 25, 1986 to announce that North had been fired and Poindexter was resigning.\textsuperscript{121} Yet this failed to control the investigations and media whirlwind.

In March of 1987, the General Accounting Office (GAO) began investigations of the State Department’s Office of Public Diplomacy of Latin America (S/LPD). In a series of two reports, published on September 30, 1987 and October 30, 1987, the GAO revealed funds were being used for publicity and propaganda purposes in regard to the Contras not authorized by Congress. Shortly thereafter, a State Department Office of Inspector General report revealed that military contracts awarded to International Business Communications (IBC) were questionable and classified as SECRET to avoid public disclosure. These reports, summarized in Staff Report on the State Department and Intelligence Community Involvement in Domestic Activities Related to the Iran/Contra Affair, support the conclusion that “S/LPD was set up and managed by operatives in the National Security Council (NSC) who maintained close ties with Oliver North and former CIA Director


\textsuperscript{121} Lynch & Bogen, 3.
This report demonstrates that North, through his post at the NSC, employed his allies in the S/LPD to engage his resources in lobbying and propaganda in support of pro-Contra policies. Simultaneously, North awarded military contracts to friendly suppliers at the IBC who in return put him in contact with powerful political organizers like Channell who were vital to maintaining the strength of North’s efforts. This network served to further a policy supported by ordinary citizens, political organizers, and bureaucrats without navigating the traditional democratic channels of foreign policy.

The first Contra funding figure to face criminal consequences was Carl “Spitz” Channell. On April 28, 1987, Channell plead guilty to one count of defrauding the Internal Revenue Service through his activities with the National Endowment for the Preservation of Liberty (NEPL) by soliciting non-humanitarian aid for the Contras. The NEPL operated successfully due to its tax-exempt status, gaining donors and sympathetic ears, but acted outside of its legal bounds in using the funds acquired. In his plea bargain hearings, Channell listed North and Richard Miller as co-conspirators, fueling the witch-hunt for North and demonstrating the scope of the funding network. The following day, Miller, head of International Business Communications (IBC) plead guilty to conspiring to defraud the IRS through the

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123 Ibid, 4-5.
NEPL. Miller and Channell’s political moments quickly ended as the Iran-Contra Affair escalated into national scandal.

Although Channell, a prominent organizer of the non-state actors, faced the consequences of his involvement, on an individual basis the non-state donors remained largely uninvolved. The Iran-Contra Affair focused on the public actors and therefore the support network of wealthy non-state actors remained unscathed in the political battles. Lack of criminal charges, however, does not vacate the importance of these actors in the evolution of the scandal. These private individuals provided the resources, enthusiasm, and connections necessary for the Contra movement to appear popularly supported to a determined Reagan Administration. While political actors, and non-state organizers, assumed the majority of public attention, these non-state actors remained quietly behind the scenes in most cases, allowing for the creation of a precedent for non-state actors to influence U.S. policy without fear of repercussions. Criminal charges do not determine the significance of an individual, but rather demonstrate the ability of some actors to remain entirely unknown to the American public while still shaping the policy of the nation.

Congressional hearings began in May of 1987, with North at the center of the public spectacle. Rather than remarkable for their content, the Iran-Contra Affair congressional hearings became legendary for the resulting outpouring of support and attention for North. After years of covert action, manipulation of legislation, and networking with political organizers, North’s role became that of an American

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126 Lynch & Bogen, 4.
icon, not a popular villain. North appeared dressed in his Marine regalia, using common language to assert that he was simply there to tell the truth while navigating manipulative interrogators.\textsuperscript{127} North accurately portrayed himself as a simple man with simple goals passed down by his commander and chief. In Michael Lynch and David Bogen’s analysis of the Iran-Contra hearings, quoting a \textit{U.S. News and World Report} article, the authors depict North’s emergence as “a national hero, [who] became a national sensation accomplishing a stunning role reversal from the accused to the accuser.”\textsuperscript{128}

Once the veil of secrecy was ripped away, North’s “neat idea” became a scandal that defined the Reagan Administration. With the administration in chaos, National Security Advisor Poindexter, North, and White House chief of stall Donald Regan were fired in quick succession. William Casey suffered a stroke, and after brain surgery died within months. McFarlane even attempted suicide.\textsuperscript{129} In the final months of 1986 and throughout 1987, Reagan’s poll numbers reflected a twenty-percentage point drop in approval from prior months.\textsuperscript{130} While in office, approval ratings floated in the low 50’s, but, over time, Reagan’s approval ratings have increased. Gallup conducted a poll in 2002 and retrospectively 73\% of people approved of the way Reagan handled his presidency.\textsuperscript{131}

Although Reagan left office with lower poll numbers than his average approval rating, historians still struggle to reconcile the consequences of the Iran-

\textsuperscript{127} Lynch & Bogen, 23.
\textsuperscript{128} Lynch & Bogen, 31.
\textsuperscript{129} Mann 141.
\textsuperscript{131} Newport, Jones, and Saad.
Contra Scandal on the Reagan legacy. In popular discussion, the media often discusses Reagan as one of the greatest American presidents. Reagan’s continued strong reputation stems primarily from the dissolution of the Soviet Union in the final years of his presidency. The American people identified Reagan's foreign policy as successful due to prioritization of US interests, employing idealist rhetoric and policies when Communism was not a direct threat, or to aid in the battle against Communism, and maintaining a realist outlook when tackling the Communism globally. The Iran-Contra scandal, therefore, was a mere stain on the reputation of Reagan and had little effect on his lasting legacy, which remained defined by the popular association of Reagan with the end of the Cold War.

The Iran-Contra affair sheds light on the use of low-level operatives in the Reagan administration to achieve unpopular goals or simply for the sake of efficiency. North’s relatively low ranking position in the bureaucratic NSC allowed him to escape scrutiny early on and seamless transition through many circles of political society in soliciting donations and forming political networks. Surprisingly though, Reagan also used low-level officials in other foreign policy missions. Plans for summit meetings with Mikhail Gorbachev sometimes went through a female American author who had a personal relationship with Reagan and a KGB official in Moscow instead of through the secretary of state. These two incidents, one that evolved into a national scandal and one that still remains largely unknown,

133 James Mann, xvi.
demonstrate the continued use of private secret intermediaries when implementing foreign policy. Although this broader topic goes beyond this thesis, the historical narrative would benefit from further analysis of covert interactions as documentation becomes declassified.

Through a complex, cohesive effort by Reagan Administration officials, including Oliver North, William Casey, Robert McFarlane, and non-state organizers, private donors, and well-connected political activists, the Reagan Administration enabled continued support of the Contras in a period of time in which the Boland Amendments specifically prohibited such action. While impossible to quantify, non-state actors and their support for North through political organizations clearly furthered a Congressionally banned policy in Nicaragua through the purchase of planes, cohesive advertising efforts, and functions like dinners in which Reagan and his support staff were directed to continue pro-Contra rhetoric and New Right ideology. Both state and non-state actors were necessary components in this system, but the introduction of non-state actors in the realm of foreign policy demonstrates an unprecedented political involvement by non-state actors. These non-state actors faced dramatically fewer consequences than North and Reagan, allowing for their role in the policy process to potentially continue in the modern political era.

Although the legality of Contra support and the scandal did not ruin Reagan’s reputation, it catapulted North into the center of a political storm. Largely due to a scheme in which third party countries, like Israel and Saudi Arabia, funded arms resupply missions for the Contras, North became a target for the media whirlwind.
Reagan conferred to North—through limited dialogue, an ideological platform, and his subordinates—that he should do anything in his power to keep the Contra forces together and in strong opposition to the Sandinistas. North recognized he would “stand in the corner and sit on his head” if Reagan asked him, and this mentality allowed the Iran-Contra Scandal to become a display of American patriotism rather than deceitful government military action.\textsuperscript{134} When the scandal erupted, Reagan remained relatively unscathed, and North became a celebrity and took the blame.

The narrative of the Contra funding requires an understanding of the forces that motivated North. North believed that his ultimate superior, his Commander in Chief, ordered him to employ whatever means necessary to keep the Contra forces alive and in doing so protect the freedom of America from the leftist influence of the Communists in the Cold War era. As the hearings revealed, the legality became insignificant to the populace, and an American hero was born from the shrouds of covert military force.

In the mess of national scandal, the path of policy formation lost significance compared to what was actually occurring in Nicaragua. Activists championed the human rights cause, Democrats sought to destroy Reagan and North, and citizens everywhere simultaneously watched the scandal with disgust at awe at the spectacle broadcasted to thousands of televisions nationwide. Instead of a strong executive Commander in Chief, who solely commanded the armed forces and military power of the United States, Reagan emerged as a somewhat clueless yet

somehow involved ambiguous authority figure. Speculation ran wild, from Saturday Night Live skits to conspiracy theory books still in circulation.\textsuperscript{135} The Iran-Contra Affair exposed the false reality of an executive monopoly on foreign policy and military force. Private citizens, through elaborate networks of political organizers and bureaucrats, became a necessary component of the foreign policy formation. Without their dollars to finance lobbying campaigns and even arms drops, the policy could not have sustained as long as it did. At an economic summit in 1989, Reagan still insisted his ignorance to the actions of his aides like North and McFarlane in organizing support for the Contras.\textsuperscript{136} His persistence could indicate he still felt the need to cover his tracks, but I argue that his reluctance to accept blame may indicate that other actors shaped the policy in a direction he never anticipated or requested. The delicate balance of private funding, subsisting due to an illegal, complex, and not entirely public network, created a policy internationally perceived as a product of the United States Government, demonstrating the ability of non-state actors to shape foreign policy and the inability of the state to fully maintain control over its trajectory. Since the non-state actors, with the exception of prominent organizers, also remained shielded from legal charges, their ability to effective engage, shape, and implement foreign policy as a piece in an extensive political network remained intact as a precedent for possible later administrations.

This relationship between the New Right political activists, who are not part of the government, lobbying and raising money continued throughout the post-Cold


\textsuperscript{136} Mann, 196.
War era and continues to shape American foreign and domestic policy. In 2010, the landmark Supreme Court case *Citizen’s United v. Federal Election Commission* (558 U.S. 310) established that the U.S. government could not restrict monetary contributions from corporations and unions to campaigns because they represented a form of free political speech under the 1st Amendment. This decision led to the evolution of Political Action Committees (PACs) in the 2012 election that supplied enormous amounts of funding to candidates to be used in campaigns and lobbying. Arguably, this trend can be connected to the Reagan era and ascendency of the New Right, when a blueprint was established, as demonstrated in this thesis, to influence policy domestically and in foreign affairs through undisclosed financial contributions from ordinary citizens. The blur between private and public actors began in the 1980's and has continued into the present era, allowing new actors to shape the policy making process in unprecedented.
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**Primary Source Material:**


