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NATIONAL SECURITY COUNCIL MEETING

Thursday, March 19, 1981

TIME AND PLACE: 3:00 - 4:00 p.m.
The Cabinet Room

SUBJECT: Sinai Peacekeeping and Pakistan

PARTICIPANTS:

President Ronald Reagan

Vice President George Bush

State

Secretary Alexander Haig
Deputy Secretary William F. Clark

Defense

Secretary Caspar Weinberger
Deputy Secretary Frank Carlucci

Justice

Attorney General William French Smith

USUN

Ambassador Jeanne Kirkpatrick

OMB

Director David Stockman
Associate Director William Schneider

CIA

Director William Casey

JCS

General David C. Jones
Lt. General John Pustay

White House

Edwin Meese III
James Baker
Richard V. Allen

Office of the Vice President

Admiral Daniel J. Murphy

NSC

Geoffrey Kemp
Major Chris Shoemaker

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Mr. Allen began by stating that there were two items on the agenda for today's meeting: Proposals for a Sinai Peacekeeping Force involving U.S. participation and a Military and Economic Assistance package for Pakistan. Mr. Allen then turned to Secretary of State Haig to open the discussion on the Sinai peacekeeping force.

Secretary Haig: The peacekeeping force for the Sinai following the final Israeli withdrawal in April 1982 will require American participation. This obligation evolved as a result of the Camp David accords and the Egyptian-Israeli Peace Treaty. The peace treaty calls for a UN-sponsored peacekeeping force for the Sinai, but the Soviets vetoed this. There is no indication whatsoever that they would not veto another proposal to go to the UN for such a force. When Israeli Foreign Minister Shamir came to visit earlier this month, he wanted a commitment for a totally U.S. force to undertake the peacekeeping function in return for Israel's final withdrawal from the Sinai. Secretary Haig said to Mr. Shamir that this would have to be negotiated. He said to Shamir that the U.S. had two options: either a force involving no U.S. participation (this was a strawman); or a multinational force with U.S. participation. The bottom line on this issue is that Israel will now only accept a multinational force with U.S. participation provided that it has full enforcement capabilities. Although we have begun background discussions with the Israelis and the Egyptians on this force, the size, composition and command structure of this force are still to be decided. There was only a year to go before the final withdrawal has to be completed. Therefore there is some time pressure. Hence we need a decision in principle to commit U.S. forces to this peacekeeping role.

Secretary Haig stressed that there were some very sensitive issues here. There has been press speculation about what our policy was. The reality is that we don't know where the negotiations will lead to in terms of the size and composition of the force. We feel that at a minimum the U.S. force components should be capable of survival and enforcement. This might require air cavalry units. Certainly helicopters would be needed. However, we should not fix on a size of the force at this time. The second element of press speculation had to do with the dual purpose of this force. It was being said that we were looking for a permanent base in the Sinai for our Rapid Deployment Force. This has had a devastating effect on our reputation and our interests in the region. We cannot have a permanent base and under no circumstances can we talk about it as having a dual purpose. This will compromise the whole peacekeeping negotiations with the Egyptians and the Israelis.

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The President asked Secretary Haig what he thought the chances were of successfully getting friendly countries to contribute to the multinational force: the Canadians or the Australians?

Secretary Haig thought that the prospects were good. Certainly Canada and Australia were good bets although Sadat and the Israelis will have a veto on who is to participate. Neither of them will accept traditional enemies and given Sadat's record with the Russians, there was no possibility that the Soviet Union would be included in this force.

The President asked what sort of reaction these proposals would get on Capitol Hill coming in the wake of the El Salvador rumpus about U.S. overseas involvement. The President wanted to know where the sensitivities to this issue are on the Hill.

Secretary Haig did not believe that there would be a problem on the Hill if the force was accurately described, as it should be, as a peacekeeping force.

The President then asked Secretary Weinberger whether the Department of Defense had any ideas on the size and composition of the force and what some of its missions would be.

Secretary Weinberger: As far as possible secondary uses of the force were concerned, we should remember that our primary objective in the Middle East is to defend the oil supplies. The type of force required for this mission should not be mixed up with peacekeeping efforts in the Sinai. In terms of the composition of the force, we need to be careful about what we are saying here. The Israelis want more than a peacekeeping force. They want a full retaliatory capability. The Secretary stressed that at this point in time we did not want to consider ulterior uses of the peacekeeping force aside from peacekeeping. Ultimately we do want the capacity to reinforce our presence in the Persian Gulf if we have invitations from the local governments to do this. The Secretary believed it would be unfortunate if the United States was the only participant in the peacekeeping force. We had to work to maintain friendly relations with the local Arab countries to look after our wider strategic interests.

The President noted that this, of course, is one reason why we approved the sale of the F-15 enhancement package to Saudi Arabia.

Secretary Haig agreed that the F-15 provided this leverage for improving our defense association with forward countries.

The President stated that in view of the sensitivities of the problem, it was very important that Mr. Brady and Mr. Dyess keep each other closely informed of our public position on the uses and purpose of this force.

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Secretary Weinberger noted, in returning to the F-15 decision, that the Saudis were pushing for the two extra items that had not been formally approved for the enhancement package. He said that it was important not to lose momentum on the benefits we have gained from the enhancement package. He felt that we should soon reach a decision on the sale of AWACs to Saudi Arabia and start working on the bomb rack problem.

E.O. 12958
As Amended
Sec. 1.4(a)

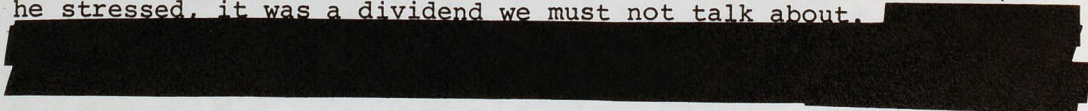


Vice President Bush asked whether there were any plans that had not been discussed so far for other uses for a U.S. force in the Sinai? Are there any contingencies that under different circumstances would permit us to use this force?

Secretary Weinberger: If the Soviets were to invade Iran we would want to stop them as far forward as possible. We do have the ability to project two divisions to the region but we cannot resupply them without forward bases. Presumably under these circumstances the Saudi Arabian attitudes towards our forward presence would change, in which case the Sinai facilities could be very useful. He was not suggesting that we had plans to do this at this time. Furthermore, there was no suggestion that the peacekeeping force would be solely an American effort. It had to be multinational. In fact, by having more foreign countries involved it gave us more plausibility in the region.

General Jones: One point to bear in mind is that there are various definitions about what a peacekeeping force is. It can range from a small unit equipped with jeeps and radios to a full combat presence. We want to have a combat presence. For one thing this gives us good opportunity to train our forces in the region. Although the purpose of the force is not for training, it was a residual benefit that could not be ignored. Depending on the outcome of the negotiations with the Egyptians and the Israelis, we can structure any sort of force that was required but from the perspective of the Joint Chiefs a combat force was very desirable for both explicit and implicit reasons. Ideally the Joint Chiefs would like a battalion size force, possibly air mobile cavalry. This would run to about 1600 people if you include the support. You can go larger or you can go smaller depending upon what the purposes were.

Secretary Haig noticed that there was another dividend that could accrue from the sort of force described by General Jones. But, he stressed, it was a dividend we must not talk about.



E.O. 12958
As Amended
Sec. 1.4(a)

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E. O. 12958
As Amended
Sec. 1.4(d)

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Mr. Allen asked where the American component of the peacekeeping force would be based.

General Jones noted that the main area where we hope to put people was at Sharm al-Sheikh. There was an airfield twenty kilometers from Sharm which could be used and that's where most of the men and equipment would be housed. We would cover the area of the third zone up to Eilat while the remaining units of the multinational force would cover the Negev section. However, we would probably provide helicopter coverage for the Negev section. Also, we would probably keep a civilian presence to monitor electronic sensors. The civilians would retain institutional memory and provide continuity. It was hoped to rotate as many U.S. forces in and out of the region as possible for training reasons. We would also like to be able to use two Israeli air bases at Etzion and Eitam for fueling depots for the helicopters and for command relay stations.

Mr. Allen noted that the two air bases General Jones referred to were excellent facilities. They had been built by the Israelis with our help during the occupation of the Sinai. He wanted to know whether there was any discussion of using them aside from purposes of fuel and communications. He wondered if there had been a survey of the bases.

General Jones noted that right now we were helping to build two more bases for Israel in the Negev. The Israelis wanted us to help them build three new bases but we had only agreed to two. This was part of the Camp David agreement and was given to Israel in return for its withdrawal.

Mr. Allen noted that one of the problems with using Etzion and Eitam was that when they reverted to Egyptian sovereignty the Egyptians would not want them to be used for military purposes. He wondered whether we could link our access to these bases to our proposed aid packages to Egypt.

Secretary Haig felt that this might be possible though no one could be sure. He noted that the preliminary talks held by Deputy Assistant Secretary Sterner with the Egyptians and the Israelis on this whole range of issues look very promising and there was the hope that a common ground could be worked out.

Mr. Allen asked whether this was on the specific issue of the use of the air bases?

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Secretary Haig said no. He was really referring to the broader issue of peacekeeping.

Mr. Allen came back to the question of Etizion and Eitam. The President had mentioned them during the campaign as being very good facilities. He wondered how this related to the alternative Egyptian base we were developing at Ras Banas?

Secretary Haig noted that there were different issues here. In the case of Ras Banas the Egyptians were prepared to let us use them, but there was to be no formal agreement. There was to be no talk about Ras Banas as an American base.

Ambassador Kirkpatrick mentioned that in the last week she had had two approaches from Egyptian representatives at the United Nations. They stressed their hope that the Siani force would be multinational and that the multinational character of the force would be emphasized. The Egyptians would prefer one more attempt to get UN approval for a UN force if only to publicize the UN's refusal to participate in the peace process. The Egyptians told the Ambassador that they felt that if the force were multinational it would ease their problems on the possible use of the bases. She also said that the ambassadors of four other nations had come to visit her and had mentioned that they were looking forward to the early establishment of a peacekeeping force in the Sinai and it was their hope that this would have other functions. She noted that these were unsolicited comments and pointed out that other countries are clearly thinking about the implicit use of the peacekeeping force, although of course not talking about it publicly.

Secretary Haig suggested another hidden asset of the peacekeeping force with an American presence. The mere fact of our permanent presence in the region would give a signal to our friends. It would tell them that we are prepared and capable of helping them.

Mr. Allen noted that under the terms of the Camp David agreements the air bases were not to be used by the Egyptians for military purposes and therefore our peacekeeping force was an opening wedge for possible use in the future.

General Jones: The Israelis have begun to dismantle the air bases. We would like them to stop this.

The President noted that this would be very pleasant if they would do so.

Mr. Allen again stressed that these were excellent bases.

Mr. Meese asked that if we were to eventually expand our presence and use the air bases, would this require more people than those mentioned by General Jones?

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General Jones: At the moment they were thinking about 12 to 20 Americans on these bases merely to service the fuel and communications facilities.

Mr. Meese wondered about perimeter airfield defense capabilities?

General Jones: At this point what we are talking about is a foot in the door.

Mr. Allen wondered whether one of the other foreign countries could take over the air bases or that one of them could become a civilian airport for the use of the city of Eilat.

General Jones said that if we could get another nation into Etizion or Eitam, this would keep in "warm."

At that point (3:25 p.m.), the discussion on the Sinai peacekeeping force ended.

The President now suggested that we move ahead to consider the item on the agenda related to Pakistan.

Secretary Haig began by saying that the Pakistan problem was very simple. Pakistan was a vital strategic bastion, but it was on the skids. Its relations with the United States had been deteriorating since the Indo-Pakistani war of 1971. Since then, Congress had countered Administration attempts to help Pakistan by taking restrictive legislative moves. Our policies towards Pakistan in recent years had been dominated by the nuclear question. The possibility that Pakistan would develop a nuclear bomb is complicated by the fact that their appetite for nuclear weapons was fueled by India's capacity in this arena. Secretary Haig noted that President Carter had offered Pakistan \$400 million in aid which President Zia had called "peanuts." The Secretary felt that their rejection of our aid offer had less to do with the size of the package and more to do with their sense of outrage that we didn't understand their problems.

Secretary Haig said that there have already been meetings of the interdepartmental group (IG) and the senior interdepartmental group (SIG) on Pakistan which concluded that now was the time to make a new effort to improve our relations. Along with Turkey, Pakistan was a key country. Both had large armies that were well trained and well led, but had lousy equipment. Their equipment was in shambles. In terms of money, it might take up to \$2 billion dollars over the next five years to help get the Pakistan military back in shape. What we were proposing was about \$600 million for FY 82. Under the Carter Administration there had been indications that we would make available sophisticated weapons such as the F-16. We would prefer that they bought cheaper equipment since you can't buy many F-16s with the amount of money we were willing to offer to them. We have a problem. How are we going to pay for this program?

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Mr. Stockman: He didn't want to be the fly in the ointment, but he did indeed wonder how we are going to finance this request. Would this be an add-on to the FY 82 budget? The request was not in the budget and already there had been unexpected increases in the budget since the Administration came into office. The Polish crisis had resulted in the rescheduling of \$600 million in the FY 82 program. Then, part of the \$900 million contingency fund we set up was being used to guarantee more money to Egypt. Now Israel is going to come in and ask for similar treatment and wanted direct military credits. And given the politics of Capitol Hill, the Israeli request would be added on by the various committees. Also, we may need to consider money for Africa which will have to come from contingency funds. We have to have some way to get offset costs if we don't want the budget to go out of control. Mr. Stockman urged that we look at the changes that have occurred in the defense and security assistance budgets in recent years. In 1980 the total for the DoD and security assistance budget was \$148 billion. The budget submitted by the Reagan Administration by March 10 of this year called for a total of \$233 billion. This represented a 54% increase in two years.

If we approved the money for Pakistan, can we get some money out of other funds that are presently allocated for the military budget and international security assistance? If not, from where?

Secretary Haig had noted that no one had forecasted the problem in Poland and that he had already alluded to the problem of Pakistan to Mr. Stockman and they were discussing the security assistance budget earlier in the Administration.

Mr. Stockman didn't recall this conversation.

Secretary Haig insisted that it had taken place. He had pointed out that the overall security assistance budget was much less than that proposed by President Carter. There had been no dramatic increase in the security assistance budget. The increases had taken place in the defense budget.

Mr. Stockman noted that something has to give. That's the problem. Maybe there are some technical things we can do.

Secretary Haig: We have to give Pakistan at least \$100 million more than the "peanuts" budget that Carter had proposed. No one underestimated that this was a tough problem, especially given Pakistan's nuclear developments.

Mr. Stockman wondered if there was any way we could adjust the components in the proposed budget and switch some of the on-line concessional credits which appeared in the budget to guaranteed credits which do not appear in the budget.

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Secretary Haig noted that he was going to ask the Saudis to contribute to the overall Pakistani aid package. He was going to press this when he went to the Middle East.

Mr. Stockman came back to the question of financing. Could we reschedule or reshuffle some of the money?

Secretary Haig said he did not see how we could do it out of the international security assistance budget.

Mr. Meese asked a question about the size of our contingency funds and what do we expect and will we be ready for next.

Mr. Stockman alluded that there was about \$350 million of contingency funds not yet committed.

Secretary Haig: We will have to go to a supplemental.

Mr. Stockman: He would need the authority to go back to cut something out of the domestic budget. He can't do this without offsets. However, the cuts do not have to come out of the security budget.

The President asked a question about the Polish debt.

Secretary Haig noted that this was essentially "forgiveness," because they can't pay the servicing charge.

Mr. Casey intervened that you could not get blood out of the stone.

Vice President Bush: But where are we going to find the money?

Mr. Stockman noted that if he had time he could probably pick up a few funds without add-ons. There was, for instance, an extra \$100 million left over this year from the Southeast Asia refugee fund. Maybe some of it could come from that. Maybe he could dig further into the contingency funds?

Secretary Haig recommended that there be approval for the money for Pakistan in this year's budget and we then get together to see how we can get the money. If we let this slip much further, we may not get it to Congress in time.

Mr. Stockman: All he felt that he needed was help to get the money offset.

Secretary Haig: But where in the State budget? We are talking about ongoing programs.

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The President noted that when he was going through his desk last night he found an interesting article written by Caspar Weinberger on how to reduce government spending!

Mr. Allen: Would it be possible to have an immediate meeting to move rapidly to resolve this question to come to a final decision on where the money was to come from?

Mr. Stockman: We would need ten hours. We've got to make a gesture to pick up some savings from elsewhere.

The President noted that his silence on this matter was not from lack of interest but rather because he was afflicted with two allergies: the allergy of wanting to control government spending and the allergy of wanting to increase our national security posture. He agreed that Mr. Stockman should see what could be done from the current budget.

Mr. Meese: We are going to have to be awfully hardnosed about reordering our priorities. We've got to make some tough choices. Is this situation in Pakistan more serious than in other parts of the region?

Secretary Weinberger alluded to the fact that the Department of Defense's requests for money had been discussed on the Hill recently and that DoD's credibility would be weakened if they had to take money out of their budget for Pakistan. The DoD budget was "bare bones." People were looking for ammunition to find slack in the Defense budget.

Mr. Baker and then Mr. Meese asked about what might be coming down on the pipeline? What might we have to be funding in the future along similar lines?

The President asked whether there was some real estate the federal government owned that could be sold?

Ambassador Kirkpatrick asked whether we could recycle the Polish debt?

Mr. William French Smith wondered whether we could sell some land out West.

Secretary Haig reiterated that we cut the Pakistani figure down to the bare bones. He hoped that we could fill it out for five years. We cannot give them less than Mr. Carter had offered them.

Mr. Stockman: He was not arguing with the size of the request. He agreed with these issues. He was talking about the government reordering its priorities.

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Mr. Allen then suggested that an option paper be given to the President very soon to make a decision on this.

Secretary Weinberger then raised the issue about security guarantees to Pakistan. The Pakistanis wanted a more firm, formal commitment from the United States. This was in many ways more of a problem for them than their economic needs.

Secretary Haig said that we can't give them a formal guarantee and commitment without going to Congress. However, we can demonstrate to them that we mean business and the aid package helps us do this. It's part of our overall strategy of being more assertive.

Admiral Murphy asked a question about the viability of the 1959 treaty agreements with Pakistan?

Secretary Haig said that the Pakistanis were not satisfied with those commitments.

Vice President Bush asked what the Symington Amendment was?

Secretary Haig noted that the Symington Amendment, and to a lesser extent the Glenn Amendment, linked to all military assistance to Pakistan to their nuclear programs. The Symington Amendment was extremely strict and essentially said no military assistance so long as Pakistan does anything in the nuclear arena including civilian nuclear projects. The Glenn Amendment was more specific and tied restrictions on U.S. aid to Pakistan's attempts to build an enrichment program which could be used with our weapons. Already some tentative soundings have been made to Senator Glenn in the ways to get the Symington Amendment to read more like the Glenn Amendment.

At this point the President concluded the meeting by wondering how much we could get if we sold Rhode Island?

The meeting terminated at 4:00.