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NATIONAL SECURITY COUNCIL MEETING

Tuesday, December 8, 1981

TIME AND PLACE: 10:15 - 11:15 a.m.
The Cabinet Room

SUBJECT: Libya and Global Negotiations

PARTICIPANTS

The President
The Vice President

State

Secretary Alexander M. Haig, Jr.
Deputy Secretary William P. Clark

Treasury

Secretary Donald T. Regan

Defense

Deputy Secretary Frank C. Carlucci

Justice

Attorney General William French Smith

Commerce

Secretary Malcolm Baldrige

CIA

William J. Casey

USUN

Ambassador Jeane J. Kirkpatrick

JCS

Admiral Thomas B. Hayward
Lt. General Paul F. Gorman

White House

Edwin Meese III
James A. Baker III
Michael K. Deaver
James W. Nance
Janet Colson
John Poindexter
Edward Hickey
Craig Fuller
Richard G. Darman

NSC

Raymond Tanter
Henry R. Nau

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~~Classified and Extended by: James W. Nance
Review December 8, 2002
Reason for Extension: NSC 1.13 (e) (f)~~

DECLASSIFIED IN PART

NLS M05-016 #19129

By NOT, NARA, Date 12/21/05

MINUTES OF MEETING

Mr. Nance began the discussion by presenting the issues that needed to be addressed. Mr. Casey suggested that a definitive statement of evidence be presented to the public. For example, Colonel Qadhafi's 1977 plans to assassinate the U.S. Ambassador to Egypt should be exposed. The President replied that the American press would be reluctant to accept the Administration's evidence no matter how many details it receives. Mr. Casey suggested that a map be issued, providing locations of terrorist training camps in Libya, with a caption that terror is Libya's second largest industry. The President said that the press should understand that the USG does not want Colonel Qadhafi dead but just confined. Mr. Deaver considered that the press stories about Libyan hit teams in the U.S. should be allowed to play out at least 24 hours before the Administration initiates a press campaign.

Mr. Haig said that it was important that the Administration decide where it wants to go from here and how it wants to get there. The Secretary was concerned that a decision would be made to withdraw Americans in isolation from related choices. He argued for a concerted set of decisions, of which the withdrawal and a demarche to Libya were interrelated steps. He suggested that a decision to withdraw Americans without a warning regarding the nature of the unacceptable Libya behavior would create great uncertainties in Colonel Qadhafi, perhaps causing him to act in an irrational manner.

The President raised the issue of whether the demarche should be public or private. Mr. Haig responded by referring to a revised demarche and expanded talking points that took into account the discussion on December 7. The bottom line was that business as usual with Libya was unacceptable no matter if Libya conducted a new terrorist incident or not.

Mr. Haig outlined two steps that were drawn from the interagency study on Libya. First, there would be a phased reduction in U.S. oil imports from Libya after U.S. citizens have departed, in response to a request for voluntary compliance or as a result of a mandatory order. Second, there would be a ban of U.S. exports to Libya in consultation with American allies. Mr. Haig, however, did not expect much help from the allies, in view of Libya's withdrawal from Chad. He said that after a ban on the import of Libyan oil, there could be a pause before deciding to cut off exports to Libya. Mr. Haig mentioned that there generally was interagency consensus on the Libyan study. Since there was some dissent, however, Mr. Haig called for the dissenters to present their case at the meeting.

Mr. Carlucci said that the only quarrel Defense had with the State study was that it did not move fast enough against Libya. The President can meet with the Chief Executive Officers of U.S. Corporations doing business with Libya, but that will not work.

Mr. Carlucci expressed concern that the overall goals regarding Libya were unclear. Is it to destabilize Libya, for example? Mr. Haig asked how Mr. Carlucci could have problems with a paper that DOD helped to prepare. Mr. Carlucci said that the USG needed more than economic measures in order to deter or to coerce Colonel Qadhafi.

Mr. Malcolm Baldrige said that economic representatives from the United Kingdom were unaware of U.S. intelligence on the Libyan threat. If the U.S. expected allied cooperation, information had to be made available.

Mr. Donald Regan cautioned that the USG will have legal difficulties with American companies doing business in Libya. Why should they voluntarily give up assets without obtaining compensation? How can these companies justify to their stockholders giving up future earnings in favor of the national interest? There were wild cards, such as Armand Hammer of Occidental Oil, who will meet the Attorney General in court.

Mr. Regan said he was sympathetic to taking action against Colonel Qadhafi. On the other hand, Mr. Regan wondered as to the effect on U.S. interests in the rest of the Middle East from, e.g., a seizure of Libyan assets here. What did it signal to other nations regarding the reliability of the United States. The Saudis, for example, may get the wrong idea from U.S. economic action against Libya. Mr. Haig responded that the Saudis have urged that the U.S. take strong actions against Libya. Mr. Carlucci added that King Hassan of Morocco told Secretary Weinberger that the U.S. should take strong actions against Libya.

The Vice President addressed Mr. Regan's concern regarding the oil companies' loss of expected profits. The Vice President said that some oil companies calculated the risk when they went into Libya or when they decided to stay. The companies may go to court, but that should not keep the USG from taking appropriate action. The Vice President strongly supported U.S. economic actions against Libya.

Mr. Smith asked what Libyan behavior is considered unacceptable under the terms of the demarche. Mr. Haig replied that the President is on public record that he will take strong and prompt action against terrorism.

Mr. Smith wondered what if someone other than a Libyan commits a terrorist act in order to provoke an American-Libyan confrontation.

Mr. Smith cautioned that the Administration should keep an eye on the war Powers Act, while considering options regarding Libya.

Mrs. Kirkpatrick said that Colonel Qadhafi has intimidated the leaders of Black African states. The Organization of African Unity originally wanted to bring Libya before the UN Security

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

Council during its invasion of Chad but was deterred by the threat Libya posed to them. She concluded that no one dared to oppose Colonel Qadhafi, to which the President replied "The United States dares to oppose Colonel Qadhafi." Mr. Carlucci added that Egypt also was a significant exception in opposing Colonel Qadhafi.

The President added that the only excuse that government has for existing is that it will come to the aid of its citizens anywhere their rights are being violated. In this respect, the President looked favorably upon the graduated nature of the contemplated actions. The demarche should go forth and the Americans should be asked to depart.

Mr. Haig outlined U.S. options in the event of terrorist contingencies and reiterated the need for withdrawal of American citizens. Mr. Deaver asked about the likelihood that Libya would interfere with the departure of Americans. Mr. Haig replied that Libya will not seize Americans because a hostage situation would alarm other westerners in Libya. Since Libya needed western technicians, it would be reluctant to jeopardize their departure in the context of a hostage crisis.

The Vice President asked if there was a response to the October 5, 1981 demarche. Mr. Haig said that there was no reply -- the demarche was just cast aside. In response to Mr. Baker's query, Mr. Haig and Mr. Casey agreed that the demarche should be sent before the withdrawal commenced, the demarche should be private and it should provide specific details in order to reduce the uncertainty in Colonel Qadhafi.

Mr. Meese pointed out that the Administration had to take into account three constituencies: the U.S. public, the Congress, as well as allies and friendly nations. In this respect, Mr. Meese asked if the western allies were prepared to join an American embargo of Libya. Mr. Haig replied that the allies would not be prepared to take concerted action with the United States. Nevertheless, Mr. Haig added that the Saudis were prepared to increase oil production in the event that the U.S. placed a ban on the import of Libyan oil.

Mr. Meese asked that Mr. Nance prepare a detailed decision memorandum and that there be White House involvement throughout the implementation of the policy toward Libya.

Admiral Hayward said that the Chiefs had examined the assassination threat in relation to graduated targeting in various areas of risk. One criterion is likelihood of success. Libya's nuclear power plant was in a high risk area, e.g., third country nationals abound in this area. Mr. Haig asked Admiral Hayward to give the President targeting options with pros, cons, and likelihood of success. Admiral Hayward mentioned the presence of many trucks that were grouped in such a fashion as to make them vulnerable to

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B-52 strikes. The Admiral asked, however, what the Administration was prepared to do in the event of a hostage situation, given the War Powers constraints. Mr. Haig mentioned holding Libya's oil fields as potential hostages in the event that Libya seizes American citizens as hostages. There was a discussion of various targets, including terrorist camps, in relation to collateral damage.

The discussion about Libya ended at 11:10 a.m.

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