

DCI Notes
31 Oct 78
0800

LIBYA

I. Past year & half signs moderation in Libya's international behaviour:
Terror; Soviet relations; support for regional dissidents

A. Reduced involvement with terrorism

1. Starting 73/74 (falling out with Sadat) Qadhafi began direct involvement in specific international terrorist events -

-Can link Libyan money to such events as attacks on Rome & Athens airports & 3 hijackings 1973-74; 1975 attack on OPEC meeting in Vienna; sabotage & bombings in Egypt 1976; granted asylum, e.g., Olympics 1972

2. Since your demarche March 1977 over threa- to Eilts [REDACTED] 25X1C

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-Believe concerned over this tough attitude:

- Over possible US-Egyptian collaboration against him;
- Over fear that our intelligence had penetrated his connections with terrorists

B. Distancing from Soviets somewhat & lessened stridency toward US
PICTURE

(Arms Photo)

1. Mainly rhetorical - still buying arms from Soviets

- 1978 so far [REDACTED] for Soviet arms
- \$2.6B total for Soviet arms
- Increased 1500-1700 Soviet advisers since Egypt attack July 1977 - doubled presence
- e.g., [REDACTED] MIG-25s delivered since July; 1st outside Bloc

2. But always distrustful Soviets

- Turned to them '73 when split with Sadat
- May be concerned at possible Soviet subversion of officer, corps who increasingly disaffected with Qadhafi's treatment of them.
- May be concerned that Soviet connection will induce another Egyptian attack - Sadat rhetoric
- Significant - never acceded on naval bases

C. Diminished support for regional dissidence

1. Ethiopia, Sudan, Chad, Polisario
2. Less apparent in last year, but by no means gone

S E C R E T

T A B A

-e.g., considerable evidence that he was linked to the coup plotters in North Yemen this month

D. Why changes?

1. Probably related to growing estrangement with world around him

- Egyptians
- Palestinians - disillusioned
- Poor relations with most Arabs

2. Possibly related to: declining position at home of Qadhafi

(Economic Activity
Chart & Map face
to face)

A. No economic problems - 1 product economy - (Charts)

- Controversy over unorthodox domestic policies is recent.
- Initial thrust of Qadhafi's domestic policies garnered wide internal support - *no opposition*

1. 50% of revenues to development & social services

(a) Libyans in cases live well & have good schools, clinics & housing

(b) Effort to distribute wealth

No poverty in cities, but problems resulting from

- Nomads adjusting to city life - don't work, just let government feed
- Government inefficiency

(c) Basically pushed too hard on modernization, especially his unique ideology.

Qadhafi's frustration with Libyan's "inability" to modernize habits prompted ambition to remake the Libyan man.

(1) Green books on Qadhafi alternative to communism & capitalism

- Politically advocates elementary democracy town hall type exercised by citizens
- Economically looks to individual austerity, limitations on ownership, nationalization of economic activity -

-Unpopular with increasingly affluent middle class
-Mainly don't understand

(2) When has expounded his own interpretation of Koran even run into opposition of religious leaders, despite professed strong Islamic outlook

-Conflicts of preserving Islamic ways & modernization

II Still *Small*

- A. Changes are more of cautiousness than reforming or maturing.
- B. Not by any means a man in retreat, and changes are all in areas of Qadhafi's unique imprint, e.g., support of terrorists & dissidents, and relations with Soviets.
- C. Imperatives of Libyan policy will go on:
1. Opposition to a Jewish state in midst Arab world -
 - Highly religious flavor of society
 - Probably includes supporting terrorism there, e.g., 400 scuba suits
 2. Practical steps to assure oil flow
 - 40% to US
 - 55% of GDP
 - 98% of exports
 3. Preoccupation on how to live with Egypt & to some extent other neighbors
 - Historically uneasy - boundaries - tribes split
 - Necessity for accommodation
 - Qadhafi's first effort at accommodation was merger of Libya - Egypt - leading to single Arab nation
 - Derived from concept of Nasser - triple cocentric world of Islam - hard core center - progressively less orthodox belts around it
 - Took Sadat by surprise - went along - never intended
- D. Out of this would expect more signals and even proposals to improve relations with US
- One reason may come to US - Egypt attacked once; may well know Sadat talking another *raining*
1. Sadat's motive may well be to let Qadhafi know he's thinking of it - as inducement reduce pressure Sudan & Chad
 - Sadat feels strongly - own view of importance of his role
 2. ~~Or to balance Soviet influence~~
 3. Don't know *may wonder* what impact of Camp David results may have:
 - One hand - free up Egyptian forces
 - Other - difficult time for Sadat to further split Arab world
- As long as Qadhafi remains, likely to be tension with Egypt.

(3 circles maps face to face)

IV The Outlook

A. Qadhafi very vulnerable to assassination

- Estimate he has survived no fewer than 5 attempts last several years
- But has a relatively firm grip on power
- Likely to be around for some time

B. Reasons for recent moderation based largely on expediency not a real change in conviction and world view

- Nevertheless, experience, mostly failures, have taught some lessons
- Probably will act with greater caution for foreseeable future

25X1D

Approved For Release 2001/09/03 : CIA-RDP81B00401R002800020075-1

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Libya's Arms Inventory (Major Weapons)

Estimated Value of Soviet-bloc Weapons Contracts

1974-1978-\$2.6 billion
1.25 B

<u>Equipment</u>	<u>Number and Country of Origin</u>
Medium Tanks	700 Soviet/800 Polish/ 600 Czechoslovak <i>2000</i>
Armored Personnel Carriers	815 Soviet/165 Italian/ 120 Czechoslovak <i>1100</i>
Artillery	130 Soviet/50 Italian/ <u>30 US</u>
Combat-Capable Aircraft	205 Soviet/110 French <i>300</i>
Surface-to-Air Missiles	39 Battalions Soviet/ 8 Batteries French
Surface-to-Surface Missiles	40 Launchers Soviet
Submarines	3 Soviet
Frigates	1 British
Missile Patrol Boats	6 Soviet/3 British

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TOP SECRET SENSITIVE

Comparison of Personnel and Equipment Levels in Egypt and Libya

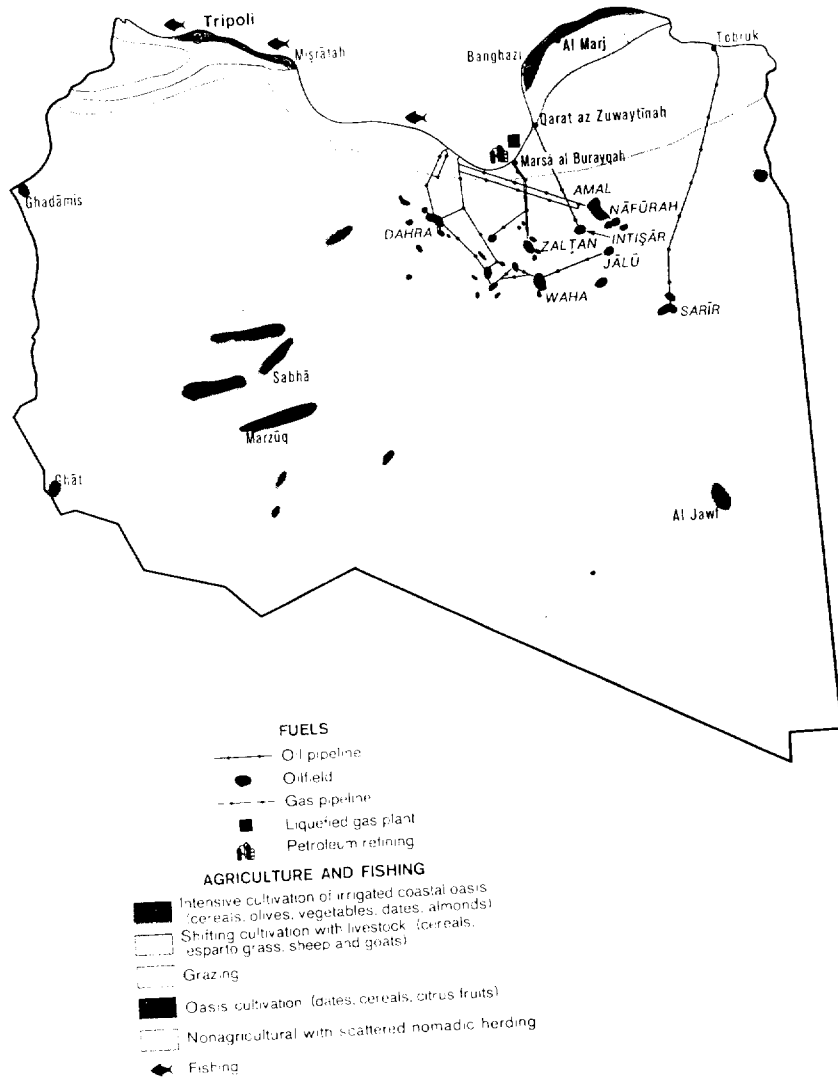
	<u>Egypt</u>	<u>Libya</u>	
<u>Armed Forces Personnel</u>	500,000	45,000	
<u>Key Weapons Inventories</u>	<u>(In Units)</u>	<u>(In Units)</u>	<u>(In Storage)</u>
Tanks	2,200	500	1,600
APCs	2,400	600	500
Artillery	1,250	210	0
Combat-Capable Aircraft	505	100	215
SAM Battalions	135	17	22

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Double advisors

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Libya: Economic Activity



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Qadhafi's Version of Nasser's Three Circle Theory



- Muslim heartland
- Muslim secondary circle
- Larger Islamic community (includes those countries with significant Muslim minority)

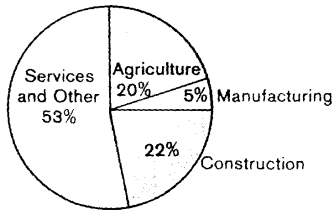
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Libya

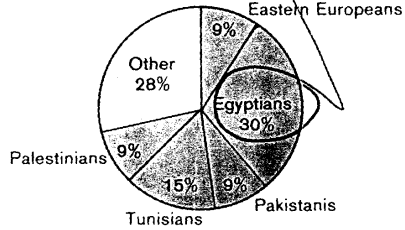
GNP average annual growth rate, 1970-77
 Literacy rate
 Life expectancy at birth
 Labor force, 1977¹
 Libyans
 Foreigners

10%
 35%
 51 years
 900,000
 550,000
 350,000

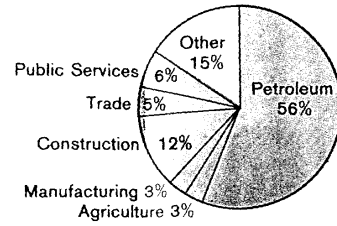
Total Labor Force, by Sector, 1976



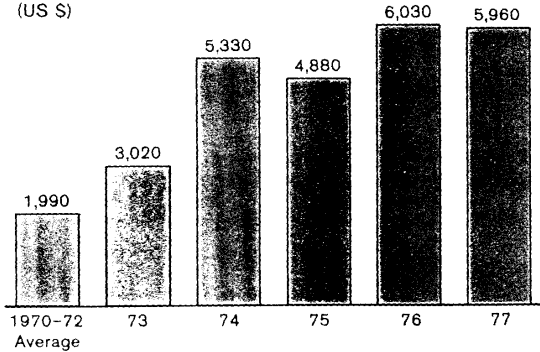
Foreigners in Libya,¹ 1978



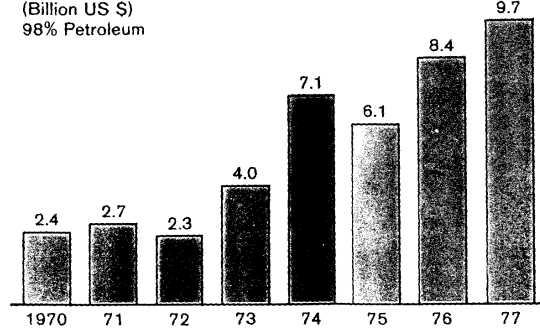
GNP by Sector, 1977



GNP Per Capita (US \$)



Exports (Billion US \$)
 98% Petroleum



1. Estimated

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Qadhafi's Version of Nasser's Three Circle Theory

