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Remarks: Please prepare concurrence/comments for DDCI's signature.

Executive Secretary  
17 June 1983  
Date



United States Department of State

Washington, D.C. 20520

Executive Registry  
83-1899/1

June 16, 1983

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Senior Interagency Group No. 36

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	USIA	- Ms. Teresa Collins

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SUBJECT: NSSD 4-83: U.S. Strategy Towards Liberia

Attached for your agency's clearance at the SIG level are the Interagency Group papers on Liberia, including an Executive Summary, the IG Study Paper and a draft National Security Decision Directive (NSDD). The IG paper has been modified to take into account the results of the May 26 IG meeting and comments received subsequently from various agencies.

In order to adhere to our NSC deadline we must receive your clearance by June 22.

*Covey*

Charles Hill  
Executive Secretary

Attachments:

1. Executive Summary
2. IG Study Paper
3. Draft National Security Decision Directive (NSDD)

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DECL: OADR



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Executive Summary

The purpose of the Interagency Group was to review our policy toward Liberia in light of developments since the 1981 SIG and in view of the major political changes expected over the next two years in connection with the planned transition to democratically elected government. There has been considerable progress in accomplishing our goals in Liberia since 1981, including the maintenance of a pro-American government, a substantially improved political atmosphere and human rights record, and the institution of a series of difficult economic adjustment measures. While these represent important achievements, a number of significant problems remain in building political stability and promoting economic progress.

The United States has substantial interests in Liberia that it does not enjoy elsewhere in Africa and which would be difficult and expensive to duplicate anywhere else on the continent. Through an agreement with the Government of Liberia, the U.S. has priority access rights to Roberts International Airport and the Port of Monrovia, the only such rights we have in west Africa, although other countries in the region allow occasional use of their facilities by U.S. military ships and aircraft. Liberia is the site of three important U.S. Government installations - a Voice of

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America transmitter, a diplomatic communications facility and a Coast Guard OMEGA navigation station. The country also hosts the second largest block of private U.S. investment in black Africa. Equally important is the special political relationship and the domestic and international perception of Liberia as a U.S. responsibility in Africa. These interests will continue to be of considerable importance to the United States and its objectives in Africa for at least the rest of the decade. A Liberian slide into economic or political chaos would not only provide an opportunity for radical adventurism (Libyan, Cuban, Soviet) to gain a foothold but would be widely seen as a U.S. defeat. The most immediate consequence could be the impact of Liberia's collapse on her neighbors, especially Guinea and Sierra Leone. (Liberia's use of the dollar as her currency encourages important cross border trade, mostly unrecorded, which is becoming increasingly significant.) Were it perceived that such events occurred because the U.S. had failed to put forth a serious preventive effort, U.S. credibility throughout Africa would be severely damaged.

The political situation in Liberia has improved markedly since the low point of the 1980 coup. Head of State Doe has consolidated his power over the ruling People's Redemption Council (PRC) and purged the govern-

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ment of many of its more radical and incompetent elements. The government is strongly pro-west and has pursued a foreign policy reflective of this. There have been important improvements in human rights, most notably the release of all political prisoners and movement to fulfill a commitment to return to civilian government by 1985. Nevertheless, military indiscipline remains a problem and there are a variety of potential sources of instability. A number of coup plots have been uncovered, before these posed any real threat to the government.

The Liberian economy remains fragile and is a major source of potential political instability. The economy is suffering from a depression in the world markets for Liberia's major exports, from a heavy government debt burden and from poor financial management. Expenditure control has been a particular problem. On the positive side, the government enjoys a good record of cooperation with the IMF and Doe has shown himself willing to take difficult economic austerity measures, including government salary cuts, although these have sometimes suffered from imperfect implementation. In the absence of higher commodity prices and a stronger trade balance, Liberia is likely to become increasingly dependent on U.S. budgetary support as the availability of IMF resources declines. Over the longer term, however, prospects for Liberian

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economic recovery may be somewhat brighter, especially if Liberia succeeds in attracting a new infusion of foreign investment capital. The country's small population, mineral wealth, and commitment to free enterprise, together with the tough adjustment measures that are already being implemented, may put Liberia in a position to resume economic growth as world recovery proceeds.

Despite our considerable success in moving the Liberians forward on both the political and economic fronts, further progress is needed to prevent instability. Doe and some of his colleagues on the PRC have matured, but their capacity for growth is limited and they remain capable of taking embarrassing or even dangerous actions at any time. Moreover, while they retain substantial domestic support, this could dissipate quickly if they reneged on their commitment to return Liberia to civilian rule. In view of this, the most favorable course of political events in Liberia over the next two years from the U.S. perspective would be a successful transition to a reasonably democratic, moderate and stable government. This will stand the best chance of success if the U.S. can encourage the formation of a broad-based coalition including civilian and military elements and leaders from both the indigenous and Americo-Liberian communities. Public and congressional support for our Liberia policy

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also depend on continued progress in this direction. An abortion of the process, for whatever reason, would result in instability, encourage foreign meddling and threaten the substantial U.S. interests in Liberia. Because of the value of these interests, and in light of our significant ability to influence events in Liberia, the U.S. should pursue a comprehensive strategy encompassing the following principal elements:

-- Use of U.S. influence and resources to support and guide the Liberian transition to elected government in a way that will improve its prospects for success, help maintain stability, protect U.S. interests and be publicly and privately defensible.

-- Provide adequate financial and advisory assistance for the transitional process.

-- Prevent meddling by countries hostile to U.S. interests.

-- Step up contact with the PRC and the Army and undertake programs to improve discipline and promote their backing for the political process.

-- Promote economic stability through improved GOL financial management, provision of advisors, coordination with and encouragement of other donors and development of a private sector strategy.

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-- Recognize Liberia as part of the economic sub-unit which includes Ivory Coast, Guinea and Sierra Leone and build upon the growing interdependence of their individual economics thus providing a broader base for stability.

-- Maintain and expand as appropriate a public information campaign to sensitize Congress and the public to Liberia's importance and our unique special friendship.

-- Continue the priority being given in the budget process to maintaining economic and security assistance flows to Liberia at least at current levels in order to meet our objectives during the transition period and to help ensure an elected government has adequate resources to maintain the support of the general populace and the military.

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Paper for the 1983 IG/NSDD Review  
of U.S. Policies vis-a-vis Liberia

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## I. Introduction

The purpose of the Interdepartmental Group is to examine US objectives and interests in Liberia, identify threats to these interests, and assess the success of US policy since the SIG decisions of April, 1981. In particular, the IG must examine the probable course of internal events and set out strategies to deal with them, and look into the question of probable demands on future economic and security assistance. Other matters to be considered include the question of US domestic opinion and alternatives to the current approach. The terms of reference for the IG are attached at Tab A.

The principal US objectives in Liberia have been to protect US assets and access rights in Liberia; to avoid a major political defeat or embarrassment for the US through Liberia's political dis integration or the accession of a government hostile to the United States; to prevent Liberia's alignment with unfriendly nations such as the Soviet Union, Cuba or Libya; and to accomplish these goals with the minimum necessary expenditure of resources. Another principal objective is to win a significant foreign policy victory for the Administration by overseeing the installation of a stable, constitutional, pro-American government in Liberia.

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There are two basic assumptions underlying this paper. The first is that political stability is important to protecting US interests in Liberia. The second is that the United States exercises substantial influence over the Liberian political, economic, and military systems and can continue to do so, given a decision to continue committing sufficient energy and resources.

## II. U.S. Interests in Liberia

### A. U.S. Government Access Rights and Facilities

The US Government has facilities in Liberia that it does not enjoy anywhere else in Africa, which would be hard to duplicate elsewhere in Africa, and for which we do not pay the Liberians rent. U.S. military access rights in Liberia are unmatched in west Africa. In fact, the largest concentration of US government assets in Africa are in Liberia.

It is clear that the US will obtain significant and substantial benefits from these facilities and access rights for the foreseeable future, certainly for at least a number of years beyond 1985. Replacement costs for these facilities currently exceed \$100 million, although it is unlikely they could be replicated in Africa at any cost. A summary follows:

1. Port and Airport Access Rights. Through unpublished agreements with the Liberians, the US has priority access to the Port of Monrovia and Roberts Field (Monrovia's airport). The Liberians have recently approved a US proposal to upgrade

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facilities at Roberts Field, at a cost of about \$6 million, to make the airport more suitable for US military use, if required by events in Africa and other parts of the world, most notably in the Middle East and Southwest Asia. As a result of these improvements, the value of Roberts Field to the USG will increase. Nonetheless, while useful, this access would not assume great importance except under unusual contingencies, since other facilities in the region are normally available.

2. Regional Relay Facility. It is of slowly declining value, but will be part of the worldwide diplomatic communications system well into the late 1980's. Although the posts it serves as a primary communications center can also be serviced by existing complementary satellite systems, the facility's redundancy and contingency use may well increase in value, particularly as a result of studies currently underway on communications survivability.

3. Voice of America. The VOA transmitters at Monrovia broadcast to sub-Saharan Africa. Loss of the station would result in loss of coverage throughout the area. The loss could be partially compensated by rescheduling transmitters which now provide high priority broadcasts of languages to the USSR, but the resulting signals in Africa would be weak and ineffective. When present construction plans are completed (timing uncertain), VOA will have a capability for serving Africa at a reduced level

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without the Liberian facility. Further ahead are direct broadcast satellites which could eliminate the need for the station, but this probably will not happen until after the turn of the century.

4. OMEGA Navigational Station. Loss of this maritime navigational station could be accommodated by the redundancy within the OMEGA system and existing alternate systems. OMEGA is scheduled to be replaced in 1988 with a worldwide satellite system called NAVSTAR-GPS. The OMEGA station is, however, a source of prestige to the Liberian government which manages it.

#### B. Private Assets

American private investment in Liberia, estimated at about \$300 million, represents the second largest US investment in black Africa after Nigeria. These funds are concentrated in the rubber and iron ore sectors. US commercial banks dominate Liberian banking. The EXIM Bank has an exposure of \$8.3 million in the country. The US dollar is the Liberian currency. Liberia is also one of the very few LDCs following an open economic system, without exchange controls or excessive restrictions on new private investment. Liberia is among our leading export markets in Sub-Saharan Africa, and the U.S. market share of 30 percent (1981) is our largest in the region by far.

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US shipping under the Liberian flag of convenience (open registry) is important to US transportation interests, allowing major savings in taxes and labor costs. Currently, 378 US-owned ships fly the Liberian flag, accounting for 59% of all foreign-registered US ships. Under Section 902 of the Merchant Marine Act of 1936, these ships may be requisitioned by Presidential declaration of the need "for the security of the national defense or in times of national emergency."

C. The "Special Relationship"

Liberia, founded by black Americans, has always had a close historical relationship and psychological tie to the United States. Indeed the heritage of the past has been reinforced over the years by the presence in Liberia of US missionaries and Peace Corps volunteers, by the growth of commercial and governmental links, by the education of many Liberians in US institutions, by longstanding military to military relationships, by continuing ties of family and marriage, and by a cultural and social predisposition to American standards. That this relationship extends to Liberians outside the Americo-Liberian community has been demonstrated by the new indigenous government's continuation of close cooperation with the US and of support for US initiatives in international fora. While there are critics

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of the US tie, Liberia remains a country where pro-Americanism remains the norm. The special relationship has reinforced a strong international perception that Liberia is "our" responsibility in Africa. Our allies look to us to take the lead in Liberia. Serious instability, repression or a leftist takeover would be a significant embarrassment to the United States.

### III. Review of US Policy Efforts Since 1981

Following the inauguration of President Reagan, an Interagency Group meeting on Liberia took place on February 26, 1981. The result was a general consensus that, in an attempt to control the precarious situation in Liberia, there should be a significant increase in US commitments to that nation, including military and economic funds and advisors. The Senior Interdepartmental Group meeting on Liberia of one month later (March 31, 1981) elaborated on that view and agreed unanimously that:

-- the large concentration of US assets and access rights in Liberia, which could not be easily or inexpensively replaced, dictated a strong US interest in preserving a friendly moderate government in Liberia;

-- Liberia presented a ripe target for Soviet, Libyan and Cuban meddling because of its current economic difficulties; and

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-- the US should seek to have greater direct influence over events in Liberia by escalating to a higher level of commitment and resources.

The March 1981 SIG participants also agreed that the US should: (1) seek a commitment to Liberia for economic and military assistance programs totalling approximately \$80 million annually for the next several years, (2) provide advisors to assure solid economic decision making and a positive impact on assistance plans, and (3) establish linkage between the provision of this assistance and progress toward a return to civilian rule, sound economic management and a continued pro-Western stance.

Our activist efforts since that time to realize the policy directions laid down in March, 1981 have heavily involved the US in Liberian political, economic, and military affairs, both in the day-to-day and longer-term planning aspects. Such is the state of US involvement at present. Of the specific actions items agreed to at the March, 1981 SIG meeting, all have been implemented except for three. These exceptions are the proposed ten slot increase of the US Military Mission in Monrovia, the addition of one officer to Embassy Monrovia's economic section (although a State officer was added, this was offset by the withdrawal of the commercial slot), and the hoped-for

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participation by EXIM in the rehabilitation of the Liberian National Iron Ore Company (NIOC) mine. The Military Mission increase was precluded by Congressional opposition in 1982 and faces an uncertain future on the Hill again this year. We are continuing to press for a solution giving us at least a slight increase. EXIM participation in NIOC is no longer an issue because of the passage of time, but the augmentation of the Embassy's economic section remains a desirable goal.

In terms of political and economic impact, the policies the US has followed since the March, 1981 SIG have:

- contributed substantially to averting economic collapse;
- provided a modicum of political stability in Liberia;
- helped move the Doe regime toward greater observance of human rights and due process;
- moved Liberia closer to the planned return of civilian rule;
- demonstrated US resolve to rest of Africa.
- effectively checked Soviet, Cuban, and Libyan meddling;
- kept the Doe government on a moderate, pro-US course both domestically and in the foreign policy area.

These successes have protected US assets and access rights in Liberia and have allowed the US government to

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avoid a political defeat or embarrassment in Liberia. In this sense, we have accomplished the objectives set out by the SIG. Considering the situation in 1980, tremendous progress has been made. Doe has even achieved a measure of international respectability. Nevertheless, substantial problems remain.

#### IV. Liberian Political Setting

In April 1980, Master Sergeant Samuel Kanyon Doe and sixteen compatriots from the enlisted ranks overthrew the regime of President William Tolbert, bringing to an end 133 years of oligarchical elitist government in Liberia. The soldiers were rebelling against a state of inequality in which Americo-Liberians, descendants of nineteenth century black American slaves, had dominated the political life of the country, although they comprised only five percent of the population. The 17 enlisted men who overthrew the Tolbert government were ill-prepared by experience or education for the complex task of governing this Alabama-size nation of 1.9 million. Shock waves resulting from the coup and the execution of 13 former government officials led to the flight of a large number of skilled, wealthy Liberians; the closing of several expatriate firms; and a sharp drop in-business confidence. The wave of disinvestment due to depressed business conditions accelerated into capital flight,

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which severely constricted the money supply. Erratic and abusive behavior on the part of the new leadership sapped the effectiveness of the bureaucracy.

Since this rough beginning, the Doe government has made substantial progress on the political front. Doe has consolidated his power over the ruling military committee, the People's Redemption Council (PRC), and purged it of some of its more erratic and radical elements. At the same time he has replaced many of the political hotheads and incompetents who came to power in his wake in 1980 with more effective and moderate technocrats. Although coup plots by low ranking military men have been of continuing concern, and as many as 13 have been discovered in the past three years, they have uncovered before they posed any serious danger to the regime. Meanwhile, armed soldiers have virtually disappeared from the streets of Monrovia, military harassment has been reduced, military roadblocks have been eliminated, and the curfew has been lifted. Military ill-discipline remains a problem, demonstrated by the general lack of professionalism and sense of purpose in the army, continued instances of harassment, and the frequency with which coup plotting has been uncovered.

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The government has also made noteworthy improvements in human rights. In December 1981 all political prisoners were released and a general amnesty announced for Liberians in exile. Doe has taken a number of other steps toward national reconciliation, urging exiles to return, committing the government to return confiscated property, and naming a number of senior officials of the previous government to serve in his own cabinet. Perhaps most important, Doe is publicly committed to return Liberia to elected government by April 12, 1985. Doe has accepted the Constitutional Commission's draft constitution. A constituent assembly is scheduled to review the draft by mid-summer, possibly to be followed by a national referendum. Elections should follow in 1984. (The U.S., in fact, has already contributed about \$275,000 to fund the transitional process through the Department of State's Human Rights Fund, and requested an additional \$1.7 million under Project Democracy.)

Doe, however, does not seem to have a clear plan or timetable for implementing the political process. He has vacillated and delayed, and when he finally has made decisions, they have not been well thought through. His March 30 announcement that all potential politicians must resign within 30 days, for example, was an awkward effort to rid himself of unwanted aides, without adequate thought to its other con-

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sequences. Moreover, he has often received bad advice, notably from PRC members who do not wish to see the transition move forward.

The Liberian military continues to enjoy substantial influence and will play a key role in the success of any future Liberian government. While the military may well relinquish power to civilians in 1985, no Liberian government would be able to last for any length of time without the tolerance of the military. By the same token, a successful post-1985 civilian government will need to accommodate the other major power blocks in Liberian society (indigenous population, Americo-Liberians, labor, urban masses in Monrovia) and at least recognize smaller, but particularly influential, segments such as students, university-based intellectuals and the middle class. Finally, we must recognize that Doe, as the center of power and the link between the indigenous population and the military, will have a dominant part in guiding Liberia into its next phase. He may, under certain circumstances, continue to be the nation's leader beyond 1985.

The nature of Liberia's relations with her neighbors is also a factor. Sekou Toure, President of Guinea, has begun looking more and more to the West. An Agri-business task force, initiated by the Cancun Summit, recently visited

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Guinea and resulted in the beginnings of U.S. private sector involvement in coastal fishing arrangements. This, plus our expanding interests in the Ivory Coast can have important sub-regional implications which impact on Liberia's economy and politics. This perspective should play a more prominent role and receive a higher level of consideration as various elements are factored into U.S. policy deliberations concerning Liberia.

#### V. Liberian Economic Setting

Economic conditions, a major concern in themselves as a source of potential political instability, are a major threat to US interests and objectives. Liberia's economic outlook is bleak for the foreseeable future because of the world recession and a collapse in the prices of its main exports (iron ore, rubber, and timber). Although there has been an encouraging upward trend in rubber prices in recent months, a sustained upturn in prices for these commodities is now not expected before 1985, at the earliest. Liberia is further crippled by problems such as poor financial and economic management, capital flight, budget deficits, large debt payments, general tolerance of corruption and incompetence, and the need to import all of its oil. For these reasons, unemployment is up considerably, development spending has plummeted and Liberian efforts at longer term recovery are, at present, almost non-

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existent. Liberia's ability to shield its economy from world economic fluctuations is also hampered by the nation's use of the dollar as the local currency.

On the positive side, Liberia has enjoyed a good record of cooperation with the IMF for over two years. Despite serious problems, this efforts has had significant positive impact on the Liberian economy. This US fiscal year Liberia already has received approximately \$69 million in support from the IMF and will probably be able to negotiate a new standby arrangement that would provide about \$60 million, before repayments to the IMF, between September 1983 and August 1984. Given Liberia's overall budget of about \$330 million, these monies are essential to fiscal stability and, in combination with the planned \$32 million in US Economic Support Funds (ESF) in FY 83 and \$35 million in FY 84, will help Liberia to meet its major financial obligations. While Liberia soon will be repaying the IMF, the continued availability of IMF advice and Liberian cooperation, particularly in the area of increased fiscal responsibility, is essential to economic recovery. The IMF has a resident representative in Monrovia and is providing an advisor to assist with debt management. The US is providing budget, revenue, and customs advisors to help the Liberians in those crucial areas.

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Head of State Doe's speech on the economy in late 1982 was the most recent demonstration of his willingness to take tough austerity measures and for the first time brought the extent of Liberia's economic difficulties to the forefront of popular perception. Doe announced across-the-board government salary cuts of 16 percent to 25 percent (related to earning levels) and other austerity and revenue collection measures which, if fully implemented, could significantly and positively affect the government's financial position. Nevertheless, Doe remains vulnerable to criticism on the economy, particularly in the areas of widespread government corruption, top-level abuse of duty-free privileges, and insufficient ability to control expenditures. The GOL will have to take additional difficult adjustment measures to bring the economy under control.

There are longer term hopes for the Liberian economy. Amoco signed an offshore petroleum exploration contract with the GOL in April and some other companies are looking into offshore concessions. ARCO recently discovered commercially exploitable deposits of uranium, but decided against a major investment because of the depressed state of world uranium markets. Substantial new deposits of iron ore exist and can be mined if world markets improve. There are prospects for increased production of gold. Major corporations that had considered pulling out of Liberia last year, including Firestone and LAMCO, now appear committed to remaining for the short

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term. The adjustment measures instituted as part of the IMF program, such as three years of no medium term commercial borrowing, will also ultimately have positive results. Although these are hopeful signs, Liberia is likely to remain heavily dependent on the US economically until well after a general world recovery is in progress. While a major discovery of oil or a large new investment in another area could help turn the economy around, such an event's economic benefit would depend on the scale of the start-up costs involved and on prevailing market prices at the time.

Liberia does have potential for real development. In addition to the areas listed above, Liberia's agricultural potential has barely been tapped. Substantial increases in productivity are possible in staple food production, primarily rice, as well as in cash crops such as coffee, cocoa, and palm oil. Potential for new crops, including cashews, citrus fruits and flowers also exist. Increased agricultural research and extension efforts, together with integrated rural development projects now being implemented by a variety of donors (AID, World Bank, EEC, FRG) should soon begin to show results. Additional efforts should lead to greater progress. Another major area of potential growth is the private sector. Liberian commitment to free enterprise and its use of the U.S. dollar create prospects both to develop indigenous enterprise and attract foreign investment. The formulation

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of a concerted Liberian government strategy and incentive for development in these areas would improve the prospects for economic progress.

In sum, Liberian economic prospects remain uncertain. For the near term, much will depend on the GOL's willingness and ability to implement adjustment measures, some of which have the effect of lowering at least for now, overall living standards. Doe has shown the courage to undertake politically difficult austerity policies--increases in the rice price, salary cuts, a variety of substantial tax increases--but none of these has proved sufficient to reverse the economic downtrend. Part of the problem has been due to lax implementation of his decisions and poor financial management, particularly with regard to expenditure control. While these problems need to be addressed more diligently, other problems (the world recession and the propensity of investors to hold back and await the outcome of the political process) will remain beyond Doe's control. As a result, Liberia is likely to continue the pattern of repeated fiscal crises that have characterized the economic situation for the past three years. The severity of these crises will depend both on what austerity measures are instituted and how much outside assistance is available.

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The best estimates available are that Liberia's offshore funding gap will be between \$10 million and \$50-million annually, depending on export markets and internal adjustments, even if current levels of ESF and IMF support are maintained. A gap at the lower end of the scale might be managed through belt tightening, appropriate tranching of ESF and IMF disbursements, and commercial bank bridging arrangements. This would, however, be at the cost of a continued pattern of fiscal crises similar to those of the past, which could get out of control. Larger gaps would bring with them increasing economic and political dangers as the GOL was forced to choose whether to pay debts, salaries, oil imports or other pressing obligations. Again, the situation might be manageable, but at a seriously heightened level of danger.

From the US perspective of promoting economic stability and sound financial management, the gap should be as small as possible. A large gap could clearly promote instability. A small gap could be useful in keeping the GOL focussed on the need for austerity and adjustment measures, while limiting the risk of an economic collapse. Keeping the gap small and manageable will require continued outside assistance. By mid-1984, however, Liberia will have used a substantial part of its maximum theoretical access to IMF resources and, consistent with their short term revolving nature, will have to begin repaying the IMF. Repayment obligations to the IMF already

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are beginning in 1983 and will increase sharply in 1984 and 1985. It should be recognized that Liberia is currently in its third-standby agreement with the IMF. Continuation beyond a fourth standby is questionable as longer term arrangements are frowned on by the IMF and considered more structural in nature and not within the IMF policy of balance of payments assistance. If IMF adopts such a stance (termination of continuous standby agreements) it would occur just as Liberia returns to civilian rule (April 1985), a time when not less but more financial support will be needed. In the absence of an economic upturn, scheduled repayments to the IMF and reduced capital inflows will have to be compensated for either through greater belt tightening or through increased assistance from other donors.

The prospects of substantial budgetary assistance from other donors appear very small. Repeated appeals from the USG to our European allies have sparked virtually no response; our allies continue to see Liberia as an American problem and responsibility. In the absence of a more favorable economic environment, World Bank interest in Liberia is also lukewarm; lending to Liberia since the coup, although limited to soft IDA loans, has declined significantly. If the Bank's lending does not increase repayments will soon exceed inflows, creating a net drain on the Liberian economy. The UNDP donors' conference scheduled for this fall may produce some results, but these

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are not likely to have a major impact on the overall picture. As a result, the brunt of outside assistance will continue to fall on the US. There will be, therefore, a direct relationship between our assistance levels and the prospects of economic and political stability. On the positive side, our ability to influence Liberian economic policy also increases with the level of our assistance.

#### VI. Analysis of Probable Course of Events in Liberia

The Liberian political situation will remain fluid with the prospect of instability for the next several years. This situation will invite attempts at meddling by the Soviets, Libyans and Cubans against which the US will have to be alert and vigilant. Such unwelcome attempts at outside interference are almost inevitable in the course of the political campaign. This would also be true, however, if the political process were aborted for any reason, since such an event would produce a variety of unhappy individuals who could be exploited. While the threat of external meddling in Liberian affairs by unfriendly nations cannot be discounted, there are several factors that minimize the danger. The Soviet and Libyan presences in Liberia are small and ineffective. Doe and his closest supporters are strongly anti-communist and will be willing to take strong measures if they become necessary.

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While political events in Liberia could develop along any of a number of lines over the next several years, the most likely alternatives are a decline into general instability, a continuation of military rule or the successful conclusion of the transition to civilian government. Each of these scenarios poses a degree of risk for U.S. interests, although the risks in some cases are substantially greater than in others.

Political instability will remain a serious possibility in Liberia for several years. It could arrest progress toward civilian rule or cause a civilian government to crumble after 1985. There are a number of potential sources on instability, among them:

- 1) dissatisfaction or lust for power in the military, leading to coup plotting;
- 2) the possibility of economic collapse;
- 3) political disorders arising from the ranks of the military, unemployed, urban poor, students, or labor;
- 4) the potential for violent party conflict in connection with the electoral process; and
- 5) Doe's inability or unwillingness to work with the political leaders or groupings that may emerge.

Instability from any of these sources could threaten U.S. interests in Liberia. Most obviously, a coup could result in a regime less friendly to the United States than

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the present one. Even if a successor government were friendly, however, the very fact of a coup would likely arouse intense opposition and continuing instability which would shake business confidence, threaten continued commercial bank lending, and unravel much of the political and economic progress that has been achieved so laboriously over the past few years. An economic collapse or instability resulting from any other cause could have many of the same effects. As an added consequence, instability for whatever reason could open the U.S. to criticism, as a result of the international perception of Liberia as a U.S. responsibility.

Although there have been as many as 13 coup plots uncovered over the past three years, none of these progressed to a stage at which it posed a serious threat to the Doe government. The Liberian security apparatus has functioned well and should continue to provide adequate protection against this type of threat. Nevertheless, the frequency of coup plotting does argue for keeping a close eye on the military and ensuring its interests are looked after. The other principal threats to stability must be addressed through political and economic measures that will minimize the prospects for economic collapse or crisis, and improve the chances of political coalition-building and cooperation with the military.

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Another major set of impediments to the achievement of U.S. objectives in Liberia could result from the perpetuation of power by the present military government. While such a course of events could have certain advantages for U.S. interests, it would also have a number of serious drawbacks. On the positive side, Doe and his colleagues are staunchly pro-American and unlikely to turn from us. The U.S. is able to exercise an unparalleled degree of influence over the present government. Finally, as a military regime not responsible to an electorate, the Doe government has been able to institute some politically difficult economic adjustment measures and internal security practices that might not be possible for a more democratic successor government.

On the other hand, a deliberate abortion of the transitional process by the Doe government would pose a number of complications that could threaten U.S. interests. While Doe remains personally popular, his government has lost a substantial degree of its legitimacy as a "redeeming" force. It has failed to improve the quality of life for its largest constituency - the country people. It is increasingly perceived as corrupt and ineffective. The absence of active opposition to the regime has to a large extent resulted from acceptance of the PRC as a sort of interim government. A prolongation of military rule would diminish both internal

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and international support for the government. Doe might well have to retreat on his improved human rights record and undertake increasingly harsh internal security measures to maintain power. It would become more difficult to secure congressional and U.S. public support for our Liberia policy. U.S. acquiescence in an abortion of the transitional process could lead to sharp criticism of the United States both at home and in Africa for supporting an increasingly repressive military dictatorship in preference to democratically elected government. The criticism could be especially severe in view of our public commitment to support the transitional process (including funding under the Human Rights Fund and inclusion of Liberia in Project Democracy) and the perception of the United States as responsible for events in Liberia.

Another important drawback of continued military rule is the quality of the present government. While Doe has grown considerably in his three years in office, his prospects for substantial additional growth in the short term appear strictly limited. Although he has accepted some good counsel and made some difficult decisions, his administration has also been characterized by rash actions and unwise decisions. Examples abound, including secret executions of coup plotters, threatened execution of student leaders, impulsive and wasteful expenditures such as purchases of jet aircraft, dismissal of some of his most competent ministers, persistence in raising unrealistic aid

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demands, prolonged pique when he was unable to meet the President, and, most recently, over-reaction to a critical article in the Sierra Leone press, leading to strained relations with that country. As long as the present government remains in power, similar actions that could embarrass the U.S. or threaten U.S.-Liberian relations remain a distinct possibility. Moreover, most of Doe's PRC colleagues are of considerably lower caliber than Doe himself, exacerbating this type of problem.

Doe's recent pique over a Washington Post article insinuating the U.S. has excessive influence over Liberia provides another example of his unpredictability. Over the past three years Doe has gone through at least two previous periods of irritation with the U.S. that have led to temporarily strained relations. In each case, Doe's feelings were assuaged and ultimately grew even closer. While the most recent incident is a reminder that Doe cannot always be counted on to act unemotionally or to accept U.S. advice, we believe we will be able to allay his concerns and that, with careful management of the relationship, the U.S. will continue to exercise substantial influence on his government.

Whether in fact Doe wishes to retain power remains open to question. Reporting indicates that he vacillates depending on his mood. He sometimes feels the weight of his office and professes a desire to resign. At other times, and more often

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of late, there are indications that he is growing to enjoy both the power and trappings of office. Doe could purposefully abort the transitional process either out of a desire to retain power or because he sincerely sensed the process was getting out of control and threatening stability. The U.S. reaction to such an occurrence would of necessity depend on specific circumstances, taking into account the serious drawbacks to U.S. interests of such an event. Doe is, however, publicly committed to returning Liberia to civilian government. Under these circumstances, Doe would probably run for office if he wished to remain in power, although the new draft constitution which he recently approved establishes the minimum age of 35 years for Presidential candidates - which age Doe will not have reached when elections are held. Succeeding himself in this way would eliminate many, although not all, of the problems discussed above, since his rule would be legitimized in a new, democratic framework. It could also raise new, although smaller, problems. For example, an elected Doe might have difficulty working with a legislature and his temperment might not be suited to accepting criticism. His tendency toward impulsive action might be partially curbed by a strong cabinet but there is no guarantee he would accept attempts to restrict his freedom of action.

A successful transition to a civilian government under a new leader could also pose potential problems for the United States. The electoral process itself would have certain inherent

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problems, including particularly the possibility of violent disorders and opportunities for meddling by unfriendly nations. In the Liberian context, however, these could probably be controlled and do not appear to pose a major threat. Nor does an electoral victory by a candidate hostile to the United States appear to be a serious possibility. The Liberian political culture is overwhelmingly moderate and favorably disposed toward the United States. Real leftists, such as Foreign Minister Fahnbulleh, lack the popular support to aspire to major national office. Other independent-minded politicians, such as Baccus Matthews and Amos Sawyer, recognize the importance to Liberia of good relations with the United States and do not pose a serious threat to U.S. interests.

At the same time, a plethora of moderate and actively pro-American candidates is likely to emerge. While many of these will be elected to office, their success in controlling the government may depend in part on their ability to join in a broad-based political coalition. To be viable, such a group would have to draw support from the indigenous and the Americo-Liberian communities, and enjoy at least some support from the army. A coalition of this nature would probably adopt policies favorable to the United States. Any number of potential politicians could put together such a grouping, probably with Doe's blessing. Doe himself might be instrumental in its formation and could even emerge as its leader and candidate.

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Because of the fluidity of the Liberian political situation, there could be real dangers to the U.S. in backing any particular candidate or attempting to impose a solution. In the first place there are very few likely outcomes in Liberia the U.S. could not live with. In picking a candidate, the U.S. would risk backing the wrong horse and alienating other important interests that might not otherwise be hostile to the United States. Moreover, perceived U.S. interference in the election would cast a cloud over the entire transitional process and be a serious blow to U.S. interests in Liberia and the U.S. image in Africa.

#### VII. Conclusions

1. US assets in Liberia, our access rights, and our special relationship with Liberia will remain important to us at least through the remainder of this decade.
2. Until greater political and economic stability is realized, meddling in Liberian affairs by unfriendly powers such as the USSR or Libya will remain a potential concern.
3. Congressional and public support for Liberia and for our Liberian policy will depend on continued positive political development in Liberia that moves the country further from the graphic events of 1980 and toward moderation, political reconciliation and improved human rights. The progress of the return to democracy has been and will continue to be an important element in building a US constituency of support for Liberia.

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4. In view of Doe's public commitment to the transition, our own public support for the process, and our analysis of possible courses of political events in Liberia, the most favorable course of political events would be a successful transition to a reasonably democratic, moderate, and stable government.

5. The formation of a broad-based, moderate political coalition would improve the prospects for success of the transition and serve U.S. interests.

6. The US commands substantial influence in Liberia and enjoys special influence with Doe himself. Although we certainly cannot always count on Doe to do our bidding, we are in a position to have an impact on the political situation and, in particular, to guide the transitional process in ways that would improve its prospects for success, help maintain stability and protect US interests.

7. In the absence of fundamentally changed circumstances it would not be in the US interest to try to impose a particular electoral solution in Liberia or to back a specific candidate. The risks and dangers of such an approach would outnumber the benefits.

8. The Liberian economy will remain fragile for several years, until the world markets for its exports revive or new sources of income develop. As a result, the GOL will remain dependent on assistance from bilateral donors, especially the United States, and international financial institutions.

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9. Maintaining US influence in Liberia and protecting US interests there will require a substantial effort, a continued high profile and substantial, possibly even increased, levels of US financial assistance, which now total about \$75 million a year. In the absence of such a commitment, US policy objectives may not be achieved.

#### VIII. Policy Recommendations

1. General Political Strategy: In order to achieve U.S. objectives in Liberia and protect American interests there, the U.S. should adopt the following guidelines for its political strategy toward Liberia:

-- The US should use its influence and resources to guide the Liberian political process in a way that will improve its prospects for success, help maintain stability, protect US interests, and be publicly and privately defensible.

-- The US should foster the establishment of democratic institutions and a political process that is as free and fair as possible.

-- The US should encourage the emergence of a broad-based and moderate political coalition including both civilian and military elements and leaders of both the indigenous and Americo-Liberian communities.

-- In the absence of fundamentally changed circumstances, the US should refrain from direct support for an individual or party for the purpose of influencing the election or from trying to impose any particular solution.

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-- The US should emphasize to all Liberian political actors, and to the public in the United States and Liberia, our support for a successful transitional process to constitutional government, not for any particular candidate, and that the process is in the best interest of all. Point out privately that in all probability Congress will reduce US aid to Liberia if the process does not move forward.

-- The US should be alert to developments that are in or against its interests and be prepared to support or counter. This includes especially the danger of unfriendly foreign interference.

2. Specific Political Steps: The US should implement this strategy through the following steps:

-- The US Embssy should step up its political dialogue with Doe to help keep the political process on track, minimize the liklihood of his taking precipitous or unwise actions, protect US interests and bring about an appreciation by Doe that the transitional process properly administered, will bring about results consistent with his vision of what is best for Liberia. This should, however, be done in a manner that will minimize the chances of Doe or others taking offense at U.S. interference.

-- Maintain and expand lines of communication with all political leaders and factions, emphasizing the US desire

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to cooperate with any Liberian government and that Liberia's best interests lie in continued close ties with the United States.

-- Do the same for the PRC, but also assist PRC members to find a graceful way out of the limelight, by providing scholarships, assistance in establishing businesses, encouraging members to run for minor offices, or other means.

-- Provide adequate assistance to the Liberian transitional process through Project Democracy funding, the Human Rights Fund, USIA programs, including activities of the U.S. Educational and Cultural Foundation/Liberia, appeals to foreign donors and private foundations, and, ESF.

-- Provide high level visitors to Liberia to reinforce our policy.

3. Military Strategy and Steps: U.S. security assistance strategy should be aimed at minimizing the threat to domestic stability posed by potentially disruptive elements within the Liberian armed forces and at protecting our access rights at Roberts International Airport. To this end we should:

-- Urge and assist implementation of the U.S. Army Security Assistance Assessment Team recommendations, particularly those that would promote discipline and professionalism, tighten command and control, and enhance training and logistical capabilities.

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-- Aim toward completion of the military housing project by 1985, but in the case of funding shortfalls slow down the pace of construction to preserve a minimum level of support for essential force improvement measures.

-- Increase the number of U.S. servicemen administering security assistance and working with the Liberian armed forces, either by augmenting the Military Mission or, less satisfactorily, by sending a succession of TAFTs or MTTs.

-- Study carefully any reasonable Liberian request for help in the development of the new Agricultural Battalion and, more generally, explore possibilities for assisting a variety of civic action projects in Liberia, perhaps as joint DOD/AID initiatives.

-- Seek adequate grant funding for these security assistance programs, consistent with their increasing importance as the political transition evolves. For FY 84, we have requested \$13 million in MAP and \$1 million in IMET.

-- Continue to arrange for occasional U.S. Navy ship visits and small-scale combined military exercises as appropriate.

4. Public Strategy and Steps: The US should support its Liberia policy through a public information efforts, including:

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-- Sensitize key Congressional officials to Liberia's importance to the US and our unique special relationship. Encourage visits by senators, congressmen and key staffers.

-- Encourage the GOL to improve the quality of its Washington Embassy and appoint personnel who will make a concerted effort to win friends for Liberia, especially in Congress.

-- In our own public statements reiterate the importance we attach to the democratic process and human rights. Emphasize our belief the Liberian democratic process will work.

-- Use high level visits to highlight to the public our commitment to the process and our determination it will work.

-- Establish appropriate bodies to assist in carrying out and promoting our strategies toward Liberia.

5. Economic Strategy and Steps: Recognizing that Liberian stability and the success of our political goals rest heavily on progress in the economic field, the US should take the following steps:

-- Maintain our economic dialogue with the highest levels of the Liberian government, including both Doe and the Economic Consultative Group, to promote sound economic policy.

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-- Continue to provide economic and financial advisors to the GOL.

-- Formulate a private sector strategy to assist in strengthening the Liberian economy. This should include plans to support Liberian efforts to attract foreign investment, development of indigenous enterprise, and encouraging development of agriculture.

-- Work to encourage the US business community to take a greater interest in Liberia. This should include promoting trade and investment missions to Liberia and facilitating adequate EXIM and OPIC support is available for US investors and exporters.

-- Undertake a study of the interdependence within the sub-economic group of countries to which Liberia belongs (Guinea, Sierra Leone, Ivory Coast) and determine if U.S. policy in the area should be modified to focus on this sub-grouping rather than the countries in isolation.

-- Continue to fund the FCS nationals at Embassy Monrovia and endeavor to fill the FSC Officer slot with a contract employee.

-- Work closely with the IMF and Liberian officials to help develop a workable stabilization and adjustment program that will allow the phasing out of reliance on IMF financial support.

-- Encourage the IBRD and IFC to take a greater role in the Liberian economy. This should include working through the USED to encourage the establishment of an effective donor coordinating mechanism and the appointment of an IBRD resident representative in

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Monrovia. In view of declining IMF flows to Liberia, the U.S. should also be prepared to encourage an IBRD structural adjustment loan to Liberia associated with fundamental policy reform and sound economic management.

-- Encourage other donors to make a greater contribution to Liberian development, while ensuring through close donor coordination that their contributions are consistent with Liberia's real economic priorities.

-- Encourage sound debt management and economic policies that would eliminate the need for continued official debt rescheduling in the medium term.

-- Continue to fund programs based on Liberian loan repayments even if those repayments must be deferred at present by the GOL.

-- Provide military assistance to the GOL through MAP wherever possible rather than through FMS in order to reduce the repayment strain on the GOL.

-- Establish a joint US-Liberian task force on agriculture as a follow up to the Cancun team.

-- Continue the priority being given in the budget process to maintaining assistance flows to Liberia at least at current levels. This should last at least through the first two years of Liberia's post-transition government. The US should avoid appearing to do less for a new civilian government than

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it did for the military regime, particularly if the new government faces continued economic difficulties.

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TAB-2

PROPOSED  
NATIONAL SECURITY  
DECISION DIRECTIVE

SUBJECT: NSDD 4-83: U.S. Strategy Towards Liberia

Liberia is important to the United States as the site of a variety of valuable U.S. facilities, military access rights, and private investment. Equally importantly, an unusual historical relationship has resulted in a domestic and international perception of Liberia as a special U.S. responsibility. The objectives of the U.S. strategy toward Liberia are:

-- To promote political and economic stability through the development of democratic institutions and free enterprise;

-- To preserve our facilities and access rights;

-- To avoid a major defeat or embarrassment for the United States through Liberian political or economic disintegration;

-- To prevent the development of Libyan, Soviet and other hostile influence.

In order to achieve these objectives, the U.S. will pursue a comprehensive and coordinated strategy which includes the following specific elements:

-- Use U.S. influence and resources to support and guide the Liberian political process in a way that will improve its prospects for success, help maintain stability, protect U.S. interests, and be publicly and privately defensible. This will include intensified dialogue with Head of State Doe and increased contact with all political actors to encourage the development of a moderate and viable political coalition that can be legitimized through the planned democratic process. In the absence of fundamentally changed circumstances, however, refrain from direct support for any individual or party for the purpose of influencing the election.

-- Provide adequate assistance to the Liberian transitional process through Project Democracy funding, the Human Rights Fund, USIA programs, appeals to foreign donors and private foundations, and ESF.

-- Be alert to the possibility of meddling by unfriendly foreign governments and take necessary counter measures.

-- Step up contact with the Army and the People's Redemption Council to improve discipline and professionalism and promote their backing for the political process.

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In this regard, move ahead with the military housing construction program, seek to implement the report of the Security Assistance Assessment Team and either increase the size of the U.S. Military Mission in Liberia or try to increase IMET to accomplish the same goals.

-- Maintain and expand as appropriate a public information campaign to sensitize Congress and the public to Liberia's importance and our unique special relationship. This will include promoting high level visits in both directions and establishing appropriate bodies to assist in carrying out our policies.

-- Promote economic stability and sound financial management by working with the highest levels of the Liberian government and providing economic advisors.

-- Develop a private sector strategy to strengthen the Liberian economy and encourage the U.S. business community to take a greater interest in Liberia. Facilitate the provision of adequate U.S. Government financing and investment guarantees in support of this.

-- Actively encourage the World Bank with other foreign donors to increase their constructive involvement in and support for Liberia, and work with the IMF and Government of Liberia to help develop a workable adjustment and stabilization program.

-- Continue to give sufficient priority in the budget process to maintaining assistance flows to meet our objectives in Liberia. Current levels are approximately \$75 million a year.

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TAB-3

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- THE SECRETARY OF COMMERCE
- THE SECRETARY OF TRANSPORTATION
- DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET
- DIRECTOR OF CENTRAL INTELLIGENCE
- CHAIRMAN, JOINT CHIEFS OF STAFF
- ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT
- DIRECTOR, U.S. INFORMATION AGENCY
- DIRECTOR, PEACE CORPS
- DIRECTOR, NATIONAL SECURITY AGENCY

SUBJECT: NSSD 4-83: U.S. Strategy Towards Liberia (S)

The President has directed that the U.S. policy towards Liberia be reviewed and that a draft National Security Decision Directive (NSDD), subject: U.S. Strategy Towards Liberia, be developed for NSC consideration and Presidential decision. This effort will establish security objectives and strategies which will guide future activities of the respective agencies towards Liberia. (S)

The Department of State will chair the review process, to be initiated in an Interagency Group meeting which should meet not later than May 1, 1983. The attached National Security Study Directive (NSSD 4-83) provides the guidelines for this review. (S)

This review process should result in a draft National Security Decision Directive (NSDD) for review by the NSC not later than June 6, 1983. (S)

FOR THE PRESIDENT:

*William P. Clark*  
William P. Clark

*Received in 5/5-1  
on 4/5 at 2000  
by [unclear]*

Attachment:  
NSSD 4-83

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NATIONAL SECURITY  
STUDY DIRECTIVE 4-83

April 5, 1983

U.S. STRATEGY TOWARDS LIBERIA (S)

Introduction

This National Security Study Directive establishes the terms of reference for a review of U.S. strategy towards Liberia based on an assessment of the U.S. position in the region in light of current military, economic, and political trends and an examination of available instruments of U.S. influence. The focus of the review should be the period from now through FY-85. (S)

Objective of Review

To produce a National Security Decision Directive (NSDD),  
Subject: U.S. Strategy Towards Liberia, for consideration by the National Security Council and, in turn, for decision by the President. (S)

Scope

The review will include, as a minimum, the following topics:

- An examination of US objectives in Liberia, including the importance of Liberia to significant US interests, which should be enumerated.
- An assessment of current policies and resources in terms of priority US interests and achievement of US objectives. The decisions of the April 2, 1981, SIG meeting on Liberia should be encompassed in this assessment.
- Major threats to US interests should be identified along with possible means of countering them and any time constraints.

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- An examination of the probable demands on future economic and security assistance, including approximate levels and time frames. This should also include an examination of stimulating other possible donors.
- The probable course of events internally in Liberia should be examined for their impact on US interests, and strategies should be set out to deal with likely events. This includes:
  - o Whether our support of the transition to civilian government should be sustained, at what level, and through what mechanisms.
  - o How we should deal with any conflict between support to the incumbent government and the evolving democratic process.
  - o How the danger of Soviet and Libyan influence and meddling can be minimized during a transition to civilian government.
- Congressional and US domestic opinion on Liberia, with steps needed to build policy support.
- Any alternatives to the current approach; costs and advantages/disadvantages. (S)

Administration

Management of the NSSD review will be the responsibility of an interagency group chaired by the Assistant Secretary of State for African Affairs with an NSC Staff officer serving as coordinator and with representation at the Assistant Secretary or equivalent level from the following agencies and departments: State, Defense, Joint Chiefs of Staff, Central Intelligence Agency, Treasury, Agriculture, the Office of the Vice President, the Office of Management and Budget, Peace Corps, Agency for International Development, United States Information Agency, Commerce, National Security Agency, and Department of Transportation (for the Coast Guard). The group

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will report its findings to the National Security Council not later than June 6, 1983. (S)

All matters relating to this NSSD will be classified Secret. Dissemination of this NSSD, subsequent study material, and the resulting draft NSDD will be handled on a strict need-to-know basis. (U)

*Ronald Reagan*

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