Even if they have been out of office for a decade, former Directors of Central Intelligence stay very well plugged in. Not long after Reagan signed the November 1984 Lebanon Finding, Richard Helms picked up something about Administration plans for covert operations in Lebanon and he was not happy about it. Helms, the legendary DCI whose career spanned World War II and most of the Cold War bore scars from the years when CIA tried to kill Fidel Castro. He had little time for assassination plots and covert operations.

The former DCI got in touch with Donald Gregg, Vice President Bush’s national security aide, who had also once worked for Helms at the CIA. “[Helms believes] that we cannot and should not go as far as the Israelis have in fighting terrorism with terrorism,” Gregg wrote to Bush in early December.¹ The intelligence veteran had wanted a meeting with the Vice President as a way of discouraging the Administration from going too far along this path of violent counter-terrorism. Like many of the first generation of American officials who dealt with terrorism, Helms identified violent counterterrorism with Israel. Israel’s very existence was on the line every day and an argument could be made for its decisions to bomb and assassinate without much sensitivity to collateral damage. The United States, however, was a superpower whose existence did not appear

¹ Don Gregg to GB, 5 December 1984, OVP, National Security Affairs, D.P. Gregg Files, Task Force in Terrorism Files, GHWBL. Helms had invited Gregg to lunch on December 5 to discuss “in some detail” a NY Times of December 4 by Thomas L. Friedman, “Israel Turns Terror Back on the Terrorists, but Finds No Political Solution.” Gregg enclosed a copy of the article for Bush.
to be threatened by terrorism. American global leadership in the nuclear age was more often exercised using the tools of soft power – persuasion, economic diplomacy, credibility – than by using military force. Helms did not want American efforts in counterterrorism to undermine those tools. Gregg agreed with Helms’ worries about the direction in which US counterterrorism might be going and encouraged Bush to meet with him.

George Bush had known Helms a long time and thought very well of him. In September 1972, when UN ambassador Bush had received intelligence that Arabs terrorists might attempt to kill him, he had turned to Helms for some evaluation of the information. Bush agreed to meet Helms over breakfast on 20 December 1984.

Helms needn’t have worried, by early 1985 the covert action suggested by the NSC staff as a stop-gap measure was already stalling out. The CIA’s top civil servants, starting with Casey’s deputy John McMahon, were very uncomfortable with the program. “Do you know what intelligence means to these people?” McMahon reportedly said to Casey, “it’s tossing a bomb. It’s blowing up people.” McMahon also worried that if these teams succeeded in killing any Hizb’allah leaders, the CIA would be blamed for unilaterally violating the Executive Order banning assassination that every President had issued since Nixon. “To the rest of the world,” he warned, “it’s not administration policy, it’s not an NSC idea -- it’s those crazy bastards at CIA.”

Casey’s representative in the Crisis Pre-Planning Group (CPPG), the deputies-level committee that oversaw all US covert action, also did his part to throw up roadblocks. Clair George, who knew something about Beirut having served as COS there in the mid-1970s, did not like the covert action plan of November 1984. Together with State’s Robert Oakley, he pressed for more and better information about the Lebanese hit teams and their accountability. At his and Oakley’s request, the Joint Special Operations Command [JSOC] sent two different survey teams to Lebanon to assess these groups and each time returned with a

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2 George Bush, Diary, “Notes 12/15/70 – 2/8/71,” UN Ambassador Papers, GHWBL. In an entry for 5 January 1971, Bush wrote, “I had a long CIA briefing from Dick Helms after lunch. He is a friend and I think this will prove to be helpful.”

3 Don Gregg to GB, 5 December 1984, OVP, National Security Affairs, D.P. Gregg Files, Task Force in Terrorism Files, GHWBL. The date of the meeting, initialed approvingly by Bush, is handwritten on Gregg’s memo.

4 Joseph E. Persico, Casey, p.429.

5 Ibid.
negative opinion of them. As a result, recalls Robert Oakley, “not one US cent or one bullet ultimately went to them because of this.”

Frustrated by his own team at Langley and the foot-dragging at the Casey may have decided to press on with the help of Saudi Arabia. The Saudis shared a dislike for Sheikh Mohamed Fadlallah, the spiritual leader Hizb’allah. According to Bob Woodward, Casey transferred three million dollars to the Saudi government in early 1985 to pay for the assassination of Fadlallah by foreign mercenaries. There is no available evidence in the public domain to corroborate the Woodward claim. But on March 8, 1985, a car bomb did explode outside Fadlallah’s residence in Beirut, killing 80 civilians and wounding 200, though not Fadlallah himself. Oakley, State’s representative on the CPPG, assumed that uncontrollable elements of the Lebanese intelligence service were responsible. “This is what we were concerned would happen,” he later recalled. Whether or not Casey had a hand in it remains a matter of conjecture. When Casey heard about the bombing, he called McMahon into his office. “I’ll have to call the President,” said Casey, “and tell him we have to rescind the Finding and shut down the operation. In the meantime, let’s find out what the hell happened.” The Finding was subsequently canceled.

Whatever his role in the assassination attempt on Fadlallah, Casey was busy on the counterterrorism account in early 1985. He replaced David Whipple as National Intelligence Officer for Counterterrorism with a man who was much closer to the NSC staff, Charles Allen. It was Allen who had alerted Oliver North to the fact that the US embassy annex bombing in September 1984 could have been averted. Once he became NIO, Allen instituted a virtual counterterrorism fusion center so that a similar intelligence failure could not happen again. He arranged for a secure telephone line to link NPIC to the rest of CIA, State, DIA, the NSC and the National Security Agency, which was responsible for intercepting and decrypting foreign communications. The National

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8 Persico, Casey, p.430.
Security Council Staff appreciated Allen's choice of a system that allowed specialists in warning and terrorism to remain in their own agencies while insuring that they were able to keep abreast of the most important developments.9

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Although there was disagreement within the Administration over the role that assassination should play in aggressive counterterrorism, a threat from Hizb'allah in early 1985 forced the White House to take a second look at the use of overt military power as a weapon against terrorists. On January 14, 1985 a spokesman for "Islamic Jihad," a covername routinely used by Hizb'allah, called the Reuters news agency to warn Washington that the US hostages in Lebanon would be tried as spies and receive "the punishment that they deserve."10 There were now five of them. Peter Kilburn, a librarian at AUB, had been abducted in November 1984 and in January, just six days before making this threat, Iran's Lebanese clients had taken Father Lawrence Martin Jenco, the Director of Catholic Relief Services in Beirut.

Hizb'allah's threat spun the State Department into action. A year earlier Secretary Shultz had pushed for Iran to be placed on the list of state-sponsors of terrorism. Now he wanted Iran to feel some heat for continuing to assist Hizb'allah. The United States continued to intercept Iranian communications both to Iran's diplomats in Syria and the messages to Hizb'allah. Sometime in late December or early January, NSA provided State with "firm evidence that elements in the Government of Iran are directly guiding the activities of Lebanon-based terrorists, including terrorists operating under the name of Islamic Jihad."11

Concerned that the lives of the five men were hanging in the balance, the State Department wanted Iran to know that it would be held accountable for the hostages' safety. State also wanted US allies to be prepared if military action had to be taken. A strong warning was prepared for delivery to Teheran. State also drafted a demarche to

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9 Interviews with John Poindexter and Frederick Turco.
11 Ibid.
send to key allies. US diplomats in Ankara, Islamabad, Tokyo, Bonn, London and Paris were to approach the local government both to ask that they “make a drive against Iran’s sponsorship of terrorism” and to alert them that if any harm came to the five Americans, the United States would hold Iran responsible and “there will be very serious consequences.”

State was not sanguine about effect of these demarches. It expected “a mixed reaction” from its allies and general surliness from Iran. But there was a chance that if a diplomatic coalition could be forged against Iranian-sponsorship of terrorism, the Iranians might just avert “any irrevocable action by the terrorists.” As part of this diplomatic initiative the United States also sent a strong demarche to Damascus in the vain hope that Syria would apply some pressure on Hizb’allah, whose principal training facilities were in the Syrian-controlled Bekaa valley.

As these messages were going abroad, George Shultz reasoned that he also needed to build a coalition at home for this tough policy. The Secretary of State had seen in 1983 and 1984 how effectively Weinberger and the Pentagon – and even at times Ronald Reagan himself -- could throw up obstacles to military action against terrorists. This time he wanted to neutralize possible opposition ahead of time by locking the White House into an aggressive posture from which it could not back down without serious consequences to President Reagan’s credibility. “Before sending these messages [to US ambassadors and to Teheran].” State explained to Robert McFarlane on January 15, 1985, “we request Presidential confirmation that the US is prepared to take action against Iran if Iran does not assure the safety of the hostages.”

President Reagan approved the strong demarches the same day. By siding with Shultz, the President signaled his willingness to put the word of the United States on the line to protect American lives abroad. McFarlane meanwhile alerted members of the NSPG that they should prepare to meet on January 18 to discuss possible military action.

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12 Ibid.
13 Ibid.
14 Poindexter, “Notes from CPPG Meeting, March 13, 1985,” NSArch-CT.
16 Nicholas Platt, Ex. Sec., DOS, to McFarlane, 15 January 1985, NSArch-CT.
17 Minutes, NSPG, 18 January 1985, “Response to Threat to Lebanon Hostages,” NSArch-CT.
Weinberger and the Pentagon, somewhat surprisingly, informed the White House that they approved the sending of the demarches and “ensuring that we have the military options to back them up.”

McFarlane’s deputy, Rear Admiral John Poindexter, prepared briefing notes for President Reagan. At the end of the memorandum Poindexter wrote, “I believe it is important that you get general agreement on [contingencies if the terrorists carry out their threats]. If the hostages are put on trial, we should already have decided upon a pre-planned response which needs only your final approval in order to move. We should also have similar decisions if the terrorists execute one, several or all of the hostages.”

Vice President Bush and Edwin Meese, who had become Attorney General for Reagan’s second term, also received copies of this briefing memorandum.

The NSC staff designed the hour-long meeting so that most of the discussion focused on the military options. Casey and Shultz were told to keep their briefings short and the Pentagon was ordered to bring contingencies for action against both Hizb’allah and Iran. The President needed to know “closure times and the availability of forces in the region.” The NSC staff already believed that the US could easily position the military strike capability that it needed in the Mediterranean.

The President’s decisiveness never flagged during the meeting. In the fall, Reagan had hesitated about using military force as a tool of counterterrorism because of his concern that retaliation for the bombing of the US Embassy annex might lead to the deaths of the US hostages. Now he was being asked to use force to avenge them. Reagan’s self-confidence in this moment of decision was as much a sign of his identification with the fate of these seven individuals as his vacillation had been in the fall. These seven were individuals to him. He knew their names. In some cases he had met their families. He was not prepared to let them die on his watch.

There was no mistaking the fact that an important change in domestic politics since the fall had also made this tough decision easier. In October 1984, the President had talked about the effect on public opinion if a US airplane or two were lost in the

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18 Ibid.
19 Poindexter to RWR, “Meeting with the National Security Planning Group,” 17 January 1985, NSArch-CT.
retaliatory attack. Four months later, after having won re-election in a landslide, Reagan could afford to be less concerned about public opinion.

The Pentagon assured the President that US forces were currently “well positioned to execute any strike.” There were two carrier groups in the Indian Ocean and one in the Eastern Mediterranean. Weinberger’s team then offered four different options, two of which probably involved hitting targets in Iran or Iranian targets in Lebanon. Among the Iranian targets in Lebanon were the 1,500 members of the Iranian Revolutionary Guard Corps (also known as the Pasdaran) stationed with Hizb’allah in the Bekaa Valley. The Pentagon preferred the two options that involved going after Hizb’allah itself. The Iranian target “would require more assets, would affect allies or friendly nations, and would be difficult to stop once we had set them in progress.”

Hitting Iran might also cause an overreaction by the Soviets. President Reagan approved retaliation against Hizb’allah targets in Lebanon. “If they harm just one or two of the hostages,” the President ordered, “we should go with the two strikes as planned.” There were to be no attacks on Iranian targets. Although persuaded by the Pentagon not to approve all four operational plans, the President was not about to let Iran off the hook. Should some of the hostages be harmed and the initial air strikes not lead to the release of the remaining hostages, Iran was to be threatened with having its harbors mined.

No one had promised Reagan any magic bullets. During a discussion of hitting Hizb’allah, CIA director Casey explained that there were between 100-150 terrorists at Hizb’allah’s main facility in the Bekaa Valley who “leave during the day but return at night.” “Smashing that,” Casey added with unusual caution, “would set them back, but this would only be temporary.” No other advisor suggested that a military attack would end the threat from Shi’ite terrorism. What Reagan was told with confidence, however,

22 Minutes, NSPG, 18 January 1985, “Response to Threat to Lebanon Hostages,” NSArch-CT. Given that details of the four options were redacted from the declassified document, the argument that these two options involved attacks on Iranian targets is a matter of conjecture by the author based on the character of the Pentagon’s objections, the nature of the problem facing the United States at that moment and the fact that there is general evidence the Reagan administration did discuss possible air strikes on Iran or Iranian targets in Lebanon.
23 Interview with Admiral Poindexter, 17 February 2004.
24 Minutes, NSPG, 18 January 1985, “Response to Threat to Lebanon Hostages,” NSArch-CT.
was that the link between Hizb‘allah and Iran was clear. “We do know,” said Casey, “that the Iranians supply, direct, train, and work with the terrorists through the Iranian Revolutionary Guard.”

Weinberger appeared to support the President’s decision. However, to prevent a repeat of what happened in October 1983 Poindexter, who was at the meeting in place of McFarlane, asked Reagan for confirmation that the NSPG would not have to meet again to formally approve the strikes. “We’ve now agreed,” said Poindexter, “that if the hostages are harmed, we will conduct the strikes.”

“Like that,” interjected Reagan, snapping his fingers. Reagan then repeated in detail the precise military action he expected should “any” hostage be harmed. Military retaliation for Iran-sponsored terrorism was now, for the first time, the firm policy of the United States.

When Hizb‘allah did not follow through on its January 1985 threat to try the Americans, the threat of US military action subsided. In the wake of the mini-crisis, the White House indicated to the CIA that the US government needed better intelligence on the location of the hostages. At the January 18 NSPG meeting on Lebanon, Casey had admitted that the CIA did not really know where they were. A friendly foreign service asserted to CIA that it knew the exact location of the hostages but also said that they were moved frequently. The importance of knowing the location of the hostages became dramatically obvious after Jeremy Levin, the CNN producer who had been taken in February 1984, managed to elude his captors in mid-February 1985. Levin reported to the US government that all of the hostages were held in the area of the Sheikh Abdullah Barracks in the Bekaa Valley. Levin had escaped from the adjoining married officers’ quarters but it was reported that some of the hostages were in the Barracks themselves. As members of the NSPG knew well, the Barracks had figured prominently on US air force target lists.

In February 1985, Casey set up a DCI Hostage Locating Task Force [HLTF] and made Charlie Allen its chairman. Although anchored at CIA, the HLTF comprised

25 Minutes, NSPG, 18 January 1985, “Response to Threat to Lebanon Hostages,” NSArch-CT.
26 Ibid.
27 “Hostage Locating Task Force: Terms of Reference.” [Undated, but Context Suggests Prior to February 13, 1985], NSArch-CT. Levin, who escaped on February 13, is described as still a hostage.
28 Poindexter, “Notes from CPPG Meeting, March 13, 1985,” NSArch-CT.
"intelligence, diplomatic, forensic and criminal experts" who were to conduct "a detailed analysis of all available information in broadening our search for the hostages." The Terrorist Incident Working Group, which was chaired by a senior NSC staffer, supervised this new task force. It was understood that the Hostage Locating Task Force was to stay in business "until such time that the hostages have been released/rescued or the TIWG agrees that it is no longer productive."

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Washington would get only a month to catch its breath before Lebanon again attracted its attention. The failed assassination attempt on the residence of Sheikh Fadlallah on March 8 was one of three facts regarding Lebanon in early March that forced the Reagan administration to consider military options for the second time in 1985. Hizb'allah publicly blamed the Fadlallah bombing on the United States as it did a second large bombing in March in a Shi'ite neighborhood. A second reason to assume a terrorist attack against a US target in the near term was that Washington had just vetoed a Lebanese Security Council resolution condemning Israel. When the US vetoed a similar resolution in early September 1984, Hizb'allah had retaliated by bombing the US embassy annex. Finally, the Administration assumed that Israel's "iron fist" policies in Southern Lebanon would lead to increased "danger to US facilities and personnel from Islamic terrorists." The Arabs blamed the most recent Israeli actions in Lebanon on Washington.

A third attack on the US Embassy in Beirut was the scenario that most worried the Administration. US intelligence satellites had again picked up images of a "mock-up at the Shaykh Abdullah Barracks for use in training car-bomb drivers." CIA explained that that it appeared "to simulate the approach to the Porfin facility." The Porfin facility was not the US embassy. It was a "largely unoccupied" US facility that was being used by a "contract security force." Nevertheless, it looked as if a US target would be hit.

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29 "Hostage Locating Task Force: Terms of Reference." [Undated, but Context Suggests Prior to February 13, 1985], NSArch-CT. Levin, who escaped on February 13, is described as still a hostage.
30 Ibid.
31 Poindexter, "Notes from CPPG Meeting, March 13, 1985," NSArch-CT.
32 Ibid.
33 "Talking Points," [Undated, but from context pre-March 13 CPPG meeting], NSArch-CT.
In anticipation of trouble, State decided in mid-March 1985 to “thin out” its official delegation in Beirut. Fourteen more people would leave for Cyprus with only 30 foreign service officers and military advisors remaining. More hostage-taking was also a possibility. But the US government was resigned to the fact that it could do little to enhance the security of the American civilians still in the city. There were 200 left, clustered at the American University of Beirut. The US had the capability to evacuate all of them by helicopter or naval units, as it had down when fighting in the city got fierce in February 1984; however Washington believed that “few, if any, of these would choose to be evacuated.”

The deputies committee, the CPPG, met on March 13 to go over US readiness. The USS Vinson and the USS Eisenhower carrier battle groups were already on a 96-hour response time and the Joint Chiefs were instructed to be prepared to move even faster after a strike order. Despite evidence of car-bomber training at the Sheikh Abdullah Barracks, the information from the former hostage Levin had made it a problematic target for an air assault.

The Reagan administration considered an Iranian-sponsored terrorist attack in the United States unlikely and gave no serious consideration to this threat. It appears that no solid intelligence had been received pointing to that kind of reaction by Hizb‘allah and the Lebanese group had no history of attacking anywhere in the Western Hemisphere. But had there been some piece of information picked up in the United States it is unlikely that anyone at the CPPG meeting would have known about it. No representative of a domestic policymaking agency, including the Department of Justice, was invited to the March 13 meeting to discuss the impending terrorist attack on a US target. There was also no one from the FBI. The entire intelligence community was represented by Casey’s deputy, Robert Gates. The members of the CPPG assumed that the attack by Islamic radicals, if it came, would happen abroad and there was no need to plan for any domestic alternative.

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34 Poindexter, “Notes from CPPG Meeting, March 13, 1985,” NSArch-CT. Political difficulties within the Lebanese government increased the vulnerability of the US legation. Members of the Lebanese army stood guard around the Embassy but in recent days there was evidence that factional fighting within the Christians Phalange movement – which supported the Lebanese government – make it likely that these troops would be withdrawn.

35 “Talking Points,” [Undated, but from context pre-March 13 CPPG meeting]. NSArch-CT.

36 Ibid.
The radical Shi’ites did retaliate, but not by bombing any of the four US facilities in Beirut. On March 14, 15 and 16, Hizb‘allah took three additional hostages, two British and one American. The American was Terry Anderson, the chief Middle East correspondent of the Associated Press, who replaced Jeremy Levin as the fifth US citizen in captivity. On March 18, Hizb‘allah again using the cover name “Islamic Jihad” announced that the three men had been taken as “part of a campaign to rid Muslim regions of foreign spies.”37 “Islamic Jihad” said that it had delayed two days in claiming responsibility because it wanted to get the three captives safely out of Beirut. It seemed that there were now even more Westerners at the Sheikh Abdullah Barracks.

Fortunately no one had died in Hizb‘allah’s riposte but it nonetheless painfully revealed the continuing ineffectiveness of the US government’s approach to this terrorist organization. The Reagan administration’s goals remained the same: a) releasing the hostages; b) reducing the power of Hizb‘allah. The military option was still on the table; but with Hizb‘allah having decided to bring the hostages into its nest in the Bekaa valley, there were not many high value targets that could be safely attacked. The concentration of the hostages made a rescue more feasible; yet in discussions in March, the deputies believed that their location at the terrorist training barracks also meant an assault would be bloodier.38 Meanwhile the Lebanese had not turned out to be trustworthy surrogates and the authority of the Lebanese government, never great, seemed to be ebbing. Diplomacy with the Syrians had been tried but they either seemed to lack the influence with Hizb‘allah or were unwilling to use it. Syria occupied 65% of Lebanon, including the Bekaa. The Iranians and their Shi’a allies operated there with the approval of Damascus, which should have given Syria leverage with Hizb‘allah. However Iran had paid in real coin for Syrian acquiescence. In late 1982 the two countries agreed Iran would supply Syria with nine million tons of discounted crude oil per year.39 Since early March 1984, because of the internal struggle in Lebanon between the Syrian client Amal and Hizb‘allah, the Syrians had begun to show a little independence of Iran.40 There was even talk in Washington of somehow involving them in a hostage rescue attempt. But this

37 DIA Terrorism Summary, 18 March 1985, NSArch-CT.
38 “Talking Points,” [Undated, but from context pre-March 13 CPPG meeting], NSArch-CT.
39 Magnus Ranstorp, Hizb‘allah in Lebanon, fn 30, p. 214
40 Ibid, p.36.
kind of joint planning with the suspicious Assad regime would be unprecedented and likely fruitless.\textsuperscript{41} That left the Iranians.

Within the US government there was a small but influential knot of people who believed that the future of US policy in the region depended on finding a way back into the good graces of Iran. In the 1970s, Iran had been one of the two “pillars” of US policy in the Persian Gulf, the other being Saudi Arabia. The overthrow of the Shah by a revolutionary fundamentalist Islamic regime had brought that relationship to an end. But now the leader of that revolution was 85 years old and there were rumors that his health was not very good. The other immediate threat to Iranian stability was the war raging between Teheran and Baghdad, which had started in September 1980. The United States had remained neutral in that conflict, but some US officials feared the consequence of an Iranian defeat by Saddam Hussein, who seemed to have widespread regional ambitions.

Charlie Allen was one of those who believed that this was the time for the United States to make its move into Iranian politics.\textsuperscript{42} He saw the hostage problem, for which he particular responsibility in the Administration, was a means by which to feel around for potential allies in whatever successor government emerged in Teheran. Casey, Allen’s boss at the CIA, as well as McFarlane, his deputy, Poindexter and some regional specialists at the NSC, also viewed the situation in the same way.\textsuperscript{43}

In the spring of 1985, Robert McFarlane requested a CIA assessment of Iran and then instructed the NSC staff to prepare a draft NSDD on a policy of seeking an opening to Teheran. In January, the US government had considered using a stick to compel Iran in containing Hizb’allah. Now it seemed some wanted to use a carrot.

Shultz and Weinberger strongly opposed the idea. For Shultz this initiative represented the negation of everything he had been advocating on Iran. He had pushed for sanctions in 1984 and then through Operation Staunch had invested US prestige in cajoling allies to respect the embargo on selling arms to Teheran. In 1985, he had led the charge for direct military action against Iran. Iran was a prime supporter of international

\textsuperscript{41} Ibid. The document mentions the possibility of a Syrian rescue attempt but does not handicap the likelihood of success.

\textsuperscript{42} Oliver North Notebooks, National Security Archive.

\textsuperscript{43} Interviews with John Poindexter.
terrorism and Shultz refused to push that reality to one side for some possible future geopolitical gain. Weinberger, who did not often find himself on the same side as Shultz in internecine disputes, used particularly colorful language to make his point. "This is almost too absurd to comment on....It's like asking Quaddafi to Washington." As State and DOD were trying to kill this shift in policy, a dramatic terrorist incident the Middle East would provide evidence that paying ransom to the Iranians might be a successful counterterrorism strategy.

_TWA Flight 847_

On June 14, 1985, two Hizb’allah operatives hijacked TWA flight 847 en route from Athens to Rome and diverted it to Beirut. The hijackers were seeking the release of 766 Palestinian prisoners in Israeli jails and had hoped that there were many Israelis on the flight. As it turned out there were no Israelis on the flight, so the hostages singled out US citizens with what they described as Jewish-sounding names and any American carrying military identification. The hijackers then released 17 women and 2 children.

Once he learned of the hijacking, McFarlane’s deputy Poindexter convened a meeting of the TIWG. The Pentagon recommended the use of the Delta Force to free the passengers. As the Administration was considering its options, the terrorists directed the pilot to fly to Algiers. The Algerian government persuaded the terrorists to release more women and children but could not get them to release the entire group. Despite US efforts to prevent this, the terrorists forced the plane to return to Beirut, where they wanted to meet the leader of Amal, Nabih Berri.

While the plane sat on the tarmac in Beirut, the terrorists lost their cool. They felt Amal was taking too long to respond. To force the pace of events, they murdered one of the US military personnel aboard, US seaman Robert Stethem, and threw his body out of the plane.

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Although it flirted with using Delta Force, the Reagan administration approached the settlement of the incident much as the Nixon administration had managed the Dawson Field crisis in September 1970. The Administration wanted a swap of Israeli prisoners for the Western hostages. Through backchannels and via the International Committee of the Red Cross Washington put pressure on the Israelis to release the 766 prisoners demanded by the hijackers. The Reagan administration explained that Israel could dress up the release so that it appeared to be independent of the hostage drama. Initially, Israeli prime minister Shimon Peres and his defense minister Yitzhak Rabin resisted. But as the ordeal dragged into its third week, Peres relented. Once the Syrians were told that 300 of the prisoners would be released after the passengers had been set free, their Lebanese clients allowed the hostages to go.  

This was not the first time that the Reagan Administration had advocated concessions by an ally for the release of its citizens. In 1984, the CIA had tried to arrange for a release of the 17 Daw’a prisoners held by Kuwait through an intermediary after Hizb’allah cited their release as one of its conditions for letting go of the American hostages. These seventeen men were in Kuwaiti jail for trying to bomb the US and French Embassies in December 1983. But the Kuwaitis refused and after a certain point Washington stopped asking. Admiral Poindexter recalls that President Reagan was very pragmatic about how far to let the US public position of “no concessions, no deals” define actual US actions in hostage situations. “If you study Israel’s handling of hostages,” he said, “they do not always go in with guns blazing.” Poindexter added “it is the same with us.” He said, “it would not please all of his supporter but Reagan was pragmatic.”

Iran had played an intriguing part in the peaceful end of the TWA drama. Amal did not control all of the hostages. When the plane first landed in Beirut a few of the passengers had been taken by Hizb’allah as part of a division of spoils with Amal. Once it was satisfied with Israel’s concession, Syria saw that it lacked the influence to get

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45 For a superb reconstruction of the policymaking during the tense 17 days of the TWA 847 incident, see David C. Wills, The First War on Terrorism: Counter-Terrorism Policy During the Reagan Administration, [Oxford: Rowan & Littlefield Publishers, Inc., 2003], pp.89-137.

46 Minutes, NSPG, 18 January 1985, “Response to Threat to Lebanon Hostages,” NSArch-CT. Casey described this operation as part of his briefing. The name of the mediating state or group is redacted.

Hizb’allah to turn over the passengers that it held. Without those passengers the deal was off as the United States demanded the release of all of the passengers. No one wanted to see a repeat of the TWA incident in 1969 when two Jewish passengers were kept for an additional two months after everyone else on the plane had been freed. The speaker of the Iranian parliament Hashemi Rafsanjani came to Damascus to participate in resolving the crisis. Through his mediation Hizb’allah agreed to let its TWA hostages go. On June 30, the remaining passengers and crew left for the West via Damascus. The hijackers, despite having killed Stethem, were permitted to disappear into the anarchy that was Beirut.

*Operations TULIP and Rose*

The TWA incident was heartbreaking for the Reagan administration. A US serviceman was killed and there would be no retribution. On July 3, Reagan attended what he described in his diary as a “frustrating NSPG meeting re the seven kidnap victims and the matter of Lebanon generally.” The discussion appears to have degenerated into a painful rehash of the arguments for and against military action that Reagan had heard back in October 1984. “Some feel we must retaliate,” Reagan noted, “I feel to do so would definitely risk the lives of the 7 [By this time Hizb’allah had added hostages, David Jacobsen and Thomas Sutherland].” To those in the meeting, Reagan’s reluctance may have seen inconsistent with the decisiveness he had shown on the issue in January. In fact, Reagan was simply reiterating the linkage between US policy toward Hizb’allah and the fate of the hostages. So long as the hostages were unharmed, Washington should do nothing to provoke a violent reaction in Beirut.

The Lebanese situation represented a clash between Reagan’s belief in the importance of defending US lives abroad and his desire that on his watch US international prestige be increased. On July 8, the President revealed his frustration to the world in a widely covered speech to the American Bar Association. In what might have been a model for President George W. Bush’s 2002 Axis of Evil Speech, Ronald Reagan named Iran, Libya, Cuba, North Korea and Nicaragua “a confederation of terrorist

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states." "Most of the terrorists who are kidnapping and murdering American citizens and attacking American installations," Reagan said, "are being trained, financed and directly or indirectly controlled by a core group of radical and totalitarian governments, a new international version of Murder, Inc." Reagan described state-sponsorship of terror as "an act of war" to which the United States had the right to respond militarily. Reagan also threatened the individual terrorist, vowing to apprehend anyone guilty of terrorism, wherever it was committed. "There can be no place on Earth left where it is safe for these monsters to rest, or train, or practice their cruel and deadly skills. We must act together, or unilaterally, if necessary, to ensure that terrorists have no sanctuary -- anywhere." 49

When George W. Bush gave a similar speech in January 2002, the US government had the support of the American people who understood they were at war after 9/11. However brilliant the rhetoric and the delivery, in 1986 Ronald Reagan was using rhetoric for which there was hardly any policy. NSDD 138 was still on the books but in a year there been only one attempt at aggressive counterterrorism, the covert action against Hizb’allah in Lebanon, and it had collapsed under the weight of bureaucratic opposition.

The hyperactivity that would get the NSC into such trouble over the next year and which very nearly brought the Reagan administration down with it emerged from the frustration of these summer days. In his diary, Reagan noted during the TWA incident that "Qaddafi is talking to Iran and Syria about a joint terrorist war against us...." 50 Reagan agreed with Shultz that to defeat terrorists one had to deal with the states that supported them. Everything else was secondary. In the wake of TWA 847 the President let it be known that he wanted policies that could do this. Over the course of the rest of that fateful summer of 1985, Reagan would choose two different kinds of policies to achieve this same goal.

Although Reagan called Moammar Gaddafi, the "mad clown of Tripoli," he took Libya’s capacity to cause harm to the United States very seriously. 51 For some time, the Libyan

50 Entry for June 27, 1985, cited in Reagan, An American Life, p. 496.
51 Reagan, An American Life, p.511.
leader had been fishing in troubled waters, but in 1985 Gaddafi seemed to have made a conscious decision to step up his harassment of the United States government. Unlike other state-sponsors of terrorism, Libya was willing and able to meddle in US domestic matters. The Libyans had forged an alliance with the Nation of Islam, led by Louis Farrakhan. In February, Gaddafi addressed the NOI’s national convention by televised hook-up and promised weapons to African-Americans to fight “your racist oppressors.”

Two months later Louis Farrakhan announced that he had received a 5 million dollar interest-free loan from his Libyan “fellow struggler.” Meanwhile the FBI was also monitoring the activities of suspected members of Libyan hit squads in the United States. In May, the FBI agents served subpoenae on between 15 and 18 pro-Gaddafi Libyans in Virginia, Colorado, Michigan and North Carolina. A Federal Grand jury had been empanelled to hear testimony on their activities in behalf of the Libyan regime. In early June, the US expelled a diplomat from Libya’s UN mission for activities “incompatible with his status and illegal.”

Overseas, the Libyan seemed to be scoring remarkable diplomatic successes. In mid-1984, longtime US ally Morocco had shocked Washington by signing a “treaty of union” with Tripoli. By March 1985, the Reagan administration was convinced that Morocco had done this to settle its struggle with the Polisario Front in the Western Sahara but Libya’s leverage in North Africa remained worrisome. This regional authority grew in April when US ally Jaafar Nimieri was overthrown in Sudan. Gleeful over the defeat of his enemy Nimieri and Washington’s subsequent disappointment, Gaddafi threatened that Reagan’s “nose would be cut” if the United States somehow attempted to reverse the outcome in the Sudan.

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52 Edward D. Sargent, "$5 Million Qaddafi Loan to go to Toiletry Firm; Farrakhan Says Company will hire Blacks," The Washington Post, 4 May 1985.  
Gaddafi's apparent successes did nothing to solve some troubles he was having at home. These foreign adventures were eating away at Libya's foreign exchange reserves at a time when oil revenues were down due to problems in Libya's oil industry. Gaddafi's woes were magnified by his deteriorating relationship with Libya's professional army, which saw a growing threat in Gaddafi's revolutionary militia and East-German trained personal security force. In April Gaddafi survived an assassination attempt by the National Front for the Salvation of Libya, a group directed by disgruntled army officers.

After the NFSL attack, Gaddafi lashed out at the United States and Egypt, which he blamed for assisting his domestic opponents. Libyan intelligence agents organized a suicide truck bombing of the US Embassy in Cairo. Fortunately due to good police work by the Egyptians the attack was detected in its planning stages and prevented. Sensing a growing coalition against him, Gaddafi sought improved relations with Iran.

At an NSPG meeting in mid-July 1986, Robert McFarlane argued that diplomatic and economic measures had so far not succeeded in tempering Gaddafi's behavior. He advocated stronger measures. The NSC staff had worked up two plans: Operation Tulip and Operation Rose. Tulip was a plan to “assist Algerian and Egyptian training and direction of paramilitary operations within Libya.” The goal was to make the National Front for the Salvation of Libya a “viable paramilitary force.” Washington intended to leave to the Algerians and the Egyptians responsibility for guiding the NFSL in its war against Gaddafi. Rose was a plan for an overt military campaign against Libya, led by Egypt but supported by the US Air Force.

Reagan signed the Tulip finding and may have also signed the Rose finding. At the very least he indicated that he wanted the NSC to flesh out how it might be organized and to feel out the Egyptians on their interest.

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57 CIA, “Libya: Qaddafi's Prospects for Survival,” 5 August 1985, James Stark Files, Libya (3) Box 91095, RRL.
58 The terms Rose and Tulip come from Woodward, Veil, p. 411.
59 John M. Poindexter to RWR, 10 April 1986, “Supplemental Finding on Libya Covert Action,” Donald Fortier Files, Libya [2 of 12], Box 91673, RRL. This remarkable document, which was declassified in March 2001, summarizes the goals of the July 1985 Finding for President Reagan.
60 Woodward, Veil, p. 411.
61 Ibid. In his book, Wills assumes that neither Finding was signed in July; however the April 1986 Finding makes clear that what was called TULIP was signed in July.
With the start of a covert war against Tripoli, the Gaddafi government became the first and only state sponsor of terrorism in the Middle East that the Reagan administration would attempt to overthrow. "Libya was low handing fruit," recalls John Poindexter, who helped design the July 1985 findings. The other two state sponsors in the region – Syria and Iran -- were too hard to punish. Libya was militarily weak and lacked any major sponsors of its own. The Soviet Union was a strong supporter of Syria and though Soviet-Iranian relations were tense, Moscow would view US military action against its neighbor with great concern. The NSC assumed that Moscow would not lose any sleep over Gaddafi's fate, even if a few Soviet technicians were killed in a Western or Egyptian action.  

Another factor arguing in favor of making an example of Libya was the assumption that the United States could take action against Tripoli without endangering the US hostages in Lebanon.

Soon after Reagan signed the Tulip Finding, Poindexter went to Cairo to gain high-level Egyptian support for the initiative. Poindexter took Donald Fortier with him. Fortier was the staffer at the NSC who pushed hardest to make an example out of Libya. Fortier used terms like “pre-emption” to explain the need to get the sponsors of terrorism before the terrorist get you.

When they learned of the Poindexter mission, the Near East experts at State considered the mission a Fool's errant. Poindexter thought he had reason to expect otherwise from the Egyptians. In August 1985, Libya had expelled 30,000 Tunisian and 10,000 Egyptian workers. The move reflected Libyan economic concerns, but was also an effort by the Libyan leader to penalize the Tunisians and the Egyptians for their moderate views on the United States and the Arab-Israeli peace process. The effort backfired, leading to greater cooperation among Tunis, Cairo and even Baghdad and Algiers. As the foreign service had expected, however, Poindexter returned with nothing to show for the trip. Without even allowing the deputy National Security Advisor

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63 Interview with John Poindexter, 17 February 2004; Wills, The First War on Terrorism, p. 172.
64 Blind Memorandum, “Libya,” Donald Fortier Files, Libya [2 of 12], Box 91673, RRL. CHK FN.
65 Wills, The First War on Terrorism, pp. 172-175.
to finish his presentation, Mubarak terminated the meeting. "When we decide to invade Libya," said the Egyptian President, "it will be our decision and on our timetable."  

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As Poindexter continued to work towards regime change in Libya, McFarlane and the CIA were pursuing counterterrorism in Lebanon using a different set of tools. Given Reagan’s reluctance to use force against Iran to compel the release of the hostages, there seemed no better option that trying to buy off Iran. The policy was couched in terms of establishing good credit with the successor generation to Khomeini in Teheran. But what caught the President’s attention was the possibility that these Iranian “friends” of better relations would persuade Hizb’allah to release the seven.

Reagan was recovering from colon cancer surgery at Bethesda Naval Hospital, when his National Security Adviser outlined the Iranian initiative to him. “Some strange soundings are coming from some Iranians,” Reagan noted in his diary on July 18, 1985. It could be a breakthrough on getting our seven kidnap victims back,” he added, showing that the return of the American hostages was his principal concern. “Evidently the Iranian economy is disintegrating fast under the strain of war.” McFarlane explained that the Israeli government was passing on information from a group of Iranians that claimed to be in touch with moderates around Khomeini. To curry favor with these men, Israel wanted permission to sell 100 TOW antitank missiles to Teheran that it had purchased from the United States. Israel needed US permission because this transfer would violate the end-user certificates that Israel had to sign under US law. The Israelis reported that the Iranians were “very confident that they could in the short term, achieve the release of the seven Americans held hostage in Lebanon. But in exchange they would need to show some gain.” It was a cynical ploy by a group of Iranian and Saudi arms merchants who were looking to make money and the Khomeini regime which needed US weapons. Israel’s participation was what sealed the deal for Reagan. “We had great

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67 Wills, The First War on Terrorism, p. 175.
respect for Israel’s intelligence capabilities relating to matters in the Middle East,”
Reagan later wrote, “and, as a result, we gave their assertions a great deal of credence. I
was told that Israeli Prime Minister Shimon Peres was behind the proposal….“70 “Israel
is not noted for dealing with fools and charlatans,” McFarlane wrote to Shultz, whom he
knew to be skeptical for approaching Iran. Shultz had a better understanding of the
complexities involved. He reminded McFarlane of the “complications arising from our
‘blessing’ an Israel-Iran relationship where Israel’s interests and ours are not necessarily
the same.” 71

Once he was back at the White House from Bethesda Naval Hospital, the
President chaired a meeting of the NSPG on August 6, 1985 to decide whether to go
ahead with this use of a carrot to get Iran to release the Americans in Lebanon. The
President was not yet fully convinced; or at least he was not willing to go against the
wishes of his secretaries of state and defense who opposed the deal. But within a few
days, Reagan was ready. “The truth is,” Reagan recalled, “once we had information from
Israel that we could trust the people in Iran, I didn’t have to think thirty seconds about
saying yes to their proposal.”72 Reagan telephoned McFarlane a few days later with his
approval.73

Despite Shultz’s warning, the President chose to ignore the fact that Israel’s
interests were not always identical with those of the United States. Even after the Iranian
revolution, Israel had maintained contacts with Iran to protect the remaining 80,000 Jews
in Iran.74 Israel was interested in getting US assistance to widen its leverage in Iran. The
hostage issue provided an ideal opening. Frustrated by years of paralysis over
counterterrorism in Lebanon, eager to stake a claim on the future of Iranian politics and
seemingly oblivious to any Israeli ulterior motives, the NSC staff endorsed the Israeli
offer.

70 Reagan, An American Life, p.506.
71 George Shultz, Cable to Robert McFarlane, “Reply to Backchannel No. 3 from Bud,” 14 July 1985,
Document 71, Ibid.
72 Reagan, An American Life, p. 506.
73 Lou Cannon, President Reagan: Role of a Lifetime [NY: Public Affairs, 2000], p. 546. Although there is
controversy over whether Reagan gave prior approval to this first sale of US TOW missiles, Cannon says it
was cleared up through reference to Reagan’s diaries, to which the Tower Commission investigating the
Iran-Contra scandal had access. The sections from the President’s diary quoted in Reagan’s memoirs seem
to substantiate this as well.
The Achille Lauro Incident

A peculiar mishap by Palestinian terrorists loyal to Yasir Arafat in October 1985 would strengthen the NSC staff's role in overseeing US counterterrorism. In 1974, the PLO chairman had promised the United States that the PLO would restrict its terrorist activities to Israeli targets. This pledge did not please Jerusalem but it was enough for the United States to stop viewing Arafat as a terrorist and start handling him as yet another troublesome foreign political leader. The unexpected turn of events in October 1985 would test this US approach to Arafat and the main-line PLO he represented.

The Achille Lauro was an Italian cruise ship that in the first week of October was on a tour of the Mediterranean. On October 7, the passengers were given the option of a tour of the Pyramids followed by a bus trip to Port Said or taking a leisurely cruise from Alexandria to Port Said. Only 97 passengers, twelve of whom were US citizens, opted to stay on the ship.

Among those who decided to stay were four young Arab men, who had earlier drawn the attention of one of the ship's stewards as the cruise set off from Genoa, Italy. The four carried fake passports and were members of the Palestinian Liberation Front [PLF], a splinter group headed by Abu Abbas, who had pledged his allegiance to Arafat in 1982. They were using the cruise to slip into Israel at the port of Ashdod, one of the destinations on the cruise.

Their plan was upset when the same curious steward walked into their room as they were cleaning their guns. Alarmed at being discovered, the PLF terrorists decided to take the crew and the remaining passengers hostage. The terrorists then demanded the release of 51 Palestinians in Israeli jails.

At a TIWG meeting convened a few hours after news of the hijacking reached Washington, Reagan’s chief counterterrorism specialists recommended that the US Navy send its Sea Air Land (SEAL) Team Six to the region to prepare for a possible rescue.

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75 Unless otherwise noted, this account of the Achille Lauro case is based on David Wills’ superb reconstruction. See Wills, The First War on Terrorism, pp. 139-161. See also “The Achille Lauro Hijacking (A) and (B)” by Vlad Jenkins, studies (C16-88-863.0 and C16-88-864.0) written in 1988 for the Case Program at Harvard’s John F. Kennedy School of Government.
attempt. As these special forces were deploying, State was to discourage the governments of Cyprus, Lebanon and Syria from allowing the cruise ship to dock at their ports. If a rescue were to be attempted the United States wanted this to occur in international waters.

Syria decided to cooperate with Washington. When the hijackers learned that Syria would not allow them to land, they became frustrated and killed a wheelchair-bound American passenger, Leon Klinghoffer. Washington was not officially notified that an American had died. As the cruise ship left the Syrian coast, Reagan ordered the SEAL team to attempt a rescue if the ship were to enter international waters again and the operations seemed feasible.

The ship returned to Egypt before a US rescue could be mounted. Once the Achille Lauro was in Egyptian waters, Reagan ordered US special forces to stand down. “It is Egypt’s call,” said the President. If they wanted US assistance, they could have it otherwise it was their responsibility to end the incident.

One especially concerned bystander was Yasir Arafat, who saw this operation as a threat to the political strategy that he had been nursing for over a decade. He announced that the PLO would mediate an end to the crisis and sent his ally Abu Abbas to Cairo. The Egyptians were also eager to bring this to an end peacefully. President Mubarak had an interest in maintaining the PLO as a legitimate partner in the peace process and this incident had the potential of reminding the world of Arafat’s links to international terrorism.

The Egyptians allowed Abu Abbas into the country and with him negotiated the release of the hostages. In return, the four PLF operatives were allowed to go free. The Egyptians, who had by this time learned that an American had died, misled the Reagan administration to get the Americans to accept a “no harm, no foul” outcome to the mishap.

The extent of the crime committed by the PLF was discovered when the US ambassador to Egypt, Nicholas Veliotis boarded the ship to make his own inspection. There he learned that Klinghoffer had died and that Egypt had let four murderers and the mastermind of the operation go free. Armed with this information, the White House

76 Wills, p. 149.
asked Mubarak to hold the hijackers and Abbas. For the second time in a day, the Egyptian leader lied to his American ally. He told Washington that the plane carrying the four hijackers and Abbas had already left Cairo.

From the Israelis, the US government learned that the getaway plane had not yet taken off. The information reached Admiral Poindexter who was managing the situation room. At the time McFarlane was in Illinois with the President. Sensing a golden opportunity to make good on the President’s recent statements on international terrorism, Poindexter called Admiral William Crowe, who had just replaced Vessey as Chairman of the Joint Chiefs. Poindexter reached Crowe’s deputy, Admiral Moreau. Without revealing his source, Poindexter asked Moreau to begin considering how to take action against the plane. As the JSC was thinking through the logistics of diverting the plane, Poindexter called McFarlane and outlined possible options for the President. When Reagan heard that US fighters could intercept the Egyptian airliner before it delivered the hijackers to freedom, he ordered that this be made to happen.

The plane could have been brought down in Israel but this would have magnified the embarrassment for Mubarak, so it was decided to force the Egyptian pilot to land in Italy. Originally, the US assumed it had the permission of the Italian government to arrest the hijackers. But when Delta Force reached the airport, it found the getaway plane surrounded by Italian police. The Italians insisted that their judicial system would deal with the matter. In the end they did try the hijackers but to the annoyance of the Reagan administration, allowed Abu Abbas to go free.

Despite Abbas’ escape, the handling of the Achille Lauro incident was deemed a great success by the Administration. The NSC staff patted themselves on the back for having successfully got the US government to act as one mechanism. For Poindexter, who had managed this crisis for McFarlane the lesson was clear: “If the White House and the NSC wanted to, we could move fast.” Poindexter opposed the NSC becoming an operating agency. But with the incessant warring between State and Defense, it seemed

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77 Interview with Admiral Poindexter, 17 February 2004.
78 Ibid.
that the NSC was needed to fill the gap. "The worst thing would be," recalled Poindexter, "if nobody's in charge."

Reagan was very happy with the outcome of his staff’s activism. "Americans as well as friends abroad are standing six inches taller," he confided in his diary after the US fighter jets forced the Egyptian plane to land.\(^79\) The NSC staff would quickly employ this dynamism to purpose the Administration's two track policy on counterterrorism even more vigorously.

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In November and December, the NSC worked to further both the Iran and Libyan initiatives with the President's support. In November 1985, the US approved a shipment of HAWK missiles by the Israelis to Tehran. The operation was beset by difficulties, which ultimately require the intervention of the CIA. In what would become a controversial maneuver, Duane "Dewey" Clarridge of the CIA arranged for an airplane owned by a CIA proprietary company to fly 18 missiles to Iran. Reagan was informed of the operation before it takes place.\(^80\)

As the US was moving closer to Iran, the Reagan Administration continued its efforts against Libya. In spite of Poindexter's ill-fated trip to Cairo, the Administration was determined to apply more pressure to the regime in the hope it would crack. Mubarak's opposition to Operation Rose, however, was not the only snag that Administration's covert efforts encountered. In October the leadership of the Senate intelligence oversight committee raised some objections with the Tulip plan. Once the Administration explained that the goal was not to assassinate Gaddafi a majority on that committee supported at least Tulip.\(^81\) But the Administration's headaches with covert action against Gaddafi did not end there. The congressional concern and the very existence of the covert action had in the meantime leaked to the intrepid journalist Bob

\(^79\) Reagan, An American Life, p. 509.
\(^80\) Kornbluh and Byrne, eds., Iran-Contra Scandal, pp. 394-395.
Woodward. On November 3, the Washington Post published his story disclosing the presidential finding for a covert operation to “undermine the Libyan regime.”

The Administration and Gaddafi both reacted negatively to the Post story. The White House refused to rescind the finding and immediately initiated an investigation to determine who had leaked to Woodward. In Tripoli, Gaddafi denounced the now no-longer covert operation as “open blackmail and muscular thuggery.” The Tulip plan may not have succeeded anyway, but its public disclosure hurt the prospects that either the Egyptians or the Algerians would energetically do their part. The NSC noticed a marked decline in Algerian support after the Woodward leak. As the year came to close, the NFSL option did not seem to be the solution to Reagan’s Gaddafi problem.

The Vice President’s Task Force

By the end of 1985 Robert McFarlane wanted his life back. He was tired of the bureaucratic struggles and though he could see some solutions in a resurgent NSC, he thought it was time to resign. He recommended Admiral John Poindexter as his successor. Reagan had developed a rapport with Poindexter and announced the change on December 4, 1985. Poindexter shifted a few people around but essentially left the NSC team alone. He elevated the indispensable Donald Fortier to the deputy position and made Oliver North the chair of the TIWG. North, who was director of the catch-all office of politico-military affairs at the NSC, retained that post.

Poindexter understood that a highly operational NSC was not a long-term solution to the sharp disagreements over counterterrorism. Both he and McFarlane had supported making some widespread changes in the disorganized and somewhat dysfunctional community of agencies responsible for aspects of counterterrorism. In the first days of the TWA incident in the summer, the NSPG had discussed measures to tighten US aviation

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85 John M. Poindexter to RWR, 10 April 1986, “Supplemental Finding on Libya Covert Action,” Donald Fortier Files, Libya [2 of 12], Box 91673, RRL. This document discusses the fate of the July 1985 Finding.
security. On June 20, the Administration sent some suggested language to Congress which was considering legislation similar to the provisions in Ribicoff-Javits dealing with sanctions against foreign countries that maintained unsafe airports. President Reagan later signed NSDD 180, which expanded the FAA's federal air marshal program to cover, within two weeks, all flights "serving cities where the threat of hijacking is most severe." As Nixon had done in 1970, the FAA was permitted to draw an emergency supply of marshals from other federal agencies. The Presidential directive also mandated increased research and development in detection devices and regular FAA inspections of foreign airports to determine the adequacy of security measures.

To some in the Administration these seemed like band-aid solutions to deeper problems in the US counterterrorism system. CIA director Casey had talked to Secretary Weinberger about forming a blue ribbon government committee on counterterrorism. Weinberger signed on, as did McFarlane when he was approached. The NSPG subsequently recommended to Reagan the formation of a Task Force on Combatting Terrorism to examine how the country identified, managed and averted these threats.

The Reagan administration had given counterterrorism a much higher profile than any of its predecessors except the Nixon administration. And unlike in the Nixon period, the groups charged with making counterterrorism policy under Reagan had the attention of the principals. Nevertheless there was a thicket of bureaucratic procedures and institutional cultures that prevented intelligence sharing and operational coordination from functioning smoothly. In 1979, 29 agencies had some piece of the Counterterrorism pie. By 1985, there were even more. Some order needed to be put into this house.

Vice President Bush was given the responsibility of chairing the Task Force. "It was a Vice Presidential thing to do," recalls George Shultz. "Bush was not viewed as

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86 Statement of Ambassador Edward Marks, Deputy Director, Counter-Terrorism Programs, Office for Counter-Terrorism and Emergency Planning, Department of State Before the House Committee on Foreign Relations, Concerning HR 2822, 25 June 1985, Bush Presidential Records. National Security Council, Richard Canas Files, "Combatting Terrorism: Department of State Report (1985) [2of 2] [OA/ID CF01573], GHWBL.
88 Wills, The First War on Terrorism, p. 114.
90 Interview with George Shultz, 18 November 2003.
having any institutional stake,” recalled Poindexter. For executive director Poindexter suggested to McFarlane the nomination of his old boss, the former Chief of Naval Operations, Admiral James Holloway. Holloway and Bush already knew each other. It was a good choice that sailed through.

This was to be the most searching study of US counterterrorism strategy ever attempted. Between 1972 and 1982, the Interagency Working Group on counterterrorism had met frequently to discuss the US government’s readiness to meet various terrorist contingencies. At its best the Working Group had allowed a cross-fertilization of ideas that led to some improvements in procedures among middle-level staffers. But at no time did it attract enough high-level attention to influence any institutional changes. Vice President Bush’s group assembled a Senior Review Group of counterterrorism professions who were well-plugged in assistant secretaries or their equivalents from across the government. The Senior Review Group included Oliver Revell, the FBI’s Executive Assistant Director for Investigations; Robert Oakley, State’s Ambassador at Large for Counter-Terrorism (Robert Oakley and his position had been elevated to ambassadorial status in late 1984); Richard Armitage, the Assistant Secretary of Defense (ISA); future Governor of Oklahoma Francis A. Keating, II, then the Assistant Secretary for Enforcement; Associate Attorney General Steven Trott; Matthew V. Scocozza, Assistant Secretary (Police and International Affairs), Department of Transportation; Lt. General John H. Moellering, Assistant to the Chairman, JCS; Rear Admiral John Poindexter (later Donald Fortier), the Deputy National Security Advisor; and Charles Allen (later Duane Clarridge) of the CIA.

The Vice President’s relationship with President Reagan also insured that whatever this group determined would be taken seriously. Reagan and Bush did not operate as a team in the way that Carter and Mondale had functioned in the White House. Nevertheless trust and respect linked the two men. The President hosted Bush for a private lunch every week at which the Vice President could be open about his concerns. The Vice President was also chair of the Administration’s Special Situations Group.

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91 Interview with John Poindexter, 24 November 2003.
92 Memorandum for Senior Review Group, Admiral J. T. Holloway, III, 10 April 1987, NSC Office of Counterterrorism and Narcotics, “Program Review of the Vice President’s Task Force on Combatting Terrorism, March – April 1987,” (4), Box 91956, RRL.
crisis management committee set up in the first year of the Administration. As a charter member of the NSPG, Bush was given all of the principal policy documents and was consulted on the Administration’s covert operations. Indeed his representative, Donald Gregg, sat on the CPPG, which drafted many of the covert plans.

The Task Force comprised a staff of professionals, partly from the Office of the Vice President and partly from the Institute of Defense Analysis, which produced 50 draft recommendations. The recommendations were then sent to the Senior Review Group.

The draft recommendations covered issues as disparate as policy on handling hostage families to future deployment guidelines for the Joint Special Operations Command. The staff’s most overarching proposal was that the Task Force would advocate the creation of a counterterrorism coordinator, or “czar,” who would operate out of the NSC. Lacking support from even the NSC, this proposal would never reach the President. Admiral Poindexter opposed the creation of a czar because of a belief that Congress would insist that the position be given a legislative foundation, in which case the position would have to be confirmed by Congress and the occupant would be required to testify before Congress. He preferred to keep Lt. Colonel Oliver North, the director of the NSC’s Office of Politico-Military Affairs, as his point man on counterterrorism. The State Department, which also opposed the appointment of a counterterrorism czar, wanted the Task Force to reiterate the importance of the lead agency approach that recognized State’s pre-eminence in all overseas terrorist incidents.

To assist the czar the staff hoped to create a counterterrorism “fusion center,” where intelligence from all the agencies could be assembled and analyzed. This recommendation flew in the face of all of standard practice of compartmenting information not only between agencies but within them. But the senior reviewers would ultimately accept this recommendation.

The staff also hoped to force the training of counterterrorism professionals across the government. This proposal encountered stiff opposition from the FBI and the CIA which did not welcome advice on how to structure their agencies. The bureaucratic opposition was so intense that Admiral Holloway later commented that the Task Force “worked hard to pound those recommendations out of a bureaucracy reluctant to change

93 Interview with John Poindexter, 17 February 2004.
or to move forward. The recommendations were the consensus of the government and ‘were signed in blood.’"  

The Vice President presented his report to President Reagan on January 6, 1986 and the 44 recommendations that the Task Force finally agreed upon. These recommendations -- which included an intelligence fusion center, the need to tighten border control, enhanced FBI investigative powers, and a call for better human intelligence -- were incorporated into NSDD-207, which the President signed the next day. The Senior Review Group, which had involved members of the TIWG as well as higher ranking counterterrorism professionals, was given permanent status and renamed the Operational Sub-Group (OSG).  

For the remainder of the Reagan administration this group of assistant secretaries would relieve the CPPG and the lower-level TIWG of being clearing houses for discussion of counterterrorism planning and implementation. The CPPG retained its responsibility for making foreign policy recommendations to the President and NSC principals, including on matters touching on counterterrorism. The TIWG remained an ad hoc institution that could be convened to deal with any particular terrorism crisis.

As the Task Force worked through the interagency logjams, a bureaucratic revolution was taking place independently in CIA that would have dramatic implications for how the United States fought terrorism in the future. For all his concern about Soviet subversion, in his five years heading CIA William Casey had not thought systematically about how to deal with Arab terrorism. He had recognized this failing in the first half of 1985 by organizing the HLTF around Charlie Allen and then advocating the formation of the Vice Presidential Task Force. But at CIA, Casey had largely left things as they were. Despite the fact that President Reagan spoke as if the United States was at war with terrorism, at CIA counterterrorism was largely a staff matter and a backwater. The CIA studied it but did little about it. Moreover, even in the way it studied terrorism, the Agency had one hand tied behind its back. Casey had given Charlie Allen the task of

94 Doug Menarchik to Donald Gregg, “Holloway Meeting with Carlucci,” [unclear date] 1986, Counterterrorism and Narcotics, NSC: General: Vice Presidential Task Force NSC Staff (1), Box 91956, RRL.

coordinating the Agency's intelligence on terrorism without giving him all of the tools that he needed. The CIA's main work product on terrorism did not contain the best information available to the Agency. Although the Agency had a cadre of specialists on every main terrorist group, these people were poorly paid and because they were officers in the Directorate of Intelligence were cut out of operational information. The low status of the CIA's terrorism experts may well have reflected the fact that Casey mistrusted them. They were, after all, the analysts who had argued against his theories of a Soviet hidden hand behind all international terrorism in 1981. In any case, they had little clout in the building.

Abu Nidal changed all of that in December 1985. On December 27, terrorists attacked fired machine guns at the El Al ticket counters at Vienna and Rome airports. Sixteen people were killed and more than 110 injured. Among the dead was an eleven-year old American girl, Natasha Simpson. This was the second outrage from the Abu Nidal Organization in two months. In early November the ANO had hijacked an Egyptair plane. Fifty-nine passengers including one American died when Egyptian commandos attempted to retake control of the plane. "Casey had hoped that these incidents would go away," recalls Fredrick Turco who would eventually become the CIA's counterterrorism chief. After the airport attacks, Casey understood that they would not. Duane Clarridge, who had overseen Casey's contra war against Nicaragua before becoming chief of the CIA's European operations, felt the same way. He believed it was essential to create a unit within the CIA's Directorate of Operations that focused solely on counterterrorism. "We thought it was time to go on the offensive against terrorism," recalled Turco, Clarridge's deputy in the European division who would follow him as deputy into counterterrorism.

"CIA was an amalgamation of baronial directorates," William Webster, who became DCI in 1987, would later recall. Webster's predecessor William Casey had been exceptionally good at building coalitions across these directorates. His greatest success, however, came within one of these baronies, the Directorate of Operations (DO).

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96 Interview with Fredrick Turco, 5 February 2004.
97 Interview with William Webster, 10 December 2003.
The DO was the inheritor of two fabled CIA services, the Office of Special Operations – led by Richard Helms in the early years of his cold war career – and the Office of Policy Coordination, personified by its first and only leader Frank Wisner. The DO is arguably the most secretive organization in the United States government. Responsible for CIA human intelligence collection, it protects the covers of CIA officers abroad as well as the identities of over fifty-years’ worth of CIA agents. The DO’s computerized archive is the most compartmented database of its kind in the world. Emphasis is placed on security, not ease of research.

Casey had instant credibility with the DO. He was a throwback to the legendary period of the Office of Strategic Services, the World War II service that had trained the leaders of OSO and OPC. When Clarridge and Turco came to Casey with their suggestion for a Counterterrorism Center (CTC), he leapt upon it. Casey authorized a new special unit with unusual powers and placed it directly under him in the intelligence community structure. Since the formation of the CIA in 1947, the DCI had two related but distinct functions. The DCI is both the director of the CIA and the manager of the US intelligence community for the President. Casey made the CTC a creature of the intelligence community, staffed by CIA and controlled by CIA.

Clarridge and Turco, both long-time DO officers, provided suggestions for immediately giving the CTC credibility at Langley. To discourage second guessing of the CTC’s analytical product, the DO officers suggested that the CTC’s reports continue to be issued by the Directorate of Intelligence (DI) and that the 42 DI officers absorbed into CTC continue to be on the DI’s payroll. One of the main criticisms of the Bay of Pigs operation of 1961, the biggest CIA fiasco of the cold war, was that the DO had cut the DI out of analysis of the Cuban domestic politics and had produced skewed analysis designed to promote certain operations. Clarridge and Turco wanted to avoid those criticisms.

Having the DI personnel in CTC, however, allowed Clarridge and Turco to give them unprecedented access to DO secrets. In the 14 years of the Weekly Terrorism Review, the analysts working on it had never been given access to DO operational cables. They had never been cleared for anything other than DO information cables. Operational cables contain a lot of housekeeping details – the care and feeding of overseas assets –
but they also reveal much about the nature of the sources providing the inside information of foreign terror groups. Clarridge and Turco’s analysts were now getting to see this as they compiled their studies of the innerworkings of foreign terrorist networks.

Casey also agreed to move the entire antiterrorist unit in the CIA’s Special Operations Group (SOG) to the CTC. SOG comprised the CIA’s paramilitary specialists. They worked with the Joint Special Operations Command – the Delta Force and the Navy Seals. Given the lack of highlevel authority for aggressive actions against the terrorist networks themselves, SOG had become an expert in “sifting through the ashes” after a terrorist incident had occurred. They were expert in determining the kind and nature of any device used in a bombing.

Finally, Casey blessed the most difficult requirement. He gave Clarridge and Turco a hunting license to hire 15 of the most capable case officers from anywhere in the DO, regardless of regional specialty. The two men estimated that their new task force would have to become expert on terrorists from over 200 different organizations in every region of the globe. So, it made sense that they would need people from every one of the CIA’s geographical desks. They recruited without regard for seniority and they did so over the objections of the various DO geographical desk chiefs, who did not want to lose their best and brightest. Nevertheless, respect for Clarridge in the DO coupled with Casey’s clout allowed the CTC to get 12 of its 15 first round picks in the initial draft. The result was a strange hybrid organization that was both a line and a staff agency, with about 250. The CTC opened its doors in February 1986.

Turco was a keen student of World War II who understood what intelligence could do if led by officials with energy and imagination. He had had an excellent tutor. “Old men don’t need a lot of sleep,” Turco explained as the reason why during a visit to Amman in the early 1980s, Casey had told Turco the story of how the British had run double agents in World War II and used them as conduits of deception. The most famous deception ploy involved confusing Hitler as to where the Allies would open the second front in France in 1944. But the British double cross system had arranged many other successes.

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98 Interview with Frederick Turco, 5 February 2004.
The secret to British and later US successes in counterintelligence in that war was the creation of focused groups of specialists with access to highly sensitive information and the operational authority to do something about it. Turco understood the need for this kind of grant of power and Casey understood why this was important. When Clarridge and Turco created the CTC, they discovered that there were no ongoing offensive operations against international terrorist organizations. The tide in the US struggle with terrorism was about to turn.

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The changes at the CIA put the US government in a position to run a sustained covert counteroffensive against international terrorism. With Tulip and the Iran initiative the NSC had interposed itself as an operational agency for covert action purposes. But this would not be a sustainable approach to handling the day-in-and-day-out challenge of deterring and pre-empting terrorist acts.

As these changes were taking place at CIA, the White House was preparing for an overt confrontation with Gaddafi. By the end of December 1985, the Administration had established a link between the Abu Nidal Organization's attack and the Libyan government. The terrorists had been carrying Tunisian passports that were among those that the Libyans had seized when they deported 30,000 Tunisians in August. "I felt we couldn't ignore the mad clown of Tripoli any longer," wrote Reagan about his state of mind once Libyan involvement was determined.99

On January 6, the NSPG met to discuss possible military options. Although he wanted to do something against Gaddafi, Reagan was persuaded by Secretary Weinberger to hold off on a military strike. Reagan was particularly concerned about the safety of the between 1000 – 1500 American oil-service workers who were still in Libya.100

Poindexter argued energetically for an attack on Libya. When Weinberger complained about the risks to US airplanes, Poindexter suggested the use of cruise missiles. Weinberger countered with a new concern. '[W]hat if one misfires and it is captured and can be reverse engineered?' he asked. The Defense Department was much

100 Ibid.
more concerned about the Soviets getting hold of a US cruise missile than it hitting Gaddafi over the head for the Vienna and Rome terrorist attacks. When Poindexter felt he had settled the question of taking that risk, Weinberger raised yet another problem with the cruise missiles: the attack could not be carried out by cruise missiles because the digital mapping had not been done.\footnote{Interview with John Poindexter, 17 February 2004.}

The President apparently watched the bickering with increasing annoyance. Weinberger had won this round, but Reagan was determined that his team should give him real options the next time Libya offers a pretext. “OK. Enough is enough,” said Reagan testily. “I want planning to start now for a strike against Libya. Next time we have a smoking gun, I will execute the plan.”\footnote{Ibid.} On January 8, Reagan signed NSDD 205 which determined that Libya posed “an unusual and extraordinary threat” to the United States because of its support for international terrorism. Pursuant to this decision, the US ended all travel to and trade with Libya. Americans in Libya were given until February 1 to leave the country and a second carrier group was sent to the Mediterranean.\footnote{NSDD 205 [with military and intelligence annex], 8 January 1986, Declassified 1991.}

In 1962, the US government had been a cocked pistol waiting for Fidel Castro to put a foot wrong so that he could be punished militarily. In 1986 the Reagan Administration decided to help Gaddafi make a mistake.\footnote{Ibid; Interview with John Poindexter, 17 February 2004.} The NSC and the Pentagon designed the Freedom of Navigation (FON) exercise in the Gulf of Sidra. Libya claimed the Gulf as its territorial waters. The US government did not respect this claim and for years the US Navy had sent ships into the Gulf to defend its international character. In March 1986, this exercise had a dual goal of also provoking some kind of attack from the mercurial Gaddafi.

As hoped, Gaddafi did launch some surface to air missiles at US fighters and dispatched some boats close to the US fleet in reaction to the FON exercise. Gaddafi’s attacks all missed; but they did have the effect of giving the Reagan administration an opportunity to sink a few Libyan ships. The Pentagon effectively argued against any action stronger than a tit for tat exchange.
The ‘smoking gun’ that Reagan and the Pentagon wanted arrived in the form of
signals intelligence. In March 1986, the NSA intercepted a Libyan order to dispatch 12
special teams to Western European capitals and Ankara to plan attacks on US facilities.
The US government sanitized this information and shared it with its allies. Armed with
this information, the French and the Turks arrested Libyans and found incriminating
information. Not all of these preventive efforts were enough, however. A Libyan team in
East Berlin was able to perpetrate a bombing at a discotheque popular with US military
personnel stationed in West Berlin. The blast at the La Belle discotheque killed one US
soldier and wounded a hundred people on April 5.

The US air raid took place on April 14 [April 15 in Tripoli]. It had taken nearly
three years but the stars were finally aligned for the administration to use an overt
military attack as a tool of counterterrorism. Reagan felt the risk to Americans was
acceptably low.\textsuperscript{105} All of the oil service workers had left Libya. It had been decided to
include Gaddafi’s residence and his military headquarters among the targets. Admiral
Poindexter insists that the goal was not to assassinate Gaddafi; but no one in Washington
would have mourned his passing if he had been killed. In retrospect, it appears that
despite the unusual unity on the decision to bomb Libya there was some division over
what the goal of the attack was. The CIA and elements of the NSC staff were convinced
that the bombing could lead to Gaddafi’s overthrow. Others just wanted to scare Gaddafi
into dropping his support for international terrorism. President Reagan later wrote that
“the attack was not intended to kill Qaddafi…. The objective was to let him know that we
weren’t going to accept his terrorism anymore, and that if he did it again he could expect
to hear from us again.”\textsuperscript{106}

As it turned out Gaddafi was not that easily cowed. While the Administration was
selecting the targets for the April 14 air strike, a separate drama was unfolding in
Lebanon. Among the CTC’s most important objectives in its first months was to back up
Charlie Allen’s HLTF. In the spring of 1986, CIA was negotiating with a group that held
Peter Kilburn, the American University of Beirut librarian who had been abducted in

\textsuperscript{105} Unfortunately, two USAF pilots would be killed in the attack.
\textsuperscript{106} Reagan, An American Life, p.519.
1984. This particular group seemed to be more mercenary than the other elements of Hizb’allah and professed keen interest in trading 2 million dollars for Kilburn. Kilburn’s captors had been found thanks to two informants in Montreal, Canada who had been referred to the FBI by the Royal Canadian Mounted Police. The CIA obtained the 2 million from the Federal Reserve, which had slated these bills for destruction. The bills were chemically treated to self-destruct two hours after being “brought out of a chemically suspended state.” The CIA was ready to make the trade when the entire region was transfixed by the US air assault on Libya.

Dewey Clarridge’s deputy, Fred Turco, had not been a fan of the air attack. “We should have gone in with a hammer,” he would say later. Turco shared the views of the terrorism specialists in the CTC that dropping a few bombs on the Libyan leader would only make him mad. If it was serious about ending Libyan support for terrorism, the US had to get him or invade his country or both. April 1986 was the only time Turco could remember being asked to leave Casey’s office. Turco had shared with the Director his blunt assessment of the consequences of the planned air strike. Casey listened and appeared to be sympathetic. The CIA director explained that the American people would not accept anything more dramatic than the air attack. It was the best of several imperfect solutions. When Turco continued to argue his point, Casey asked him to leave. Casey was a pragmatist when he had to be.

Two days after the air attack, the CTC received disheartening news from Beirut. Peter Kilburn was dead. In retaliation for the air strike, the Libyans had outbid the CIA for Kilburn and had also managed to buy two British hostages on the open market in Lebanon. Then on April 17 they killed the three men. The CTC had not expected this kind of retaliation from the Libyans – but it confirmed the CTC’s concerns about the dangers posed by wounding a terrorist regime without destroying it. In the next few days the Libyans killed a US Embassy communicator in Khartoum, two Libyans were picked up in Turkey as they tried to attack the US Officer’s Club in Ankara with hand grenades.

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108 Interview with Frederick Turco, 5 February 2004.
brought into the country by the Libyan diplomatic bag and Libya may have been responsible for the shooting of a US Embassy employee in Yemen.\textsuperscript{109}

Faced with this evidence of the apparent failure of the April 14 attack, the Reagan administration considered a second air strike on Libya.\textsuperscript{110} Donald Fortier, Poindexter's deputy at the NSC and the godfather of the Libyan policy, was a strong advocate of a second strike. He had seen the reports of Gaddafi's revenge killings in the Sudan and Lebanon. In addition, on April 16, the US detected a rebellion of a Libyan army battalion south of Tripoli and there was civil unrest in the capital. This internal weakness "presents an opportunity we can exploit."\textsuperscript{111} Fortier suggested as a "maximum option" a strike on Gaddafi's desert retreat at Sebha where photo and human intelligence had placed him. A smaller option would be a strike on the Libyan air force to give rebellious Libyan army units a chance to enter Tripoli.

Ultimately the principals decided not to go forward with more attacks. It is not clear from the documents available today whether a major debate preceded this decision. Gaddafi then fell silent and a lull set in, affecting not only Libyan terrorist activity but also that of the Abu Nidal Organization. Before optimists about the effect of the April 14 strike had time to crow, however, the lull ended. In July 1986 the CTC reported that "true to form, Libya returned to terrorist activity."\textsuperscript{112} Gaddafi was vowing revenge against the United States and Great Britain. Two months later, in early September 1986, four ANO terrorist attacked a Pan Am airliner in Karachi killing 21 and wounding 120 before the nightmare ended.

Once again, the Reagan administration chose not to retaliate. Despite the President's pledge to keep sending messages to Gaddafi until he had learned his lesson, the Pan Am incident was met with nothing other than condemnation. As it turned out, the April 14 attack was the last time the Reagan administration resorted to overt military

\textsuperscript{109} CIA, "Libya: Reviewing Terrorist Capabilities," Terrorism Review for 10 August 1988, CIA FOIA Reading Room.
\textsuperscript{110} James Stark to Donald Fortier, James Stark Files, "Operations/Targetting (2), Box 91747, RRL.
\textsuperscript{111} "Next Steps to Deter Further Libyan Terrorism," [undated, from context April 18 or 19, 1986], Donald Fortier Files, "Libya (Fortier File) [7 of 12], Box 91673, RRL.
retaliation as a means of counterterrorism. It was just too hard for the President to achieve any consensus on air strikes on state sponsors of terrorism.

Libya was not the only state sponsor in 1986 whose actions tested administration policy. The Syrians were found to be behind an attempted bombing of an aircraft in London. In the fall of 1986, the CPPG discussed forms of retaliation against Damascus. In November 1986, Reagan chose to impose economic sanctions on Syria and nothing more. As it turned out this would be the Administration’s last major public act in its war on terrorism. Very soon President Reagan and his Administration would be overcome by the consequences of the other major counterterrorism initiative begun in the tough summer of 1985.

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Despite the demands of its active Libyan policy, the Administration had continued the Iran initiative through the winter and spring of 1986. Indeed US involvement had gotten deeper. In January, President Reagan agreed to permit his Administration to have direct contact with the Iranian “moderates.” Former National Security Advisor Robert McFarlane headed a secret US mission to Teheran to continue the dialogue. Meanwhile additional shipments of US weapons were sent to the Iranians. During the dealings, Hizb’allah maintained a freeze on further abductions of US citizens and released three US hostages.

The Iran initiative warped the counterterrorism community. After it became clear that State would not support the initiative, the NSC began cutting Shultz out of some of the NSA’s product. In the intercepted traffic, Iranians were discussing the US arms deal and apparently the NSC did not want State to know the details of what McFarlane and others were doing. The NSC made other fateful decisions. With the approval of the

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113 Memorandum, Oliver L. North, Robert L. Earl and Craig P. Coy to Alton G. Keel, “Crisis Pre-Planning Group (CPPG) Meeting,” 3 November 1986, Craig Coy Files, “Syria (2 of 3),” Box CPC-1; FBI-098, RRL.
Attorney General, the FBI was cut out of the Iran operation until July 1986. A law enforcement agency, the FBI might have felt compelled to investigate the Pentagon’s activity in furnishing weapons to a country in violation of US sanctions. Finally, the NSC decided not to inform Congress, despite a requirement to report all presidential findings within a reasonable amount of time. “I did it because of a fear of leaks,” Poindexter later explained, citing the leak that had hurt the Libyan covert operation in November 1985.

The leak that Poindexter and the NSC feared did occur later in 1986, but not because of Bob Woodward’s sources. It was Hizb’allah that disclosed the secret Iran initiative to the world. The Lebanese Shi’ites were increasingly uncomfortable with their patron’s dealings with the West and wanted to put a stop to them. In August 1986 Hizb’allah unilaterally resumed its program of abducting Americans, replacing all of those it had been forced to release by the Iranians. Then, on November 3, an obscure Shi’a magazine in Baalbek, Lebanon, published the first revelation of the arms-for-hostages program. After that, the story snowballed in the US press. On November 13, 1986, Reagan addressed the nation on the Iran initiative. Behind the scenes an investigation by the Justice Department disclosed that Colonel Oliver North, who oversaw the NSC’s operational role in both the Iran initiative and the program of supplying the US-backed Nicaraguan counterrevolutionaries, had overcharged the Iranians for the TOW and HAWK missiles and had used the excess to fund the Contras. On November 25, Attorney General Meese and the President held a press conference to disclose this new twist. The next day, the President announced the appointment of a Commission headed by Senator John Tower to investigate the intermingling of the Iran initiative and the Contra program. The Iran-Contra scandal had begun.

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115 Interviews with William Webster and Oliver “Buck” Revell.
117 Ranstorp, Hizb’allah in Lebanon, p.98.
The Reagan Administration molted dramatically in response to the Iran-Contra scandal, nearly two-thirds of the staff was replaced.\textsuperscript{118} Poindexter was reassigned and Oliver North was fired. Frank Carlucci, who had been Deputy Director of Central Intelligence under Stansfield Turner and had served Reagan for two years as Assistant Secretary of Defense became National Security Advisor. Lt. General Colin Powell, who had been military assistant to Secretary Weinberger, became Carlucci’s Deputy.

Carlucci believed that the NSC should be a coordinating body not an operational agency that competed with the Department of State and Defense. In that spirit he renamed and reorganized parts of the NSC to remove the symbols of activism and streamline the interagency policy process. The Crisis Pre-Planning Group, the interagency team that recommended foreign policy to the NSC, became the Policy Review Group. The Operational Sub-Group (OSG), which consisted of counterterrorism specialists at the assistant-secretary level from around the US government, was renamed the Coordination Sub-Group (CSG). Within the NSC, Carlucci chose not to fill Oliver North’s position. He did not like the idea of having an office of Politico-Military Affairs. “The entire NSC worked on politico-military affairs,” Carlucci later explained. “That was abandoned as duplication.”\textsuperscript{119} Instead he created an office of Counterterrorism and Narcotics and put Thomas McNamara in charge of it. McNamara was a very low profile staffer, which was exactly as Carlucci wanted US counterterrorism policy to be.

Even had the times not required a more self-effacing NSC, Carlucci and Powell would have adopted a much quieter counterterrorism strategy. Powell had helped Weinberger draft the six pre-conditions for the use of military power in 1984, which was the Pentagon’s way to put on record its reluctance to use force against terrorists. Carlucci had never gone on record in support of quieter counterterrorism, but he took little time in establishing new guidelines for how the Reagan administration talked about international terrorism. He believed that strident rhetoric raised expectations that the United States

\textsuperscript{118} Interview with Frank Carlucci, 4 December 2003.
\textsuperscript{119} Ibid.
could never realistically meet. “It was counterproductive,” he later recalled. Carlucci was dismayed not to discover any “game plan” behind the rhetoric that Reagan had been using. The United States kept signaling that it was getting tough with terrorists but then rarely did anything about them. Moreover, Carlucci had a more modest view of what a superpower with its many international responsibilities could do against terrorists. “You could not just go out and hit them,” he recalled.

An almost immediate change occurred in the President’s rhetoric in 1987. Publicly, the Administration seemed to be backing away from Reagan’s pledges in 1981 and those made more recently in the summer of 1985 to deal with “Murder, Inc.” In January 1987, three more Americans were taken hostage in Beirut -- Robert Polhill, Alan Steen and Jesse Turner -- without any additional public warnings coming from the White House. Carlucci recalls sitting down with the President to explain his reasoning and the President agreeing. “But Shultz was a different story,” Carlucci explained. Getting the Secretary of State to tone down the rhetoric was much harder. But eventually the entire Administration was saying less.

The change in public strategy did not mean that the new team at the NSC was about to abandon the Reagan administration struggle with terrorism. For the new National Security Advisor, however, “terrorism was a problem, it was not a war.” Carlucci and Powell wanted it to be fought below the radar screen, primarily by the CIA. As a result, the CTC did not receive any orders to slow down its clandestine offensive.

Even though downgraded to a “problem,” terrorism continued to challenge the Reagan administration. In March, Robert Oakley, a Princeton classmate of Carlucci’s whom the new National Security Advisor had brought into the NSC to work on the Middle East, reported to Carlucci that “intelligence has revealed a much closer, more direct relationship between Hizb’allah and authorities in Tehran than had previously been understood by the intelligence community. There is agreement by all agencies that Iran believes it has a command relationship with Hizb’allah, although some disagreement

\[\text{\textsuperscript{120}}\text{Ibid.}\]
\[\text{\textsuperscript{121}}\text{Ibid.}\]
\[\text{\textsuperscript{122}}\text{Ibid.}\]
\[\text{\textsuperscript{123}}\text{Ibid.}\]
\[\text{\textsuperscript{124}}\text{Interviews with Fred Turco.}\]
persists upon how tight a control actually exists.”\textsuperscript{125} Rather than resorting to military threats, the new team reacted to these signs of Iranian aggression by trying to use regional actors, especially Syria, to see what kinds of pressure could be placed on Iran.

The President remained a captive of the old Iran policy. Reagan could not let go of the idea that there were moderates in Teheran who could help secure the release of the American hostages. In the winter of 1987 after the three additional Americans were taken, he asked Carlucci and Powell, “Why don’t we talk to our friends, the Iranians” to see what they could do.\textsuperscript{126} Despite the Iran-Contra scandal, Reagan still hoped for a deal. The new team explained that the US policy was “no concession” and that this was a good policy for the nation.\textsuperscript{127}

As for the attempted reforms to the counterterrorism system in 1985-86, the Office of the Vice President acted as a strong lobby. Vice President Bush’s staff saw the Task Force as a powerful symbol of their man’s commitment to improving national security. As the Iran-Contra scandal closed in on the Administration, Bush’s aides pushed for a reconvening of the Task Force to assess compliance with NSDD 207. In early 1987, Carlucci agreed to let Holloway report to him on how well the agencies and departments had done.

The review indicated widespread complacency and an aversion to further reforms. The CIA explained that it had tried to set up a special training program for counterterrorism and decided it was not feasible.\textsuperscript{128} Clarridge and Allen told Holloway that they had not been “too successful in getting [a] special career track.” The CIA did mention that “relations with the FBI are excellent.” The FBI was more forthcoming about flaws in the system. Buck Revell had a lot of goods things to say about CIA and other agencies; but he told Holloway that there were still problems with border control. “Need to do more here; need ability to exclude people who are members of terrorist

\textsuperscript{125} Robert B. Oakley, Barry Kelley to Frank C. Carlucci, “Syria and Iran,” 16 March 1987, NSArch-CT.
\textsuperscript{126} Interview with Robert Oakley, 7 February 2004.
\textsuperscript{127} Interview with Frank C. Carlucci, 4 December 2003; Interview with Robert Oakley, 7 February 2004.
\textsuperscript{128} Notes, CIA, 12:15 p.m., Monday March 30, 1987, NSC Office of Counterterrorism and Narcotics, “Program Review of the Vice President’s Task Force on Combatting Terrorism, March – April 1987 (4), Box 91956, RRL.
groups," Holloway's aide noted for the record. Besides these concerns, the FBI saw the situation as improving and did not signal the need for any urgent changes. FBI Director William Webster who was about to become CIA director outlined to Holloway the four reasons the FBI had been as successful as it had been in deterring Arab terrorism at home.

1. Good intelligence and police work
2. "Integration Possibilities for Ethnics"
3. Distance
4. It is easier to hit the US targets overseas.

Webster stressed the "fear factor" that made terrorism primarily a political problem for the US government.

Holloway had an opportunity to speak with Attorney General Meese who generally echoed the optimism of the FBI. He told Holloway that he agreed with the Administration's new, quieter public stance on terrorism. It permitted the White House to "lower [the] value of hostages." What concerns Meese had stemmed from the possibility that as more terrorists were tried in the United States, there would be more terrorist attacks against US targets to gain their release.

Holloway heard a no less upbeat report from the Department of Transportation which oversaw the FAA and port security. But the details that DOT presented were disturbing. The US Congress had refused to give the FAA access to the information it needed to warn the airlines about the backgrounds of their passengers and efforts to design cockpits to make hijacking more difficult had been turned down by the airlines. Although the FAA reported an improvement in airport security, DOT admitted that the fact that security issues had to be coordinated with so many airlines undermined the

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129 "FBI Meeting: 12:00 NOON Meeting," NSC Office of Counterterrorism and Narcotics, "Program Review of the Vice President's Task Force on Combatting Terrorism, March – April 1987 (4), Box 91956, RRL.
130 Ibid.
131 Ibid.
132 "Department of Transportation: Friday, April 3, 1987," NSC Office of Counterterrorism and Narcotics, "Program Review of the Vice President's Task Force on Combatting Terrorism, March – April 1987 (4), Box 91956, RRL.
entire effort. Even more worrisome in retrospect were the facts that DOT offered no port security. “Vulnerability is high,” explained the representatives of the DOT. The problem was not, however, considered urgent. “Threat is low,” Holloway’s aide noted, “risk is on low side.” In 1986, the DOT’s Deputy Assistant Secretary for Policy and International Affairs had written to the NSC that “although the general lack of [port] security appears to be alarming, it must be viewed in the context of relatively low threat levels.”

Nothing had changed in a year. DOT was also straightforward in admitting that it had not figured out a way to use US intelligence to alert ports, airports or airlines as effectively as possible. “Communications problems,” noted Holloway’s team, “[exist] because of incompatible secure systems in Washington.”

Vice President Bush briefed the President on Holloway’s findings on June 2, 1987. Bush told Reagan that the “Task Force has reaffirmed our current policy for combating terrorism is sound, effective, and fully in accord with our democratic principles and national ideals.” Bush suggested using the completion of the review to remind both the government and the American people that “the mistakes involved in our contacts with Iran resulted from not following the policy.” Either Holloway did not raise the inadequacies he found with the Vice President or Bush opted not to mention them to Reagan. “Overall,” Bush told Reagan, “we found progress has been excellent and improvement in our counterterrorism capability has been evident in the results….our nation is well-served by our terrorism policy and program.” That would be the last word on counterterrorism reform until 1995.

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As the Reagan administration’s public efforts to deter terrorists and reform the nation’s anti-terrorism system were sputtering, the US government was scoring unprecedented gains in its clandestine struggle with international terrorism. A principal target was the

133 Ibid.
134 Philip W. Haseltine to Rodney B. McDaniel, Executive Secretary, NSC, 20 May 1986, NSC Office of Counterterrorism and Narcotics, “Program Review of the Vice President’s Task Force on Combating Terrorism, March – April 1987 (4), Box 91956, RRL.
135 Ibid.
136 “Talking Points,” attachment to Briefing Memorandum for the Vice President, 1 June 1987, NSC, Counterterrorism and Narcotics, “General: Vice Presidential Task Force NSC Staff (2),” Box 91956, RRL.
Abu Nidal Organization [ANO]. Since the mid-1970s, the ANO had been considered by the United States as the most dangerous terrorist organization in the world. The ANO had offices in Libya and Syria and Abu Nidal himself was thought to be living in Syria. Shifts in the Cold War with the Soviet bloc provided an unexpected and significant boost to US efforts. Soviet economic weaknesses and Soviet leader Mikhail Gorbachev’s desire to achieve détente with the West that included the Third World put pressure on the Syrians to improve relations with the United States. Among the Eastern Bloc countries there was also increasing interest in better relations, even with the CIA.

There was a surprising amount of useful information in Eastern Europe about Abu Nidal. In 1979 the ANO had signed an agreement with the Poles. In return for promising not to sponsor any terrorism in Poland or against Polish interest, the ANO received safe haven in Warsaw and training for its cadres. The ANO reached a similar arrangement with the East Germans in 1983.  

Fred Turco, who had replaced Duane Clarridge as head of the CTC, and L. Paul Bremer or “Jerry” as he was known around Washington, who had replaced Robert Oakley when the latter then to the NSC, worked to encourage cooperation from Eastern Bloc countries against Abu Nidal. Although real official cooperation would only become possible after the Berlin Wall fell in November 1989, some good information started coming out in 1987. The CIA developed intelligence on Samir-Adnan-Shakir (SAS) a trading company headquartered in Warsaw that was led by Samir Najm al-Din, Adnan Zayit and Shakir Farnan, three members of the ANO economic section. SAS arranged the sale of embargoed Polish weapons to Iran, Iraq and Zimbabwe with some of the profits going to the coffers of the ANO. The CTC were surprised at the level of Soviet bloc involvement with the ANO. “This was the time when the right-wing conspiracy theorists were saying that the Soviet Union was behind everything,” recalled Turco, “so we had to be very sure of what we knew before we wrote of this connection.” Ultimately, the CTC would determine that the East German intelligence service had indeed been behind the 1979 assassination attempt on the then NATO commander Alexander M. Haig, Jr.

137 State, “The Abu Nidal Terror Network,” July 1987, NSArch-CT. This classified study was probably written from State by the CTC.
138 Ibid.
139 Telcon with Fred Turco, 24 February 2004.
The CIA recognized that ANO’s commercial dealings represented a useful backdoor into the organization. Unlike Hizb’allah which was clannish and highly secretive, ANO was an easier target. The commercial needs of ANO affiliates provided opportunities for penetration and countermeasures. “It is the ANO’s policy to isolate its commercial endeavors from its terrorist infrastructure,” the US government reported in 1987, “but the ANO businessmen are occasionally asked to provide operational support such as delivering messages or temporarily storing weapons.”

The CIA followed one of these businessmen, Mufid Tawfiq Musa Hamadeh, into the United States. Musa, who joined the ANO in the 1970s, had been sent to Europe in 1984 to do clandestine work. By 1987 he was working in the United States. Musa, who would at some point start cooperating with the United States, was a fundraiser for ANO. The CIA cooperated with FBI on the ANO case and besides Musa the Bureau would develop information on a group of “sleeper agents” working for Abu Nidal in Missouri and Wisconsin. Unlike the Al Qaeda sleeper cells unearthed by the Clinton and George W. Bush administration, these cells were not planning terrorist attacks against US targets. “We were their banker,” recalled Turco. Like the Provisional Wing of the Irish Republican Army, the ANO came to the US to build bank accounts — to raise money from sympathizers -- not to destroy bank buildings.

As the CTC developed information on ANO’s international connections, the NSC and a former US president worked to convince Syria that it should be more helpful. In early 1987, the Pakistani government informed Robert Oakley on one of his trips to the region that it had “irrefutable” evidence that Syria was behind the Abu Nidal team that had attacked the Pan Am plane in Karachi in September. The Pakistanis had sent a formal protest to the Syrian prime minister, who had denied the accusation. Former President Jimmy Carter was slated to go to Syria in March 1987 to talk to Hafiz Assad on behalf of the Reagan administration. Oakley had the Pakistani story included among Carter’s briefing matters.

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140 State, “The Abu Nidal Terror Network,” July 1987, NSArch-CT.
141 Ibid.
142 Ellen Harris, Guarding the Secrets: Palestinian Terrorism and a Father’s Murder of his Too-American Daughter, NY: Scribner, 1995, pp. 99-100
143 Ibid., pp. 301-302.
144 Telcon with Fred Turco, 15 February 2004.
To no one’s surprise Carter read his briefing book carefully and in the course of a meeting with the Syrian president raised the question of Syrian sponsorship of terrorism. When Assad denied any links, Carter asked, “What about the Karachi plane incident?” Assad then specifically denied that. Apparently the former US President was persistent, “But what about the message that the Pakistani government gave your prime minister?” Assad denied that there had been such a message. Carter then left. Later, at a dinner with the Syrian prime minister, Carter was told that President Assad wanted to see him again before he left the country.  

The Syrian leader had a surprising admission to make to Carter. When they were alone, Assad explained that he had never heard of the letter before Carter mentioned it to him. Since their first meeting he had demanded to see the letter and had just read it. “They kept it from me,” he explained. The Reagan Administration subsequently concluded that Assad was telling the truth about being out of the loop on the Karachi terrorist attack. He subsequently purged several high-ranking members of his intelligence community, including the chief of air force intelligence. More importantly for the United States, shortly after Carter’s visit, the Syrian government told Abu Nidal to leave.

It was an important achievement for US counterterrorist experts. The expulsion disoriented the ANO, which had to relocate its personnel to Libya and Lebanon. But the more important accomplishments would come later in 1987. The PLO had an interest in undermining Abu Nidal and helped the CIA. So, too, did the Jordanians and the Israelis. Having discovered that the ANO was a deeply paranoid organization, the CTC decided to work with its allies to magnify that paranoia. In the 1930s Josef Stalin had killed or sidelined his most talented lieutenants out of fear; perhaps Abu Nidal could be made to do the same thing. Salah Kahlaf, alias Abu Iyad, who was Arafat’s chief of intelligence, provided information to the CIA on the progress of these efforts as the PLO collected defectors from the ANO. Soon Iyad would be saying that there were “scores of defectors from the Nidal group.”

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145 This account of the Carter visit to Damascus comes from an interview with Robert Oakley, 7 February 2004, who was briefed on the Carter visit after the fact.
147 Perry, Eclipse, pp. 192-193.
More dramatic than the defections were the assassinations of Abu Nidal lieutenants by Abu Nidal, himself, or his henchmen. In November 1987, Jasir al-Disi (Abu Ma'mun) and Ayish Badran (Abu Umar), reputedly the best officers in ANO’s “People’s Army,” were killed in Lebanon on Abu Nidal’s orders. The two men were accused of being Jordanian spies and once they were arrested, tortured and killed, Abu Nidal then purged their supposed allies in the Army. Dozens of other officers were subsequently shot and buried in a mass grave in Bqasta, Lebanon. Also murdered in 1987 were Ibrahim al-Abd from the Finance Directorate, Mujahid al-Bayyari from the Intelligence Directorate and Muhammed Khair (Nur Muharib) and Mustafa Umran from the ANO’s Political Directorate. In October 1988, Abu Nidal killed his former deputy, Abu Nizar.

The CTC was involved in more than this struggle with the ANO in the last two years of the Reagan Administration. “We put the pedal to the floor,” recalls Turco. In that period, cooperation between the FBI and CIA reached a new level. In 1987, the agencies worked together to achieve the first rendition or forced extradition of a terrorist. In the busy terrorism year of 1985 Fawaz Younis had hijacked a Jordanian airlines plane as it prepared to leave Beirut. Among the passengers were three US citizens. In 1984 the US Congress had passed the Hostage Taking Act making the abduction of an American, wherever it occurred, a federal crime. In giving US law unprecedented extraterritoriality, the Act also expanded the FBI’s jurisdiction overseas. The Younis rendition was the first a test of how well the FBI and the CIA could manage their overlapping overseas responsibilities.

Younis had first been spotted in the Sudan. But the incoming Director of Central Intelligence William Webster had vetoed the idea of nabbing him there. Webster recalled the fallout after Israel snatched the Nazi mass-murderer Adolf Eichmann off the streets of Buenos Aires in 1961 and did not want to cause a similar international stir. Moreover the Sudan was moving away from Gaddafi and closer to the West and he did not want to upset those helpful developments. Then Younis gave Webster and the United States a

149 Ibid., pp. 291-292.
150 Ibid., pp. 296-301.
151 Interview with William Webster, 10 December 2003.
second chance. When a Drug Enforcement Agency informant placed Younis in Lebanon, where he was also dabbling in drug dealing, Webster approved the attempt at rendition. The CIA subsequently lured him to Cyprus and then onto a yacht that was piloted into international waters. Once in international waters, the boat rendezvoused with another boat carrying Oliver Revell, Executive Assistant Director for Investigations of the FBI, who arrested a surprised Younis.

The CTC made headway in working the Lebanese hostage problem, though Turco was frustrated to find that he never provided enough to get the Reagan administration to act. How to rescue the hostages was a standard agenda item of CSG meetings. The Delta Force was kept on alert throughout this period in case there was enough hard information to warrant a rescue attempt. The CTC found Hizb’allah much harder to penetrate than the ANO. The organization was decentralized and the cells were often based on family ties. Hizb’allah was, if anything, more vicious that the ANO. CIA lost quite a few agents who crossed into the sections of Beirut controlled by Hizb’allah. Yet on two occasions in 1988, Turco brought information that he believed was good enough to trigger a Delta Force rescue operation. In each case, the JSOC agreed with him and wanted a green light to go. In February 1988, Lt. Colonel William Higgins, the chief of the US section of the United Nations force in Beirut, had been added to the list of Americans in captivity. Turco believed that “it was messaging time.” Although the CTC could not develop information on the location of all of the hostages, Turco believed that rescuing even one would send a warning to Hizb’allah not to take any more hostages.

On both occasions, however, the principals shot down the idea of a partial rescue. “The wheels had fallen off for Reagan by then,” Turco recalled with regret. Carlucci and his deputy and successor Colin Powell were not inclined to break any crockery over the hostage issue and the aging President now seemed incapable of making this tough call on his own.

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153 Interview with William Webster, 10 December 2003; Interview with Oliver Revell, 31 January 2004.
156 Ibid.
In the fall of 1988, the US intelligence community concluded that the threat from terrorism had subsided significantly and that the Administration’s counterterrorist actions deserved a lot of the credit. “Most regimes that sponsor or otherwise support terrorism have become less active or more discrete since 1986,” wrote the CIA’s terrorism experts in October, “largely in response to Western counterterrorist measures and regional political development.”\(^{157}\) Citing Western demarches, economic sanctions and diplomatic expulsions, the CIA observed that “a number of state sponsors of terrorism had lowered their profile.” The Agency was most impressed with the change in Syria’s and Iran’s policy toward terrorism. It assumed that both countries had political interests that outweighed gains that they might get from continued sponsorship of terrorism. “Syria almost certainly will continue to back terrorist and guerrilla attacks against Israel but is unlikely to jeopardize its improved Western ties by sponsoring attacks elsewhere.” Similarly Iran had an interest in maintaining international support for its efforts to negotiate an end to the eight-year Iran-Iraq war. The Agency had even noticed a softening in the rhetoric of Hizb’allah, despite the kidnapping of Lt. Colonel Higgins. The new moderation was attributed to the transformation of Hizb’allah from a terrorist organization to a political movement with an active militia that was fighting for dominance in Southern Lebanon. “We believe,” argued the CIA as it once had about the PLO, “that the group’s reliance on terrorism will decline if it makes progress toward becoming a legitimate political actor.”\(^{158}\) The CIA noted Sheikh Fadlallah’s visit to Syria in the summer and his restrained rhetoric following the unintentional downing of an Iran Air 747 by the USS Vincennes in August. Fadlallah, the spiritual leader of Hizb’allah, had decreed that the US hostages should not be punished for the shoot down.\(^{159}\)

\(^{157}\) CIA, Terrorism Review, 6 October 1988, CIA FOIA Electronic Reading Room.


\(^{159}\) Ibid.
The one exception to the rosier picture was Libya, which despite the economic sanctions and the military reprisal of April 1986, had not altered its support for international terrorism. “Although Libyan-backed groups have not hit US interests since several bombings on the second anniversary of the US airstrike,” reported the CIA, “Tripoli continues to host the virulently anti-Western Abu Nidal organization and other terrorist groups.” The CIA noted that Gaddafi continued “to build links to terrorist groups around the world.” There was a widespread belief in the press and among the principals in the Reagan administration that the April 1986 attack had succeeded in putting Gaddafi in a box. The CIA, however, had reached a different conclusion. “Libya continues to pose the greatest threat to US interests,” warned the Agency in October 1988.160

160 CIA, Terrorism Review, 6 October 1988, CIA FOIA Electronic Reading Room.