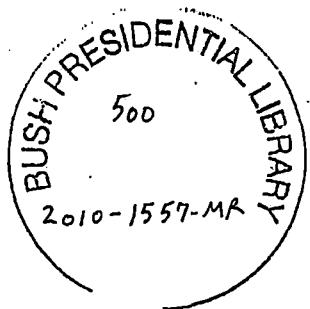


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THE WHITE HOUSE
WASHINGTON



Meeting of the National Security Council

DATE: May 8, 1989
LOCATION: Cabinet Room
TIME: 3:20 p.m. - 4:05 p.m.

SUBJECT: Minutes of NSC Meeting on Panama (U)

PARTICIPANTS:

The President

The Vice President

State:
Lawrence Eagleburger

White House:
Brent Scowcroft

Treasury:
Nicholas Brady

NSC:
David Pacelli

DOD:
Richard Cheney

OMB:
Richard Darman

Chief of Staff:
John Sununu

CIA:
William Webster

JCS:
General Robert Herres

Minutes

The President began the meeting by asking if everyone was up to speed right now. (U)

General Scowcroft, turning to Judge Webster, said, "Bill, why don't you tell us what you know?" (U)

Judge Webster gave a brief rundown of the progress in the vote count in the Panamanian election. The Panama Defense Force (PDF) was not interfering thus far. The Church had not yet made as many announcements about exit polling as we thought it would.

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The Panamanian national broadcasting system was denouncing the United States every 15 minutes. U.S. clandestine broadcasts were giving a more accurate picture of the situation. (8)

Judge Webster said that the last parallel vote count (9 a.m., with 23.4 percent of the vote in) showed that the opposition had gained 67.9 percent; COLINA, the alliance of government parties, 23.2 percent; 4 percent for Authentic Panamanista Party leader Nicosia; and 8.5 percent invalid. The National Counting Board has not started its official count yet, and the PDF was holding the ballot boxes. The boxes may have been delivered to the Counting Board by now. (8)

Deputy Secretary Eagleburger said that he had heard reports that the PDF was burning ballots, perhaps up to 10 percent of those cast. There were various reports--CNN and a European Parliament delegation--that ballots were being stolen. Panamanian President Delvalle and Ambassador to the United States Sosa were making similar claims. (8)

Judge Webster said that his information was that the PDF was counting on the rural vote for fraud, rather than the cities. This did not work and the PDF was now trying to decide what direction to take. (8)

General Scowcroft reviewed the reports of the various observer delegations. President Carter had called the White House to express his impressions. There were irregularities, but his initial view was that they were not overwhelming. He estimated that the opposition had won by a 2 to 1 to 3 to 1 majority. The counting was being held up because Noriega knows that the polling turned out negative and he was meeting with his cronies to decide what to do. (8)

General Scowcroft said that the U.S. official delegation, under Congressman Murtha, had visited some 50 polling places, and reported some irregularities of one sort or another at all of them. The voting of PDF troops was very obvious. Some soldiers were refusing to vote for Noriega, according to the Murtha delegation. Soldiers were observed going from one polling place to another to vote another time. The report of the Archbishop's team was still pending. Murtha, however, would not certify on what he had seen that there had been a free election. What was clear, Scowcroft concluded, was that the Panamanian people had overwhelming rejected the existing regime, and that is where we are now. (8)

General Scowcroft continued, outlining a scenario of U.S. actions. The President could meet with the Murtha delegation and then see what Noriega decides to do. There would be a leadership meeting on Thursday and that would be a useful time to tell them what we propose to do. At the meeting today, we have a proposal for a list of measures we can take. General Scowcroft urged that there be no leaks. He explained that the options paper had a laundry list of items.

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Some would not require a long discussion and there were few contested points. General Scowcroft suggested that the meeting concentrate on the contested items. (S)

Deputy Secretary Eagleburger said that the drawdown of U.S. personnel from Panama was the only subject that was contested. (S)

Secretary Cheney remarked that on an options paper there were sure to be differences. (S)

Deputy Secretary Eagleburger repeated that there was only one subject. (S)

Secretary Cheney explained the Defense position on the pace of withdrawal of U.S. Government employees and dependents, saying that there would be fewer problems with a more measured pace. He, Admiral Crowe, and the SOUTHCOM Commander, General Woerner, were all agreed. Moving household goods and whole households in a short amount of time was very difficult. Essentially, what we were asking our own people to do is to take all of the heat for decisions of the U.S. Government. (S)

The President asked about the differences between the Defense and the State Department families in Panama and if there were contractual differences in their living arrangements. (S)

Secretary Cheney explained that some of the Defense employees were long-time Panama residents. (S)

General Herres said that the families would have to move, with everything they own. They were spread out all over town. The State Department must deal with this problem too, he granted. But with the Defense Department employees there would be people who wouldn't know where to go. We would have to send them back and sort them all out. If the decision was made to do so, of course, Defense employees would do so "and salute smartly." (S)

Secretary Cheney said that there would be great impact from such an announcement and that people would complain quite a bit. (S)

Deputy Secretary Eagleburger argued that the political impact would be diminished by a withdrawal over a longer term. The newspapers would say that our refusal to take the tough decisions undercuts our new plan. (S)

Secretary Cheney said he wanted to raise another point that goes to the heart of our whole strategy. It looks like we are preparing for military action. But are we really prepared for it? He warned that it would be bad policy to give every indication that we would embark on a military course without having made the decision to do so. (S)

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Deputy Secretary Eagleburger, commenting on the exercise of Treaty rights, said that we should not hide from you, Mr. President, that there is the danger of military confrontations with the PDF. There could be a shooting match, and we shouldn't hide from making that assessment. (S)

General Scowcroft observed that Mr. Eagleburger ought to explain for the President what he was referring to. (S)

Deputy Secretary Eagleburger said that up to this point we have not been exercising our Treaty rights fully. We have not run patrols like we could have if we were fully asserting our rights under the Canal Treaty. (S)

The President observed that military confrontations would put the remaining families more in jeopardy. The President said he was not sure about them and inquired about incidents involving dependents. (S)

General Herres said that dependents were not involved for the most part in the series of incidents that have been caused by PDF actions. The recent incident with PDF interference with Defense Department contracted school buses was an exception. Most of our maneuvers will take place on the highways. We are proposing new rules of engagement that represent more of a challenge to the PDF. (S)

The President emphasized that we ought to make clear that our maneuvers are strictly within our Treaty rights. (S)

Secretary Brady asked a series of questions: Where are we headed? What are we trying to achieve? What do we hope to accomplish? What will get done by our measures? (S)

General Scowcroft answered that our present policy is not going to get rid of Noriega. The consensus was that we won't get rid of him except by force and pressure. This made it important to show, first, that what Noriega is doing is illegal; second, that he has stolen the election; and third, that we will not recognize a Noriega government. (S)

The President said that it must be clear from our policy that we will not continue business as usual and that we will ratchet up the pressure. (S)

Secretary Brady asked, will it get Noriega out? (S)

The President said no, but said we should look at the elections as a starting point. (S)

General Scowcroft said there are three broad options: stay where we are, go back to business as usual, and step up the pressure. (S)

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The President said he was frustrated by the status quo, although less frustrated by the status quo given these election results. The Panamanian people are pro-United States. The only option he could see is more U.S. actions and hope that there would be some other thing happening to get this man out. (S)

General Scowcroft observed that our decision on the dependents was critical. (S)

General Herres explained the difference between Command-sponsored and non-Command sponsored employees, and the greater difficulties in getting the latter to move. (S)

The President said he was persuaded by a point that Nick had raised earlier. He asked about the date for the withdrawal and was told September 1. (S)

General Scowcroft said that if the measures are announced all at once, they would make a stronger impact. (S)

Governor Sununu asked what Noriega's response would be. (S)

General Scowcroft replied that he may harass the families, using the tactic that taxes were not paid. (S)

Secretary Cheney said he has to be careful not to create an incident. (S)

Deputy Secretary Eagleburger said it is hard to predict, especially if he has lost a battle. (S)

Richard Darman said that if Noriega is surprised, he will be in a state of shock and worried. He can't come around from the other side. He then raised the issues of asserting our Treaty rights, saying that it looks like we are calling our own bluff. (S)

Secretary Cheney said that the rules of engagement will be very important. (S)

The President said his view that there would be respect for what we do if we are protecting a right. We should make it clear that we are protecting a Treaty right. Otherwise, force could be counterproductive. These are serious steps, but we must be clear that we are prepared to protect our Treaty rights and our citizens. (S)

General Scowcroft said that the Latin Americans still might not understand. (S)

The President said they have to understand that we have a Treaty. It is much clearer if we have a right to defend. (S)

Governor Sununu asked about the reactions of the other democracies. (S)

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The President asked if Carlos Andres Perez would say something. (S)

Deputy Secretary Eagleburger said President Perez might say something, once the election is over, condemning it. (S)

The President read the latest spot commentary on the election results. (S)

General Scowcroft said, "Don't hold your breath."

The President said yes, but yesterday no one would have predicted the election results. (S)

General Scowcroft said that we must be prepared to move as soon as the election results are known. We must not wait too long. (S)

The President asked what other items had to be resolved and what other issues the deputies had surfaced. (S)

General Scowcroft asked why should we keep the Embassy open. (S)

Deputy Secretary Eagleburger said it was important for consular affairs, given the large number (40,000) of Americans in Panama. (S)

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Judge Webster brought up a point of Government agencies not doing business with the PDF. He stated that the PDF itself, as an institution, was central to an amenable solution. He did not believe that our targeting PDF businesses should be aimed at the families of PDF officers who are financially profiting from them. The PDF thinks first about itself. (S)

General Scowcroft said that a clamping down would be with the understanding that the PDF as an institution will be affected by sticking with Noriega. (S)

Judge Webster said that it should be done carefully. (S)

The President asked Judge Webster to look into it. The President asked, "Are we out of issues?"

General Scowcroft said yes, unless there were specific proposals. (S)

Secretary Cheney said that press guidance would be very important. (S)

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General Scowcroft agreed. (S)

Deputy Secretary Eagleburger said that we need time for consultation with the Congress and that perhaps this could be done Wednesday morning. (S)

General Scowcroft said he was thinking of Wednesday. (S)

The President said that the options paper had been around since Friday and that it had held pretty well without leaks. He was amazed. (S)

Deputy Secretary Eagleburger raised the question of additional economic measures. (S)

The President said that option had been raised and rejected. (S)

Deputy Secretary Eagleburger said that it had been overstated and he recommended continuing to study possible economic measures. (S)

General Scowcroft said that in the back of our minds, we ought to keep the military option open. (S)

Richard Darman urged that we ought to take a second look at the presidential statement, both to reflect the opinions of international observers and the Catholic Church--who have credibility with the media--and to avoid the problem of the past of presenting the image of a paper tiger. He believed the statement has a little bit of that quality to it.

General Scowcroft agreed and said the statement should be reviewed.

(S)

Secretary Brady said that Noriega steals the election and we react by taking our people out. He confessed that he did not "see the heat in this." (S)

The President responded that he should not forget that we were sending troops in. (S)

Deputy Secretary Eagleburger remarked that getting our people out should not be viewed as a sign of weakness, especially when we send our troops in. But, in his opinion, the toughest part of our measures was our decision to exercise our Treaty rights. (S)

General Scowcroft said that the removal of dependents was a clearing the decks type of action; getting rid of hostages. (S)

Deputy Secretary Eagleburger said he believed that short of extremely tough measures, this package was the best we can do. (S)

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Richard Darman said it could be concluded that this is a prelude to invasion. At the same time, we did not want to be in a situation where a couple of months from now people would be saying, "Where is the invasion?" (S)

Governor Sununu asked, five or six weeks from now, will we have a next series of measures? (S)

Secretary Brady said that we would need more measures if Noriega got away with brazenly stealing the election. (S)

The President observed that there were additional options that were rejected. (S)

Deputy Secretary Eagleburger said that he would like to get people to look at them. (S)

Judge Webster commented that our position with other countries could change as well. (S)

The President observed that our policy toward Panama could have an important spillover effect toward Nicaragua. He then joked, "Well, now that we have solved this one . . ." [Laughter] He concluded by saying that he was a bit more encouraged. (S)

Deputy Secretary Eagleburger said that Noriega might surprise us and announce that he is leaving. [Several joked about what day it might be.] (S)

Governor Sununu asked what do you want the Panamanian people to do in the meantime? (S)

The President said to "go to the streets." (S)

Judge Webster said that previous demonstrations did not go anywhere. (S)

Deputy Secretary Eagleburger remarked that it is a Panamanian holiday, which inhibits demonstrations.

The President concluded the meeting by saying, "Alright, thank you all very much." (S)