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THE WHITE HOUSE
Office of the Press Secretary

NEWS CONFERENCE
BY
THE PRESIDENT

January 7, 1985

The East Room

8:00 P.M. EST

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8:35 P.M. EST

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For Immediate Release

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THE PRESIDENT: I have an opening statement.

On December 27th, terrorists, as we know, attacked Rome and Vietnam * International Airports. It was the latest in a series of atrocities which have shocked the conscience of the world.

It's clear that the responsibility of these latest attacks lies squarely with the terrorist known as Abu Nidal and his organization. The number of his victims increased by nineteen, among them five Americans including Natasha Simpson, an eleven year-old girl. Many others from around the world were wounded. And we shall make every effort to bring Abu Nidal and other terrorists to justice.

But these murderers could not carry out their crimes without the sanctuary and support provided by regimes such as Colonel Qaddafi's in Libya. Qaddafi's longstanding involvement in terrorism is well documented, and there's irrefutable evidence of his role in these attacks. The Rome and Vienna murders are only the latest in a series of brutal terrorist acts committed with Qaddafi's backing.

Qaddafi and other Libyan officials have publicly admitted that the Libyan government has abetted and supported the notorious Abu Nidal terrorist group which was directly responsible for the Rome and Vienna attacks. Qaddafi called them, "heroic actions." I call them criminal outrages by an outlaw regime.

By providing material support to terrorist groups which attack U.S. citizens, Libya has engaged in armed aggression against the United States under established principles of international law, just as if he had used its own armed forces.

We've urged repeatedly that the world community act decisively and in concert to exact from Qaddafi a high price for his support and encouragement of terrorism. The United States has already taken a series of steps to curtail most direct trade between our two countries while encouraging our friends to do likewise. Terrorists, and those who harbor them, must be denied sympathy, safe haven, and support.

In light of this latest evidence of Libya's growing role in international terrorism, it is clear that steps taken so far have not been sufficient. Tougher, more comprehensive measures are required by the international community. Accordingly, I signed today an Executive Order stating that the policies and actions of the government of Libya constitute a threat to the national security and foreign policy of the United States.

Congress has been notified of my decision. Under the authority vested in me by the

* Vienna

MORE

constitution and the laws of the United States, I've taken measures to end virtually all direct economic activities between the United States or U.S. nationals and Libya. These measures, some of which take effect immediately and others no later than February 1st, impose a total ban on direct imports and export trade with Libya, except for humanitarian purposes. They prohibit commercial contracts and other transactions with Libya, including travel-related activities other than those needed for journalism or to carry out this order. I call on all Americans in Libya to leave immediately. Those who violate these orders should know that they will be subject to appropriate penalties upon their return to the United States. Let the government of Libya understand that it is fully responsible for the welfare of those Americans still in Libya, and that Libya will be held accountable for any attempt to harm them or restrict their freedom to depart.

Our differences are not with the people of Libya, but with Colonel Qaddafi and his regime. We've taken these steps after much reflection and in full awareness of the economic consequences which the United States stands to incur as a result. Civilized nations cannot continue to tolerate in the name of material gain and self-interest, the murder of innocents. Qaddafi deserves to be treated as a pariah in the world community. We call on our friends in Western Europe and elsewhere to join with us in isolating him. Americans will not understand other nations moving into Libya to take commercial advantage of our departure. We will consult with all our key allies to pursue the goal of broader cooperation.

Italy's Prime Minister Craxi, in whose country one of the recent attacks occurred, properly emphasized the necessity not only of coping with terrorists, but identifying "those states that guarantee terrorist protection and the possibility to arm and organize themselves to carry out their bloody raids". Qaddafi's Libya is such a nation and we call upon other nations to join us in denying the normal economic and diplomatic privileges of the civilized world.

If these steps do not end Qaddafi's terrorism, I promise you that further steps will be taken. And thank you and that concludes my statement. But, wait -- before taking your questions, let me extend a warm welcome back to one of your colleagues, Sarah McClendon. Sarah's been absent for awhile, but she's back now and I'm delighted. Sarah is a true Washington institution -- seen a lot of history that she's covered aggressively and fairly. Sarah has kept several of my predecessors -- eight

Presidents in all -- and me -- on our toes over the years, and I'm truly honored that she shows tonight for her first public appearance. But I had a feeling she wouldn't miss this. So, you see, it's not that we haven't been holding press conferences, I was just waiting for Sarah to come back. (Laughter.) And in honor of her return, I'd like to offer Sarah the first question. Don't worry, Mike, you'll get the second one.

Sarah.

Q Thank you, Mr. President. That was very nice of you and I appreciate it. Sir, I want to call your attention to a real problem we've got in this country today. The hospitals and the doctors are sending the elderly sick home too soon before they're really ready to go and that makes a burden on their families. Now, this all seems to be based on the Medicare payment formula and I know that there's a fear across the land from Gramm-Rudman for fear that the Medicare payments may be reduced further. I wonder if you can't have your experts make a solution to this.

THE PRESIDENT: We have been -- Sarah, I can't tell you what the final decision has been on this. We have been looking at this entire program -- things that can be done and should be done and also the possibility we're looking at as to whether we can't find something to take care of catastrophic illnesses. I tried to do this when I was Governor in California and I couldn't get any public interest in it at all. I guess everyone has a feeling it'll never happen to them.

But, we are looking at this and as to what we can do with regard to some of the problems that have arisen because, as you know, the program has expanded in cost greatly. Medical care and -- well, health care, generally, has been one of the highest factors in the increase in inflation. So, I promise you, we're looking at it.

Q Well, sorry. Has anyone ever thought about the fact that Canada gets her medical care with a little extra taxation but practically free? Why couldn't we start something like that?

THE PRESIDENT: Well, we're looking for answers, all right?

Mike?

Q Mr. President, you said in your opening statement that there is irrefutable evidence that Colonel Qaddafi was involved in the airport attacks. The European allies seem less convinced. What proof is there of Qaddafi's involvement in those attacks?

THE PRESIDENT: Mike, the only thing I can say in answering that question -- and I can't do all that you would like to do because there are things that should not be revealed. But I can assure you that we have the evidence -- we have the evidence of the amount of training that has been given. That, too, he has denied. I don't think he's capable of telling the truth

about these things. But we do know -- we know the location of training camps for terrorists and we also know that Abu Nidal has more or less moved his headquarters there into Libya. So we speak with confidence. And I would like to remind you that when these -- in the first moments or days or hours following these last two, he did openly praise them as heroic undertakings. And then very shortly -- along about the time that the Coral Sea was leaving Naples -- and it was only leaving because its leave time there was up -- but he suddenly decided that, no, he was distressed by these acts of terrorism. I think he was speaking more honestly the first time.

Q Mr. President, if I could just follow up for a moment -- you say that you could prove, that you have conclusive evidence that he, Colonel Qaddafi, is personally involved in those attacks that killed Natasha Simpson and the others?

THE PRESIDENT: We are satisfied that -- yes, his regime -- and I don't think that his regime is doing anything without his guidance.

Helen.

Q Mr. President, for some 40 years American Presidents have been confronted directly with the Middle East problems. You and your predecessors have often spoken of the legitimate rights of the Palestinians. My question, Mr. President, is how did Palestinians attain these rights? How do they rid themselves of foreign occupation? Should they emulate the U.S.-backed freedom fighters in Afghanistan, the Contras in Nicaragua? Or is there a peaceful way? And I'd like to follow up.

THE PRESIDENT: The peaceful way is the thing we've been trying to promote, Helen, the idea of peace between the Arab states and Israel. And we have emphasized from the very first that the problem of the Palestinians must be a part of any solution.

But I would also like to point out that the Palestinians -- virtually every Arab country has thousands and thousands of Palestinians. In fact, some of them, they're practically a majority of their population. So they are in a number of countries, and in many of these countries they are not made citizens of those countries. They're allowed to live there and so forth, but they don't have passports. They don't have all of the privileges that a citizen of the country would have. And there has to be a solution, particularly -- we're not talking about all of those; they seem to be content with where they're living -- but those that became refugees, the great refugee

camps that we found in Lebanon. Those are the ones that are literally people without a country, and we think there has to be a solution found for them. The reason that we have not approved the dealing with Arafat and that sect, the PLO, is because, how could they sit in in a peace conference when they deny the right of Israel to exist as a nation and have refused to endorse or support the -- or accept the two resolutions, 442* and 238 of the United Nations?

Q Will Israel accept the existence of the Palestinians, or will the United States continue to give Israel the veto power over any Palestinian negotiating for their people?

THE PRESIDENT: No, and I don't think that they ask for that. Theirs is -- and I would say this of any other country that they are working with -- that you can't ask them to negotiate with someone who is sitting on the opposite side of the table saying that they start from the negotiating position that Israel doesn't have any right to exist. And this is the main thing -- it's the reason why we have not felt free to talk with an Arafat either -- until he gives up that position.

Q Mr. President, you have said that your policy towards terrorists is swift and effective retribution, and after the Achille Lauro case you said "you can run but you can't hide." But isn't this one more case where there is no retribution and where the people behind the terrorism have in effect been able to hide?

THE PRESIDENT: Now you have mentioned the people behind the terrorism. I'd like to point out that all this talk that there has been about harse talk and no action and so forth -- could I recap just a moment here?

Two of the great terrorist actions against the United States took place in Lebanon, the bombing of our embassy and the slaughter of our Marines there. But in both cases the perpetrators of those acts died with the victims. They were suicide attacks. Now, we have made every effort to try and establish, well, who -- who brought these people there? They certainly can't be questioned. How did they get there? Now we have had two more recent attacks. But in these two attacks the perpetrators are either dead -- killed in the scene -- or they are wounded and in hospitals under arrest.

But again, here is a better opportunity now. This was something of a suicide attack, and Qaddafi himself has referred to more suicide terrorist actions -- in other words, finding some poor souls that are fanatic enough that they can be told that they've got a free ride to heaven if they'll go out and give

*242 and 338

up their own lives to kill someone else, innocent people. The only actual case where there were terrorists, and there they were and we knew their location and where they were trying to go and we brought them down -- and that was the Achille Lauro case -- and turned them over to the Italians at their request, to what was their territory and their ship and they wanted to do the prosecuting. And they will be prosecuted.

We have -- I know it appears that we sit here and are not doing anything. I'd like to tell you something that we have done. We have actually recorded in the last year, and know, that we have aborted 126 terrorist missions. Now, I won't go any further and I'm not going to tell you how this was done. But in our intelligence and working with the other countries, we have been able to anticipate and, as I say, abort that many terrorist missions.

Q Sir, if I may follow up, what you seem to be saying is that in this particular case, in terms of going to the source, going after Abu Nidal or going after the Libyan training camps, it's basically going to be next time for a military strike. And I wonder, given your criteria, which are that there has to be a direct link between the terrorists and the target and that no innocent civilians can be hit, why should Muhamar Qaddafi or Abu Nidal believe you?

THE PRESIDENT: I'm not going to talk beyond the action that we've taken here. I am not going to make any comment as to whether we have other actions in mind or what might be done. I think that Mr. Qaddafi would be very happy if I did answer such a question, but don't -- I'm not interested in making him happy.

Gary?

Q Mr. President, were any of these terrorist missions that you say the United States aborted in the United States?

THE PRESIDENT: I'm not going to comment on that or their location or anything further on it. I'm just going to assure you that we have the intelligence that led us to be able to do that. They weren't all in the United States, or I don't know how many. I haven't got the count before me right now.

Sam?

Q Mr. President, you signed a directive which would require a great number of government employees to take lie detector tests for security purposes. But when Secretary Shultz publicly complained, you changed your mind and cut back on that directive. And one of your aides said to reporters that you really hadn't understood what was in it when you signed it. My question is, did you understand it when you signed it originally, and if so, why did you change your mind?

THE PRESIDENT: If there was an aide that said anything of that kind, he wasn't an aide. (Laughter.)

Q He won't be tomorrow.

THE PRESIDENT: No. No, when Secretary Shultz came back, he had been accosted by the press in Europe and they were leading to believe that I had okayed virtually carte blanche the two and a half million federal employees subject to lie detector tests and they would be tested based on their personalities

or their own personal lives and so forth. None of this was true. And the document I signed was not changed nor did I change my mind. I was able when the Secretary and I had a chance to talk when he came back to point out that what I had signed was a directive that was creating an investigative policy that we were -- I did not create it -- in that I asked for and was proposing that we come together on a policy for heading off espionage. And therefore, out of the thousands and thousands of employees, there is a very limited number that actually deal with classified material or could possibly be involved in this. And I recommended, among other things, that this be included as an investigatory tool in such investigations and it would be limited to what we were trying to find out -- espionage and whether to head it off or not. So, whoever was telling that -- and I've seen it and heard it and so forth. And I've sat there fidgeting in my chair because it wasn't true. That's what I signed and that's what is still signed.

Q Sir, Secretary Shultz made the point that he doesn't believe lie detector tests are accurate -- that often they catch people who are not guilty, and even let people who are guilty go. I take it you think they are accurate.

THE PRESIDENT: I think that it's a useful tool. I know that he does not have too high an opinion of them and I think that he was thinking also if you're going to have one of those in which you get into people's personal lives and so forth -- but also, there are others who have a greater confidence in them in such an investigation where you are directly going after a subject. One of the things that they've done and the record of polygraph tests throughout our land has proven, that they have been responsible for more confessions than anything actually proven there -- that the very nature of the test has led to a multitude of confessions of various crimes and so forth.

Bill?

Q Mr. President, the last time you asked the Europeans to take any sort of sanctions against any of the states which might be responsible for terrorist acts, you asked them to stop flying commercial flights into Beirut. The policy was not a notable success. The Europeans have proven extremely reluctant. Is there any reason for you to believe or for us to believe that things will be any different this time, simply because you are asking them, yet again?

THE PRESIDENT: I don't know. We're going to consult with them. I don't know that we're going to outright ask them. We're going to tell them what we're doing.

They have told us and -- in the past that, well, the limited actions that we had taken against Libya earlier were rather ambiguous so we're just -- now we're taking some that are a little unambiguous and maybe that'll change some of their minds, maybe it won't. Some of them may have problems of their own in their own economies that are going to -- that's just going to render this nearly impossible. But we're going to consult and see how much cooperation we can get.

Q Well, sir, but if they can't do it, it severely curtails the effect of your sanctions. Doesn't it frustrate you?

THE PRESIDENT: It may be frustrating, but we're going to go on with what we think has to be done.

Yes?

Q Mr. President, how seriously do you take the threat of Mr. Qaddafi's that if there is some indication of Israeli or American military retaliations, that Washington, D.C. will become a target for hit squads?

THE PRESIDENT: Well, I wish he was planning to do that himself. I'd be happy to welcome him. (Laughter.) But, no, I -- how can you not take seriously a man that has proven that he is as irrational as he is on things of this kind. I find he's not only a barbarian, but he's flaky. (Laughter.)

Gerald?

Q I have a domestic policy question, Mr. President. You seem to be one of the few people in your administration who seems to believe that you can have a three percent real growth in defense spending and still satisfy the Gramm-Rudman balanced budget amendment. If you are wrong, sir, are you willing to settle for less defense spending or will you eventually have to raise taxes to meet the bill?

THE PRESIDENT: Well, the '87 budget -- as you know, in the budget resolution that was passed by the Congress itself, it called for a three percent real growth in defense spending and this is what we're incorporating in our '87 budget that we'll be coming forth with pretty soon.

Q But a lot of people say you have to raise taxes eventually. And you know, you said in 1982 that you wouldn't raise taxes and then you did. And you have said over the years that you wouldn't reduce Social Security benefits and you later changed your mind on that.

THE PRESIDENT: No, no. We had a bipartisan commission on Social Security. I have never thought that Social Security plays a part in the deficit. It doesn't because Social Security is supported by its own tax and that tax can't be used for anything else. So it's playing games to pretend that Social Security is a part of the budget and can affect the deficit. As a matter of fact, a previous President put it in the budget only because the bookkeeping in ink

would look like the deficit was smaller if you could count as an asset the Social Security tax. Well, I think that's not playing fair with the people, so we've taken it out. But --

Q You're ruling out a tax increase under all circumstances?

THE PRESIDENT: Now, the tax increase -- let me just say here -- and the one that you mentioned, yes, I got burned because I agreed to a tax increase that in reality was actually getting rid of some of the Christmas Tree ornaments that were hung on the original tax program -- our original tax cut. Some of them weren't things that we had advocated. But I was promised \$3 in spending cuts for every dollar of increased revenue. I never got the \$3. So I'm like that fellow in the story. I'm still yelling pay the \$2 -- only \$3 in my case.

But the thing with that tax, it's not being stubborn about that. It's just being that if you look back at history, every time that you have sought through tax increase to increase government's revenues, you find out that you have placed a block in the path of progress and economic growth and you wind up with less revenue at higher rates. Now, the tax situation, we're getting the same percentage of gross national product in tax revenues at the lower rates than we've been getting before. And the answer to more revenues for government is economic growth. I believe that a tax increase would run the risk -- in fact, I'm almost positive that it would be more than a risk. It would set back the economy and could even trigger possibly a slump in the economy. So we've gone on now for the last three years. We've added almost nine million new jobs. We have 110 million people, roughly, that are employed -- the highest percentage of the potential working pool ever in our history is employed. The stock market today set a new high again, all-time high. It's now 1565, went up \$18 and something. And I think for us to turn around and take a chance on something that, in the past has proven that every time tax rates are raised, you've got some people in the country that are waiting with a choice program of their own to spend that money, not to use it to reduce a deficit. We're going to keep on trying with these next five years to get down to a balanced budget through spending cuts. Then, if that isn't enough, and if we're convinced that we have government down to the level -- absolute level where it cannot go below that and perform government's

functions and services. Then it would be a time to look at revenues, but not now.

Q Mr. President, are you now looking forward to a second summit with Mr. Gorbachev in September or the Fall, perhaps, rather than in June, and what has led to that slippage?

THE PRESIDENT: Oh, I don't know. Someone on their side has suggested later in the Fall. We thought that June would be a nice time to do it, and not get around to waiting and saying that it's got to be a year between visits. In fact, the last words of the Secretary General* to me when we said goodbye was that we should keep in touch and not just wait until there was another meeting, but to keep on with what was started there. And I said to him -- proposed that it might be in late June -- in the Summer. And he nodded his approval of that when he accepted my invitation. Now others have perhaps suggested that it should be at another time. But there hasn't been a date set and they haven't -- other than the suggestion, they haven't given us any reason why they think that later in the Fall would be better than in June.

Q If I could follow, sir, in terms of the atmosphere between the U.S. and the Soviet Union, the other day the Soviet officials were complaining about such things as Rambo movies and Rocky movies which cast the Soviets in a bad light. Do you think that is an appropriate sort of thing? Are you talking to your friends in Hollywood about the kind of movies being made these days? (Laughter.)

THE PRESIDENT: No, I was talking to my friends in Hollywood back at a time when they seemed to be making pro-communist pictures.

Q Mr. President, back on the subject of terrorism, what effect, if any, do you think the actions you have taken today will have on the welfare of the U.S. hostages in Lebanon?

THE PRESIDENT: Well, I think we are talking about two separate subjects here, even as to the nature of the people that are holding them and the other terrorists that we have been talking about. But I can only tell you that we continue and have been -- we have been meeting with, talking with, and -- a number of individuals, a number of other governments, following every lead that we can that would lead to their rescue. And we are not going to let up until we are successful in that.

Again, I can't get specific on the things that we are doing other than it is a constant and all-out effort. But I think that it would be counterproductive for me to explain any of the things that we are doing.

Q If I may follow up, sir, can you tell us what you know about their welfare?

THE PRESIDENT: We have no reason to believe that they are not -- I hesitate to say well-treated.

*General Secretary

Let us say that apparently, they're in as reasonably good health as could be expected in view of their incarceration.

Q Mr. President, in connection with your next meeting with General Secretary Gorbachev, the Russians, in response to the terrorist activities that you have been talking about this evening, have made some very defensive statements of Libya and of Qaddafi, and, as you know, they supply Libya with a good deal of their military equipment and possibly some of the training, some of which may be then passed on to the terrorists. I would like to know, when you sit down and talk to General Secretary Gorbachev or if you're in communication with him before your next meeting, do you intend to bring this up and suggest to him that they could be more forthcoming in areas outside of your direct talks and make the climate better?

THE PRESIDENT: Yes. This was one -- very definitely one of our conversations -- or one of our topics in our one-on-one conversations -- about why -- why we had a suspicion of them. And it was incorporated in a subject that I had brought up in which I said that it was obvious that both of us suspected the other, distrusted the other, and that it was going to take more than words, but take deeds for us to eliminate that distrust. And if we could do that, then we could get on with the business of reducing arms and so forth instead of looking at each other as antagonists all the time.

Q Did you consider, sir, directly communicating with Gorbachev about this recent incident and about possibly using his leverage with Qaddafi?

THE PRESIDENT: I -- again, you're getting around to details that I don't want to get into.

Q Mr. President, would your response to the terrorist incident have been different if there were not more than a thousand Americans still in Libya?

THE PRESIDENT: Well, very obviously, they have to be a consideration. As you will recall, the first time that we took some economic actions, there were roughly 8,000 Americans in Libya. And we asked -- did not order or did not declare an emergency -- but asked them to come back. And now there are between a thousand and 1,500 there. But, yes, you have to consider them as potential hostages.

Q If I may follow up, you said earlier that you thought Mr. Qaddafi was "flaky." Do you seriously think that he might be emotionally or mentally unbalanced?

THE PRESIDENT: Oh, no, I won't -- I used that in the term that we use it in conversation about someone.

No, I just think that the man is a zealot. He is pursuing a revolutionary cause that could affect a great many countries. And you only have to look at his performance in Chad in which he then violated the word that he had given to France with regard to his aggression there and other places. So, I just -- I feel that you have to be on guard against virtually any kind of act.

Yes?

Q Mr. President, how safe or how risky do you think it is for Americans to travel to Europe these days? And are you satisfied that our allies have redoubled their efforts for airport security, as you asked them to do last summer?

THE PRESIDENT: I think there's been great improvement in airport security. And, yet, when you have suicide attacks as we did in the Rome and Vienna Airports, you have to ask yourself what can be done about that to prevent it. I have to feel that a -- well, as a matter of fact, in recent travels over the holidays, I can't tell you how many people of the type that could be expected to be taking European trips or world trips -- how many of them went out of their way to tell me that they would plan no such trips under the present situation. So --

Q Mr. President, will you be looking for a working farmer to replace Secretary of Agriculture Block who resigned today?

THE PRESIDENT: Well, I certainly am going to want someone, just as Jack was, who has all the experience that is necessary in that field. And, yes, it would be fine if we come up with a working farmer.

Q Do you agree with Secretary Block that we've turned the corner on the farm economy and are headed for better times?

THE PRESIDENT: I think we have. The farm program -- and he stayed until the farm bill was completed and signed. And it is one that -- it's going to take a little patience for a time -- you can't do something instantly, pull out a rug that's been there for a great many decades. But we think that we have a program now that is going to help maintain an income for the farmer, at the same time that we get agriculture back out to market control and not government regulation and control.

I think we all ought to heed the fact -- I have the greatest sympathy for them. And I think that we have a great responsibility because a lot of their problems come from government, instead of government helping. And the proof of that is if you look at those areas of farming that are not a part of the government programs and subsidies and so forth, they are not having the economic problems that the other part of farming is having.

THE PRESS: Thank you.

THE PRESIDENT: Oh, all right. Well, thank you all very much.

END

8:35 P.M. EST

Some questions have arisen about the President's views on the use of polygraphs. The President believes the polygraph is a limited though sometimes useful tool when used in conjunction with other investigative and security procedures in espionage cases.

The President's policy thus establishes this minimum standard on a government-wide basis. Departments and agencies may, as some do now, impose additional requirements.

Secretary Shultz fully shares the President's view of the seriousness of espionage cases and agrees with the need to use all legal means in the investigation of such cases.

Shm

The attached guidance
was given to Larry Speakes
to use after the Shultz'
comment on polygraphs.

Paul

X 2562

PRESIDENTIAL DIRECTIVE RELATING TO THE POLYGRAPH PROGRAM

As we have seen during the past two years, there is a greater appreciation and understanding of the threat to national security imposed by the activity of hostile intelligence services operating against the United States. As a result of this new awareness and increased counterintelligence activity by the United States, the number of individuals arrested for espionage has increased. To illustrate this, during the period from 1975 to 1985 there have been 48 individuals arrested, indicted and/or convicted for espionage. Thirty-two of these individuals are Americans with access to classified information, three are Americans who did not have access but received documents from those who did. Fourteen individuals who are not Americans were also arrested for espionage. A review of these cases reveals one in the FBI, one at NSA, seven at the CIA, 15 from the U.S. Navy, five from the U.S. industrial contracting community and two from the Army. Twenty-five individuals have been arrested during the period 1984 to 1985.

Numerous questions concerning the status of improving security procedures to prevent espionage have been asked as a result of these cases. This issue has been under study for the last four years by the Reagan Administration and it is clear there is no single solution to the espionage problem. Hundreds of hostile intelligence officers operate against Americans in the U.S. and overseas. These intelligence officers are professionally, highly-trained individuals. Designing security and countermeasures to deal with this problem is a complex issue. Solutions represent a variety of actions that need to be taken on the part of the government. These include enhanced counterintelligence to identify and interdict on-going espionage cases. It also requires additional effort in the security field to include thorough background investigations to grant access to classified information and reinvestigation of individuals who have access to classified information. It also includes good security awareness programs and other procedures such as reporting hostile contact with hostile officials.

It has also been recognized that while 4.2 Million have security clearances and to classified information, approximately 100,000 Americans have access to the most sensitive intelligence such as sensitive compartmented information and communications security access. This very select group of Americans with access to the most sensitive information currently undergo a very vigorous background investigation prior to being granted this clearance. It has been recognized for a number of years that individuals with access to this type of information have the potential of causing the greatest harm should they be recruited or volunteer to work for a hostile intelligence service. It has also been recognized that hostile intelligence services throughout the world have avoided directing their agents into agencies that require the employees to undergo polygraph examination. The U.S. intelligence

community has observed the use of polygraphs within an agency for granting access to individuals who work for hostile intelligence services, has a deterrent effect.

Following a number of years of study, the President directed that those in the select group of individuals who have SCI and COMSEC clearances should be given a periodic non-lifestyle counterintelligence polygraph examinations. This type of polygraph is specifically designed to not ask intrusive lifestyle questions but specifically address counterintelligence, i.e., espionage-related matters. The CIA and NSA have been utilizing this type of polygraph very successfully for over 20 years. This new Presidential directive simply expands this type of polygraph to those individuals who have access to the same material as the CIA and NSA employees.

It has been the experience of agencies that use the polygraph that its implementation, from senior management down, is a very positive personnel management procedure. As an example, CIA Director Bill Casey has taken a polygraph, as have all CIA employees. This new directive will require that Cabinet officers, as well as all individuals in their agencies who have access to this special category of information, undergo this type of polygraph examination. It is noted that Cabinet officers already undergo the most stringent type of scrutiny in connection with their confirmation hearings on the Hill. As such, their participation in this program will serve as a motivating factor for the rest of the individuals in their agencies.

The implementation of this program will proceed on a scheduled basis and will require additional polygraph operators to be trained and assigned to each agency. The number of additional polygraph operators has yet to be resolved as is the amount of money that this program will cost. These factors will be taken into consideration as we pace the implementation of this policy.

It is noted that the polygraph is not a singular determinate in granting access or continuing access to this type of information. A counterintelligence polygraph is very short in duration and any indications of deception are usually resolved through administering this test more than once. No precipitous personnel action is taken on a single polygraph examination. If an individual is pin-pointed as being a possible agent of a hostile power as a result of this polygraph, this would then precipitate an independent counterintelligence investigation.

No Cabinet officer has refused to take a polygraph examination. Elected officials such as Congressmen, Senators and the President and Vice President would not be required to take a polygraph just as they currently are not required to undergo a background investigation for access to classified information. Elected officials are granted access to classified information without any security check.

This is one of many other steps to enhance American security and attempts to assist the counterintelligence community on preventing and/or detecting espionage cases such as the Walker espionage ring that operated as Soviet agents since 1968. It is felt that the Walker espionage ring may have been identified or may have been inhibited if this policy had been in effect previously. It is also noted that it was a polygraph examination that identified Scranage as an agent of the Ghanian intelligence service. It is recognized that individuals such as Larry Chin may be agents of a hostile power and still successfully pass the polygraph. In this regard, the polygraph is not a panacea but one additional tool in our total enhanced counterintelligence, security procedures. The Administration has established a task force to oversee the implementation of this policy and will coordinate it closely with Congress as we judiciously pace its implementation.

POLYGRAPH POLICY

Scope of Administration Policy

- o The polygraph is a limited though useful tool when used in conjunction with other investigative and security procedures in combatting the very serious espionage threat we face.
- o My policy is intended to set a minimum standard for the use of polygraph for counterespionage purposes for all government agencies. This policy applies to a limited segment of employees with access to our most sensitive information. Polygraph procedures will be used as appropriate in investigations of violations of our espionage laws and in countering the hostile intelligence threat. These tests may focus only on possible espionage activities, not on lifestyle or other activities. Just as in other types of criminal investigations, constitutional rights and due process will be fully respected.
- o Beyond the minimum standard, each agency will decide how best to implement our policy, since requirements vary greatly throughout the government.
- o Agencies may, as some do now, impose additional requirements. This means agency heads may choose to make agreement to undergo polygraph procedures a condition of access to certain types of information, or as a condition of employment, as for example the CIA and NSA do now.
- o The polygraph is not a panacea to countering espionage. We should not be lulled into a false sense of security. But with full recognition of their limitations, we should not preclude ourselves from using polygraphs in espionage cases to the same degree and in the same way as they are used in investigating other crimes.

Secretary Shultz' Concerns

- o I have described to Secretary Shultz exactly what I have in mind. He fully shares my views regarding the seriousness of espionage cases and agrees with the need to use all legal means in the investigation of such cases.

Was the December 20 White House Statement a Reversal or
Limitation of NSDD-196?

- o Some weeks ago, I approved a recommendation "in principle" concerning the use of the polygraph for counterintelligence purposes. My decision called for the creation of an interagency task force to make recommendations to me on how a polygraph program could be implemented in government. Before the task force was able to produce any specific recommendations, stories appeared in the press speculating about what I had decided or would decide. The statement we issued last week clarifies what my policy is and what it isn't. Specific implementation procedures will be worked out in accordance with this policy.

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November 1, 1985

COUNTERINTELLIGENCE/COUNTERMEASURE IMPLEMENTATION
TASK FORCE (U)

Intelligence collection by foreign intelligence officers and agents operating in the United States presents the greatest counterintelligence (CI) threat confronting the United States. Under cover of diplomatic establishments, foreign-owned commercial entities and exchange student programs, the Soviet, Soviet Bloc, Peoples Republic of China and other criteria countries have emplaced large numbers of professional intelligence officers and other intelligence collectors (economic, scientific and technical, and military) in the United States. The numbers of foreign intelligence officers far surpass the counterintelligence assets the US Government has been able to deploy against them, and the number has been increasing over the years. This issue has been studied extensively by the Interagency Group on Counterintelligence (IG/CI) and a series of recommendations were forwarded to and endorsed by the Senior Interagency Group for Intelligence (SIG/I). These recommendations were reviewed and endorsed by the National Security Planning Group (NSPG) on August 7, 1985. I have decided it is in the national interest to implement each of these proposals. (U)

The NSPG also recommended that the US Government adopt, in principle, the use of aperiodic, non-life style, CI-type polygraph examinations for all individuals with access to US Government Sensitive Compartment Information (SCI), Communications Security Information (COMSEC) and other special access program classified information. I have decided this policy should be established. (U)

In order to facilitate the implementation of these decisions, I am directing the establishment of a task force to develop the time table, procedures and method to implement this Decision Directive. This implementation task force will be chaired by a representative of the Assistant to the President for National Security Affairs. The task force will be composed of a representative of each NSPG principal: Secretary of State, Secretary of Defense, Attorney General, Director of Central Intelligence, and Chairman, Joint Chiefs of Staff. In addition, the task force will include a representative of the Director of the Federal Bureau of Investigation and a representative from Department of State/Office of Foreign Missions (OFM). (U)

Partially Declassified/Released on DEC 11, 1985
under provision of E.O. 12356
by B. Reger, National Security Council

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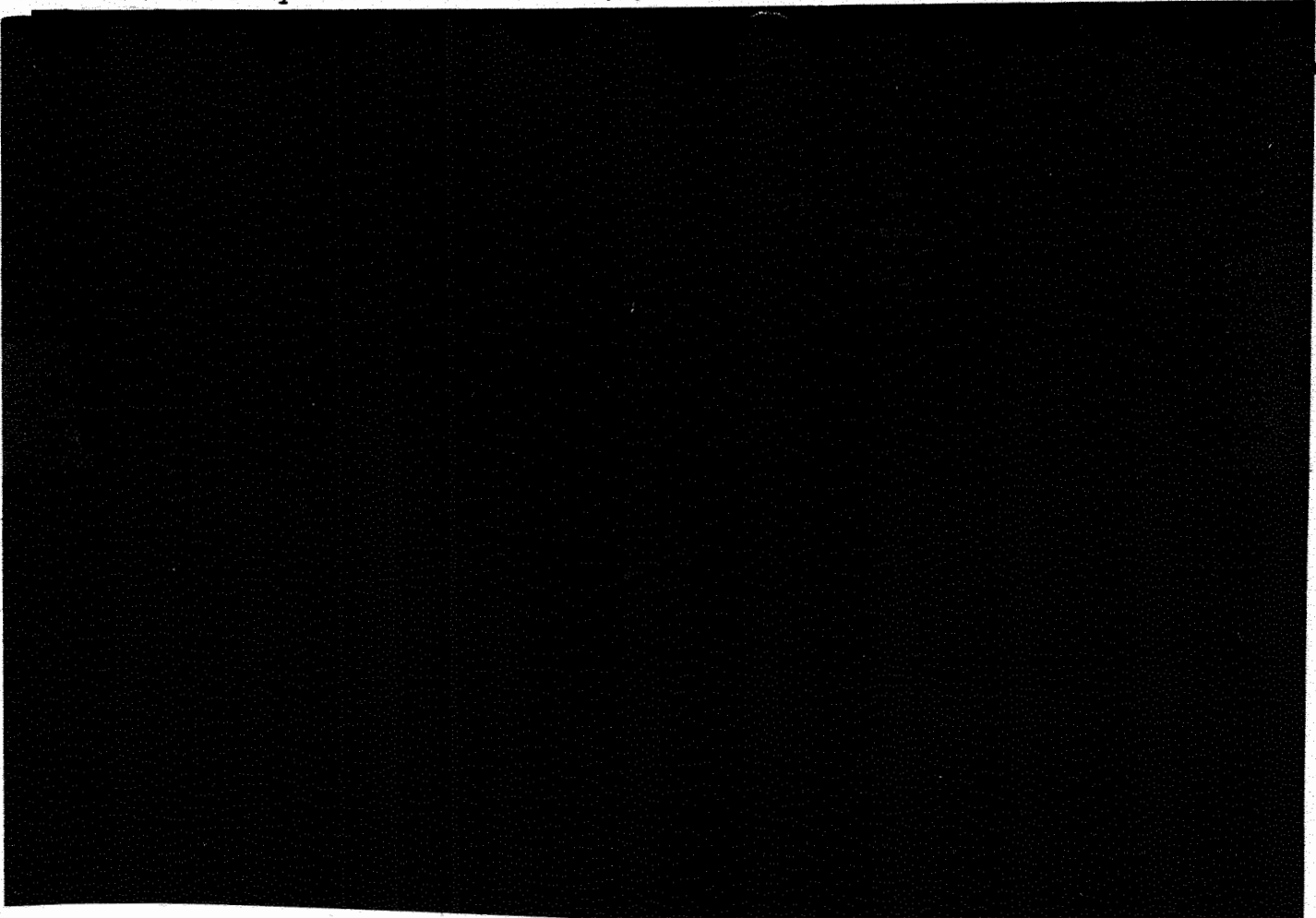
Released
Partial Text of
NSDD 196

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The following agencies will provide an observer to this implementation task force since the timing and method of implementation may have an impact on one or more of them: Diplomatic Security Service (Department of State), Office of Foreign Missions (Department of State), Department of the Treasury, Department of Commerce, US Army Intelligence and Security Command, Naval Intelligence Command, US Air Force Office of Special Investigations, National Security Agency, and the Immigration and Naturalization Service. (U)

The Intelligence Community Staff Secretariat will provide necessary administrative support. (U)

The purpose of this task force will be to make recommendations on the method, timing and procedures to implement the SIG(I) options; establish implementation policy for the national polygraph program and implement other counterintelligence and countermeasures improvements which have appropriate national policy level implications. Final implementation decisions will be made by the President. (U)



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NSDD ON LIE DETECTOR TESTS

--THE PRESIDENT DID SIGN A NATIONAL SECURITY DIRECTIVE ON THIS MATTER ON NOVEMBER FIRST.

--THIS ISSUE HAS BEEN LOOKED AT FOR A LONG TIME AND HAS BEEN STUDIED CAREFULLY BY THE ADMINISTRATION. THE TIMING IS IN NO WAY CONNECTED WITH THE RECENT SPATE OF ESPIONAGE CASES.

--THE POLYGRAPH TESTS ARE NOT INTENDED TO BE INTRUSIVE IN TERMS OF AN INDIVIDUALS LIFESTYLE. THE TESTS WILL FOCUS ON COUNTERESPIONAGE AND COUNTERINTELLIGENCE QUESTIONS.

--THE TESTS WILL BE APPLIED TO A VERY SELECTIVE NUMBER OF OFFICIALS WHO HAVE THE HIGHEST LEVELS OF ACCESS TO CLASSIFIED INFORMATION, ESPECIALLY COMMUNICATIONS SECURITY AND OTHER COMPARTMENTALIZED INFORMATION.

--THE TEST WILL BE MANDATORY FOR PEOPLE WHO HAVE TO OBTAIN CLEARANCES FOR SUCH SENSITIVE INFORMATION.

--EACH AGENCY WILL CONDUCT ITS OWN POLYGRAPH TESTS AND WE EXPECT THEY WILL BE CONDUCTED FROM THE SENIOR LEVELS ON DOWN.

--LET ME POINT OUT THAT NO ACTIONS WILL BE TAKEN ON THE BASIS OF A POLYGRAPH TEST ALONE. IT IS MERELY A TOOL AMONG OTHER TOOLS IN BACKGROUND INVESTIGATIONS.