

# Libya after Lockerbie:

## Internal Dynamics and U.S. Policy

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### Brief Analysis

Currently Libya enjoys unprecedented economic stability, especially marked when compared to the economic difficulties it experienced in the 1990s. Oil income is now slightly higher and foreign investment is flowing in, and the gross domestic product (GDP) was up 6.5 percent in 2000. This economic calm has had a direct bearing on the stability of the regime. When the regime froze wages and ceased maintaining an artificially high level of living in the past, the ensuing economic instability led to an unprecedented degree of Islamic insurgency. In contrast, now that the economy is flourishing, there are few mutinous undercurrents. Another of Mu'ammar Qadhafi's important achievements is the undermining of tribalism through both modernization and urbanization.

Libya is also gaining power on the international scene. Qadhafi has reclaimed his status in Africa and emerged as a leading mediator of conflicts in Sierra Leone, the Horn of Africa, and Congo. Libya has also re-entered Arab politics, continuing to maintain its close relationship with Egypt and beginning a process of rapprochement with moderate Arab regimes such as Jordan and the Gulf states.

The debate in Libya over the future of relations with the United States has led to the emergence of two distinct camps within Libya: those who place the highest priority on relations with the United States versus those who lean towards Europe. The former suggest that in an era of superpowers there is no real alternative to dealing with the United States, and that as long as Libya does not do so, it will pay a price, both economically and politically. The younger generation, on the other hand, has lived without American presence, and believes that Libya has no need for the United States since it can meet most of its goals through Europe.

Historically, the West has adopted three models for dealing with Libya:

**The Reagan Model: Successive and Escalating Measures** This approach was almost entirely ineffective. The sanctions did not achieve their aims since Libya had other sources of import and export. In addition, the U.S. bombing of Libya in 1986 both enhanced Qadhafi's standing and crystallized differences of opinion within the NATO alliance. In addition, two years after the bombing raid, Libyan agents blew up Pan Am flight 103, showing that the raid could hardly be considered a success as a deterrent.

**The European Model: Trade Combined with Diplomatic Dialogues** Currently, Libya is utilizing this policy for its own ends while defying any demands from the Europeans, laying the proponents of this model open to the charges of moral ambiguity and inefficiency.

The Lockerbie Model: Multilateral Sanctions and the Slow Judicial Route This model was successful because it limited Libya's access to the international petroleum markets — indispensable to its economic vitality and political stability — and allowed the United States to coordinate its efforts with the European position.

One lesson from the West's experience with Libya is that no U.S. approach can succeed without some measure of European cooperation. At the same time, the United States cannot change its position on sanctions before Libya moves on Lockerbie — acknowledging its responsibility and paying compensation to the families of those killed. In addition, the United States would need Libya to assuage its concerns regarding Libya's involvement in developing weapons of mass destruction, opposition to the peace process, and support for and involvement in international terrorism.

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The United States is woefully lacking in information regarding Libya's internal state of affairs; since sanctions and the comprehensive travel ban have been in place for over a decade, the United States now has only fragments of information regarding the true situation in Libya, and this must be kept in mind when basing the U.S. policy on a necessarily partial analysis of Libyan affairs.

There are, to be sure, arguments for continuing U.S. policy toward Libya on the same course. After all, Qadhafi is at best unpredictable, at worst a certified schizophrenic — so why should the United States change its direction now? Libya may still return to the criminal camp, and energy companies — which one might have expected to be the greatest opponent of sanctions — have been unusually silent. Yet the real question the United States is faced with is whether the sanctions are indeed the best way to produce a Libya with institutionalized decision-making and a succession mechanism, a Libya that uses its wealth responsibly. It is in the United States' interest to see Libya re-integrating into world society and accepting normal modes of conduct. Libya clearly wants better relations with the United States: many Libyans do not want to remain ostracized, which they are to a certain degree without an American seal of approval. A new direction for U.S. policy, one based more upon engagement with Libya and less on sanctions, may be pursued through one of three distinct channels of communication: public rhetoric, direct private dialogue, or communication via third parties such as European or Arab countries.

Yet before a new policy is tried out, the tricky issue of "appropriate compensation" for the families of Pan Am 103 remains to be settled, and there are the added complications of impending civil trials brought by the families against Libya. Another complication is the Iran–Libya Sanctions Act (ILSA), which is up for renewal soon. ILSA has proven to be toothless, as successful European challenges to the act have demonstrated, and today the entire context in which it was first conceived has changed — for one thing, Congress is no longer so monolithic. It is unlikely that ILSA will be automatically renewed. If smart sanctions in Iraq prove successful, this may be a relevant model for relations with Libya. Yet while Washington should strive to engage with Libya, the ball is ultimately in Libya's court — and if Qadhafi decides not to advance, the United States can certainly live within the restrictions of the sanctions.

This Special Policy Forum Report was prepared by Rachel Stroumsa.

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