



Selected National Security Issues

February 1987



Selected National Security Issues

February 1987

SELECTED NATIONAL SECURITY ISSUES

This is the fourth edition of the Selected National Security Issues Book since first assembled in September 1984. This semi-annual publication attempts to provide a current, concise explanation of key national security-related issues of concern to our Government.

The Selected National Security Issues Book addresses regional, global, defense, and arms reduction issues. The format provides background information on key U.S. policy developments, enunciates Administration objectives, describes the initiatives and milestones achieved in pursuit of U.S. foreign policy goals, and provides talking points which briefly outline the U.S. Government position.

While not intended to be a comprehensive catalogue of all national security issues confronting U.S. decision-making, this publication highlights issues of the greatest importance to the maintenance of U.S. foreign and national interests.

February 1987

Selected National Security Issues

February 1987

Table of Contents

	<u>Page</u>
<u>Overview</u>	1
 <u>Regional Issues</u>	
The Soviet Union.....	5
Eastern Europe.....	9
Western Europe.....	14
Japan.....	18
Peoples Republic of China.....	21
East Asia/Pacific Basin.....	23
South Pacific.....	26
Israel/Arab States/Lebanon.....	28
Iran-Iraq War.....	31
Afghanistan/South Asia.....	33
Southern Africa.....	36
Africa: Security.....	38
Africa: Development.....	41
Central America.....	44
Latin America/Caribbean.....	46
 <u>Global Issues</u>	
Foreign Assistance.....	49
International Economics.....	52
International Energy.....	57
Technology Security.....	60
Terrorism.....	63
Narcotics.....	68
 <u>Defense/Arms Reductions</u>	
Arms Reductions.....	71
Deterrence.....	82
Strategic Modernization.....	83
ICBM Modernization.....	86
Strategic Defense Initiative.....	88
ASAT Development and Arms Control.....	91
Space.....	94
Military Capability/Readiness.....	99
Nuclear Weapons Modernization in NATO.....	102
Conventional Modernization.....	104

SELECTED NATIONAL SECURITY ISSUES

February 1987

Overview

The Administration's record in the national security policy realm over the past six years is one of progress and accomplishment.

- * America has reasserted the kind of vigorous and prudent leadership the Free World expects and needs.
- * Because of this leadership, the world has become a safer place.
- * Because of this leadership, economic recovery in the West has been hastened, and democracy is taking root and growing in parts of the Third World.
- * Perhaps most important of all, America has regained the sense of self-confidence that is the bedrock upon which true national security is built.

The President has met with Soviet General Secretary Gorbachev on two separate occasions. As a result of the summit meeting between President Reagan and General Secretary Gorbachev in Geneva in November 1985, significant progress was made in our relationship with the Soviet Union. The second meeting was held in Reykjavik, Iceland in October 1986. At this meeting, both political and security issues were discussed at length. In the area of arms reductions, significant progress was made in resolving several important issues that had previously separated our respective positions.

- * Our policy toward the Soviets is, and will continue to be based on the principles of realism, strength, and dialogue.
- * We have the opportunity to enhance world stability by reducing nuclear forces through mutual agreement on drastic cuts in our arsenals, by completely eliminating ballistic missiles in ten years, and by moving from dependence on retaliatory offensive weapons, to reliance upon strategic defense to ensure U.S. and Allied security.
- * We must establish better communications between our two societies, to minimize misunderstandings.
- * We must defend human rights everywhere, since countries which respect human rights are unlikely to begin wars.

- * We want countries to stop trying to expand their influence through armed intervention and subversion, and hence, we have proposed negotiated regional settlements, the withdrawal of outside forces, and international assistance in building economies and meeting basic human needs.

We have made clear and steady progress in reversing or containing other challenges to our security interests that we found upon assuming office in January 1981:

- * Soviet military advances -- and more subtle forms of penetration -- into other parts of the world, have been checked: Not one square inch of free territory has fallen to communism in the past six years.
- * In Europe, together with our NATO Allies, we have improved our nuclear deterrent and conventional forces, and have undertaken tough negotiations on arms reductions with the Soviets; at the 35-Nation Conference on Confidence- and Security-Building Measures on Disarmament in Europe, we and others adopted a set of measures to reduce the risk of war.
- * The leading Western industrialized nations -- and many developing nations as well -- are increasingly standing behind President Reagan's market-oriented approach to solving global economic problems.
- * We are continuing to encourage both Israel and the Arab states to make serious efforts to address their differences through a dynamic and far-reaching Middle East peace process.
- * Our consistent support and encouragement has helped foster democratic institution-building, especially in Latin America, where 26 of 33 countries are now democratic, or in transition toward democracy.
- * In Central America, we have met the challenge of externally-supported subversion of democracy head on, and thanks in part to our support, have seen heartening progress in building democracy in El Salvador.
- * In Africa, we have seen several governments move away from centrally-planned economic models, toward more market-oriented economies, and the U.S. has led the world in providing humanitarian aid to drought and famine-stricken millions.
- * We have united the Free World against repression in Poland, and the Soviet conquest in Afghanistan.
- * We are working with all peace-loving nations to combat terrorism effectively, and we are fighting the international drug traffickers poisoning our young people.

- * U.S. leadership has helped to ease the threat of energy shortages; oil supplies are now plentiful, and we have forged effective emergency energy arrangements with our Allies; OPEC control over energy prices has been weakened, and global oil impact prices have fallen.
- * We have continued and expanded effective steps toward stemming the flow of militarily-sensitive technology to the Soviet bloc.

Despite our achievements thus far, we know we will have to work even harder in the coming months to protect the gains already made, and to cope effectively with other international problems we face as a Nation -- and we are quite determined to do so.

- * Reaching broad, deep, equitable, stabilizing, and effectively verifiable arms reduction agreements with Moscow will continue to require patience, steadfastness, and effort. The meeting at Reykjavik showed the need to continue our effort to gain Soviet acceptance of the proposition that a system of strategic deterrence based on defensive, instead of offensive weapons, would be more stabilizing than our present system.
- * The President decided in May 1986 that, given the lack of Soviet violations of the expired SALT I and II agreements, in the future the United States must base decisions regarding its strategic force structure on the nature and magnitude of the threat posed by Soviet strategic forces, and not on the standards contained in the SALT II Agreement of 1979, or the Interim Agreement of 1972.
- * President Reagan's Regional Peace Initiative which he described at the U.N. General Assembly in October 1985, proposing negotiations among the warring parties, followed by bilateral U.S.-Soviet discussions, and U.S. participation in the economic reconstruction of the affected areas, will require a long-term commitment by all parties.
- * Clearly much remains to be done to reverse the spread and deter the perpetrators of international terrorism and drug trafficking -- steps all nations must take if we are ever to halt the growth of these twin scourges of mankind.
- * Much remains to foster democratic and market-oriented economic growth in those Third World countries looking to us for help.
- * Helping the peoples of southern Africa to attain social and political justice peacefully poses an especially difficult challenge to us.
- * Our efforts against economic protectionism, and against short-sighted approaches to the international debt problem must be maintained if the world economy is to flourish.

- * Instabilities and conflict in many parts of the world -- the Persian Gulf, Central America, and the Middle East to name but a few -- will continue to flare up in new challenges to our interests that will require our best efforts to counter effectively.

REGIONAL ISSUES

SOVIET UNION

Issue:

How to achieve a lasting improvement in East-West relations that advances Western political, security, and economic interests and minimizes the chances of East-West military conflict.

Objectives:

- * To deter Soviet direct and indirect aggression, thereby reducing the possibility of U.S.-Soviet military confrontation.
- * To establish a durable and comprehensive framework to address forthrightly the sources of mistrust and tension between East and West in four broad areas: East-West military competition, regional conflicts, Soviet abuse of fundamental human rights and freedoms, and Soviet policies which inhibit the free flow of people and ideas.
- * To achieve sustained, concrete progress towards arms reductions, observance of fundamental human rights and freedoms, resolution of regional conflicts, and expanded bilateral ties.

On Military Security:

- * In conjunction with our Allies, to maintain an adequate deterrent and defense, by continuing to improve and modernize U.S. and Allied military forces.
- * To seek equitable, verifiable, and effective agreements that provide greater security and stability through deep reductions in nuclear arsenals, lower levels of other military forces, and improved means of preventing misunderstandings and miscalculations that could lead to military conflict.
- * To achieve strict Soviet compliance with existing and future arms control commitments.
- * To pursue research into advanced technologies that could provide a stable system of international security which places greater reliance on advanced defenses than on the threat of nuclear retaliation.

On Human Rights and Freedoms:

- * To impress upon the Soviet leadership that its human rights practices perpetuate the Soviet Union's isolation from the West and remain an important obstacle to better relations.

- * To seek full Soviet implementation of its commitments under the Helsinki Final Act and other international agreements.
- * To encourage steady progress by the Soviet government in resolving humanitarian cases, allowing the free emigration of those wishing to leave the Soviet Union, and in ending the repression of Soviet citizens who speak out on behalf of human rights.

On Regional Issues:

- * To counter Soviet efforts to use armed intervention and subversion to gain influence in other countries. Seek and support political resolution of regional conflicts on the basis of national reconciliation, an end to external military intervention, and economic reconstruction.
- * To establish better communication between the U.S. and Soviet governments on regional issues to minimize the possibility of misunderstandings that could lead to confrontation.

On Bilateral Affairs:

- * To expand communication and contacts between American and Soviet societies and peoples through an active program of people-to-people, cultural, and other exchanges.
- * To expand mutually beneficial trade and economic ties, while denying the Soviets militarily significant Western technology.

Principles:

In pursuing both immediate and long-term objectives, U.S. policy toward the Soviet Union is based on three guiding principles:

- * Realism -- a sober recognition of the political and military challenge posed by the Soviet system.
- * Strength -- the determination and confidence which derives from a West that is economically healthy, politically united, and militarily strong.
- * Dialogue -- the willingness to deal forthrightly with our differences and to work creatively for practical and fair solutions on the basis of mutual interests.

Accomplishments:

- * The Soviet Union has accepted in practice that efforts to improve relations must deal with all four areas on our broad agenda -- arms reductions, human rights, regional issues, and bilateral affairs.

- * President Reagan met with General Secretary Gorbachev in Geneva on November 19-21, 1985, and in Reykjavik on October 11-12, 1986. These two meetings represent important steps forward in the ongoing process of U.S.-Soviet dialogue.
- * Although our differences with the Soviets over the relationship between strategic offense and defense remain profound, we both have agreed that a nuclear war cannot be won and must never be fought.
- * On arms reductions, the U.S. and Soviet positions have moved significantly closer together on several key issues.
- * On regional issues, U.S. and Soviet experts have held discussions on Afghanistan, Central America/Caribbean, East Asia/Pacific, Middle East, and southern Africa.
- * These discussions have provided useful opportunities for the exchange of views. They may provide the basis for constructive achievements aimed at supporting diplomatic settlements to urgent regional conflicts.
- * On bilateral affairs, dialogue in areas of mutual interest has produced some of the most tangible progress toward improving relations.
- * In sum, the U.S. has engaged in a broad dialogue with the Soviet Union, designed to develop peaceful and just solutions, and to encourage the USSR to fulfill its international obligations and play a responsible role in the world community.

Talking Points:

- * The U.S. seeks to build a constructive and stable relationship with the Soviet Union founded on the principles of realism, strength, and dialogue.
- * Our objective is to deter Soviet direct and indirect aggression and thus help create an international system conducive to the growth of democracy, prosperity, and peace.
- * Achieving these aims requires the determination to resist Soviet expansionism, the willingness to seek agreements that advance Western interests, and a long-term effort to encourage internal changes in the USSR that will lead to moderation in its international behavior.
- * The President's meeting with General Secretary Gorbachev in Reykjavik in October 1986 achieved significant advances toward our objectives.

- * The achievements of Reykjavik provide a solid foundation for our efforts to make further progress in all four areas of the U.S.-Soviet agenda: arms reductions, human rights, regional issues, and bilateral affairs.
- * The U.S. will continue to press the Soviets to negotiate equitable, verifiable, and stabilizing agreements which deeply reduce nuclear arms.
- * We will continue our planned defense modernization program to maintain our strength, support our Allies, and encourage the Soviets to negotiate seriously.
- * Soviet human rights performance inevitably impacts on the broader U.S.-Soviet relationship. The U.S. will continue to press for a significant and sustained improvement in the human rights situation within the Soviet Union.
- * Recent Soviet resolution of selected humanitarian cases is a positive step, but must be seen in the context of overall Soviet performance. Jewish emigration figures stand at less than 1000 per year, compared to 50,000 in 1979. Arrests of dissidents and religious activists continue.
- * We have continued our dialogue with the Soviets on regional issues by exchanging views among senior experts. These exchanges have been useful and serve as a framework for on-going consultation.
- * However, little agreement has been reached on the substance of regional issues and the Soviets show no sign of responding to our calls for political settlement in such conflict-torn areas as Afghanistan, Angola, Cambodia, or Nicaragua. The sham "withdrawal" of Soviet forces from Afghanistan in October 1986 shows a disregard for any negotiated settlement.
- * We are pleased by the progress in bilateral exchanges. The appearances of the Kirov and Moiseyev ballets in the U.S., and Vladimir Horowitz in the Soviet Union exemplify the benefits. We are actively working on other exchange programs in medicine, science, education, and sports.
- * Promising measures have also been taken in the bilateral fields of civil space cooperation, fusion research, energy, and transportation.
- * In short, we have made progress. More remains to be done. At the same time, we are realists. The U.S.-Soviet relationship is fundamentally adversarial and will remain so. But both sides recognize they have a responsibility to ensure this competition remains peaceful. Given these realities, we stand ready, with our friends and Allies to pursue our goals of peace and freedom over the long term.

EASTERN EUROPE

Issue:

Given the current state of U.S.-Soviet relations and Soviet efforts to retain stringent controls on Eastern Europe, how can we maintain and improve our relations with East European countries?

Objectives:

- * Recognize and encourage the diversity that exists among individual East European countries, with particular reference to domestic liberalization and more autonomous foreign policies.
- * Relate the level of activity selectively to manifestations of foreign policy autonomy or domestic liberalization, use international meetings, high-level visits, cultural and scientific exchanges, and bilateral councils, as well as traditional government-to-government contacts, to achieve specific U.S. objectives in each country.
- * Provide briefings and consultations to East European countries on such subjects as arms reductions and international terrorism to ensure that U.S. positions are known, and that there is an alternative to the Soviet line.
- * Help foster genuine national reconciliation in Poland that includes dialogue among the Government, Church, and the people (especially the Polish workforce); maintenance of amnesty; restoration of representative trade unions; implementation of economic reform; and an enhanced role for the Church.
- * Maintain our strong support for an independent, unified, non-aligned, economically-viable, and stable Yugoslavia.
- * Further develop dialogue with Romania on political and economic issues to encourage continuation of independent policies; use this dialogue to express our strong concerns about Romania's performance on emigration and other major human rights issues, and stimulate improvements.

Accomplishments:

- * In spite of U.S.-Soviet tensions and tighter Soviet controls in Eastern Europe, we have improved bilateral relations with several East European countries.

- * U.S.-Hungarian relations have improved significantly through resolution of virtually all family reunification cases, Hungary's adherence to conditions for MFN status, and our support for Hungarian membership in the IMF in 1982. Secretary Shultz had productive meetings in Budapest in December 1985, and there have been several other high-level visits during the past two years.
- * In November 1986, Deputy Secretary Whitehead visited Romania, Hungary, and Yugoslavia. This trip, once again, manifested our strong interest in maintaining and improving relations with Eastern Europe, without at the same time sacrificing our objectives in the human rights area. Specifically, in Romania, the Deputy Secretary met with President Ceausescu and vigorously reaffirmed our interest in seeing concrete improvements of their human rights situation.
- * Romania has continued its independent foreign policy, notably with respect to participation in the Warsaw Pact on its own terms, and expansion of high-level political and military contacts in Western Europe and the United States. Romanian Defense Minister Milea's visit to the U.S. in October 1986 was the first by a Warsaw Pact Minister of Defense. Romania also continues to direct a higher share of its foreign trade to Western industrialized nations than other members of the Warsaw Pact. The Romanian Government has implemented an agreement reached in 1985, governing emigration from Romania to the United States, which provides for more orderly processing under U.S. law and reduced hardships suffered by intending emigrants prior to their departure from Romania. Emigration to the West from Romania continues at a level far higher than any other East European country.
- * We are encouraged by the Romanian Government's release of several religious activists from prison in May-June 1986, by the announcement of a broad amnesty of political prisoners, and by the Government's decision to permit the printing of Protestant Bibles. However, we remain concerned by the Romanian Government's limited response to numerous expressions of strong U.S. public, Congressional, and Administration concern about its performance in areas of human rights generally, and on religious issues. In June 1986, the President directed Secretary Shultz to further press our concerns in these areas.

- * Since ACDA Director Kenneth Adelman first led a U.S. delegation to Yugoslavia, Romania, and Hungary in January 1985 to brief East European officials on the results of the Shultz-Gromyko meetings in Geneva, other U.S. arms control experts have traveled periodically to Yugoslavia, Romania, Hungary, Czechoslovakia, Bulgaria, the GDR and Poland to keep these countries abreast of U.S. positions at the Nuclear and Space Talks, the CDE, and MBFR. These briefings and consultations were very successful. East European interlocutors expressed appreciation for the information provided. We were able to counter Soviet propaganda and foster greater East European interest in this vital area of East-West relations.

- * In January-February 1987, Deputy Secretary of State Whitehead traveled to Poland, Czechoslovakia and Bulgaria. In each of these countries, the Deputy Secretary met with high-ranking officials to discuss a wide range of issues. He clarified U.S. policy toward Eastern Europe, detailed our human rights concerns, and mentioned various bilateral matters. The trip also accorded us an excellent opportunity to meet with several opposition leaders/dissidents (in Poland -- with Solidarity/KOR members; in Czechoslovakia -- with Charter 77 activists), and solicit their views on various East European developments. Finally, the trip served as visible manifestation of our continuing interest in Eastern Europe.

- * We have rejected any notion that there has been a "lawful" division of Europe. The Yalta agreement did not divide Europe into "spheres of influence." Rather, the Soviet Union pledged itself to grant independence to Poland and other states in Eastern Europe, and to hold free elections. Soviet violation of these obligations is a root cause of East-West tensions today.

- * With respect to Poland, we have maintained an effective, step-by-step approach, under which we have eased, and in February 1987 finally lifted our sanctions in direct response to the appeals made by Solidarity and the Polish Catholic Church. Specifically, during Deputy Secretary Whitehead's visit to Poland in January 1987, both the leaders of Solidarity and the Polish Church urged us to lift our remaining economic sanctions so as to encourage further movement toward genuine national reconciliation. Also, in response to the September 1986 full political prisoner amnesty, we have taken significant steps toward enhancing dialogue with Poland, expanding high-level contacts, and strengthening scientific, commercial and cultural ties. At the same time, we are continuing to provide humanitarian aid through non-governmental channels, which has totalled over \$300 million since 1981. However, the continuation of better bilateral relations will be possible only if we see maintained the spirit and principle of the September 1986 amnesty, and a reliance on dialogue and respect for human rights. We will be watching to see that further steps are taken toward genuine national reconciliation in Poland, and that the progress made is not reversed.

- * With respect to Romania, we seek to encourage further development of that country's independent foreign policy through expansion of political and economic dialogue on broader issues. Emigration from Romania to the West and Israel continues at a substantial level. Although we are heartened by the release of several Romanian religious activists from prison, we remain deeply concerned by the conditions and practices that put them there. We are also concerned about Romanian attempts to cut back on cultural and educational exchanges, and to curb contacts between Romanian citizens and foreign visitors. We shall continue to engage the Romanian Government on these issues.

- * We strongly support Yugoslavia's independence and unity, and respect its non-aligned status. We are pleased that Yugoslavia has reached agreement with its commercial and official creditors on debt rescheduling, and we will continue to provide appropriate assistance to Yugoslavia in support of its economic stabilization program. We also believe that Belgrade must take stronger actions to deal with its economic problems. We continue to consult with the Yugoslav Government to improve bilateral cooperation against international terrorism, and believe that our meetings have been useful and productive.

- * Bilateral relations with Yugoslavia were strengthened further by Under Secretary Armacost's visit to Belgrade in June 1986 and Deputy Secretary Whitehead's visit to Belgrade in November 1986. U.S. Air Force Chief of Staff General Welch also visited Yugoslavia in December 1986, continuing a series of visits by high-level military officials of both countries. Conclusion of a constructive debt rescheduling agreement in May 1986 between Yugoslavia and its official creditors marked the fourth consecutive year of U.S. involvement in financial assistance to Yugoslavia in support of its economic stabilization program. We have initiated a useful dialogue with the Yugoslav Government on the strengthening of bilateral cooperation against terrorism and are encouraged by recent developments in this field.

- * In 1985, the Bulgarian Government agreed to establish a liaison unit, composed of representatives from Bulgarian Customs and the Prosecutor General's Office, to facilitate the exchange of seizure data and drug control investigative information with representatives of the American Embassy and the DEA. Drug control cooperation was further advanced by the Bulgarian Government's decision in 1986 to provide samples of seized drugs to the DEA for laboratory analysis and tracing. There is room for further improvement, and the Bulgarian Government has taken concrete steps to cooperate in a significant way on this problem.

- * Assistant Secretary Ridgway visited Sofia in November 1986. In meeting with the Foreign Minister, Deputy Foreign Minister, and First Deputy Prime Minister, she raised our concerns on such matters as human rights, the persecution of ethnic Turks, terrorism, and technology diversion. She also sought to identify with her Bulgarian interlocutors ways to build on recent progress in such areas of interest to the United States as resolution of divided family cases, drug control, non-sensitive trade, and cultural/educational exchanges.

WESTERN EUROPE

Issue:

How can the United States most effectively expand and strengthen our deep, longstanding political, economic, and military ties with Western Europe?

Objectives:

- * Strengthen the NATO Alliance and our political and military relations with Western European nations.
- * Thwart Soviet efforts to decouple the U.S. from its West European Allies.
- * Work with our Allies to improve NATO conventional defense and nuclear deterrence.
- * Maintain Allied support for our arms reduction priorities.
- * Counter trends in some European political parties to advocate "defensive" or "non-provocative" defense and unilateral nuclear disarmament.
- * Work with our European Allies and friends to promote sustainable, non-inflationary growth in our countries.
- * Secure support for our opposition to protectionist tendencies, and for a new round of multilateral trade negotiations.
- * Ensure that Allied dependence on the Soviet Union for energy supplies remains at a level that does not pose a security threat.
- * Curb the flow of militarily significant technologies, products, and resources from the West to the Soviet Union and its allies.
- * Strengthen U.S.-Allied cooperative efforts to combat international terrorism and drug abuse.
- * Expand Allied consultations and cooperation on regional issues outside the European area, with a special focus on the promotion of democracy.

Accomplishments:

- * The Administration has put relations with our European friends and Allies on a stronger and steadier course. This was largely accomplished through intensive consultations with our Allies at all levels, including frequent meetings between the President and key European leaders, Ministerial-level meetings, and the use of special emissaries.

- * We have secured a general consensus that free market policies, reduced government spending, and elimination of structural rigidities will promote non-inflationary growth; we also have Allied agreement on a pragmatic approach to Third World debt problems.
- * We have forged a strong Allied consensus behind a realistic approach to East-West relations, based on strength and dialogue.
- * We and our Allies remain fully committed to achieving significant arms reductions. At the same time, NATO's unity on INF deployment policy has helped thwart Soviet efforts to decouple the U.S. from Europe, and has sent Moscow a strong signal of Alliance resolve and solidarity.
- * Western Europe has taken an important step with the entrance of Spain and Portugal into the EC. The historic vote of the Spanish people to endorse NATO membership was a solid victory for the Alliance, and its collective defense.
- * We have played a major role in developing a conventional defense improvement program to enhance NATO's conventional defenses. NATO is actively examining additional improvements. We are leading complementary efforts supporting better utilization of emerging technologies and enhanced arms cooperation.
- * The U.S. economic recovery has helped stimulate non-inflationary economic growth in West European countries. Real European GNP grew 2.5% in 1985, and at the same pace in 1986. The outlook for 1987 is for continued moderate growth with inflation remaining low.
- * Progress has been made toward launching a new round of multilateral trade negotiations, including trade with and among developing countries. Further trade liberalization will strengthen the economic expansion in the U.S. and Western Europe, and help spread the recovery to the LDCs.
- * Our Allies have supported the U.S. initiative to address the problems of the major debtor countries.
- * We have agreed with our Allies not to subsidize the Soviet economy or aid Soviet military expansion by offering preferential trading terms or easy credits.
- * We have agreed with our Allies to restrict the flow of products, materials, and technology which would increase Warsaw Pact military capabilities.
- * We have helped to foster a more balanced and realistic understanding among our Allies of the Soviet threat and the means by which the Soviets seek to achieve their aims.

- * We have agreed with the Europeans on a strategy to reduce European dependency on the Soviet Union as an energy supplier.
- * We have reached an agreement with our Allies to explore the possibility of a joint space station.
- * We have strengthened and intensified dialogue with our Allies on steps to combat international terrorism and drug abuse.
- * We have obtained Allied support for the President's Strategic Defense Initiative research program as a prudent hedge against Soviet strategic defense efforts.

Talking Points:

- * Our objectives in our relations with our Western European Allies and friends have been to expand and strengthen our political, economic, and military cooperation; to assist in spurring their economic recovery; and to negate Soviet efforts to sow discord among us.
- * The Western Alliance system has become strong again. We have excellent relations with all of our Allies, and President Reagan has developed strong personal ties with many European leaders. As President Reagan said when he met with the NATO Foreign Ministers in May 1984, "For us, our NATO partnership is an anchor -- a fixed point in a turbulent world."
- * We continue working closely with our Allies in a number of areas of fundamental importance to us all. These include: the pursuit of verifiable arms reduction agreements with the Soviet Union; planning cooperative responses to a possible oil shortage; resolving the world debt problem; restricting the flow of sensitive technology to the Soviet Union and its allies; reducing European dependency on Soviet energy; exploring the possibility of a joint space station; combatting international terrorism and drug abuse, and promoting democracy around the world.
- * Allied solidarity in the face of Soviet intimidation and threats succeeded in getting the USSR back to the negotiating table. We now have an historic opportunity presented to us by the Reykjavik meetings to pursue real and verifiable reductions in U.S. and Soviet nuclear arsenals, enhancing stability and reducing the risk of war. In this regard, we have stated clearly the concerns which we and other members of the Alliance have about proposals for unilateral nuclear disarmament and "defensive" defense made by political parties in some NATO countries.

- * The Alliance is in fundamental agreement regarding the nature of the challenge posed by the Soviet Union and its allies. Despite Soviet threats, NATO is deploying INF missiles to strengthen its nuclear deterrent, has reached a new consensus on preventing the flow of militarily significant technologies to the East, and has undertaken a program to enhance NATO's conventional defense capability.

- * The U.S. economic expansion helped provide the impetus for growth in Western Europe. Domestic demand growth in Europe is now expected to play an increasing role in maintaining world prosperity. The agreement in Uruguay on a new round of trade negotiations will help eliminate protectionist tendencies, reduce global trade barriers in the new GATT trade round, and promote trade with less-developed, as well as industrialized, nations.

JAPAN

Issue:

How should the United States manage the vital and complex relationship with Japan?

Objectives:

- * Maintain and strengthen our excellent overall bilateral relationship.
- * Continue to manage our trade relations carefully, and prevent spillover of tension to other areas. Increase efforts to open Japan's markets more fully to U.S. goods, especially manufactured products, and promote the Japanese shift toward domestic, rather than export-led growth.
- * Encourage Tokyo to meet its declared self-defense commitments; steadily expand bilateral defense cooperation.
- * Enhance our ability to compete openly with the Japanese in high technology.
- * Seek a positive Japanese regional and global role in support for our key security, foreign aid, and other policies in East Asia, as well as around the world.
- * Urge Japan to strengthen its energy security. This includes more rapid rationalization of domestic production and markets, and increased imports from the U.S.

Accomplishments:

- * Groundwork for recent cooperation was set at the meeting of the President and Prime Minister Nakasone in Los Angeles on January 2, 1985. Further discussions that set the tone occurred at the Camp David meeting in April 1986, and the Tokyo Economic Summit in May 1986. At these meetings, President Reagan and Prime Minister Nakasone strengthened their already close personal working relationship which has led to increased U.S.-Japanese cooperation in economic and security areas.
- * Our two governments have recently resolved bilateral trade disputes involving textiles, tobacco, machine tools, and aluminum. Issues currently under discussion include alcoholic beverages, the Kansai airport project, supercomputers, and implementation of the semiconductor agreement.

- * Intensive talks began in January 1985 on four sectors (MOSS talks -- telecommunications, electronics forest and paper products, pharmaceuticals) to eliminate trade barriers and expand business opportunities for U.S. companies in Japan. Discussions on a fifth sector, transportation machinery (including auto parts), commenced in 1986.
- * Following the rapid strengthening of the yen in late 1985 and early 1986, the Tokyo Summit partners agreed to compare economic data in an effort to improve the stability of exchange rates, establish a consultative mechanism for stronger macroeconomic coordination, and schedule regular meetings of Ministers of Finance.
- * We have begun a high level dialogue on structural economic issues, such as the saving/investment imbalance. Structural changes are an essential complement to exchange rate changes and individual issue/sector discussions in reducing our two countries' external imbalances.
- * In the defense area, Japan has agreed to an expanded self-defense role which, if properly funded, will aid global and regional deterrence. In September 1985, the Nakasone cabinet approved a five-year defense program to significantly increase Japan's capability to meet its national defense goals. The program has official Japanese Government backing, as opposed to its two predecessors, which were only Defense Agency estimates that had no official standing. Moreover, the first and second years of the plan, also in contrast to past practice, were fully funded in the 1986/1987 budget. The 1987 budget, for the first time in several years, will exceed 1% of Japan's Gross National Product.
- * We have seen increased Japanese support for U.S. military presence and expanded U.S.-Japan defense cooperation.
- * Japan has agreed to participate in Strategic Defense Initiative research.

Talking Points:

- * The U.S.-Japan relationship remains the foundation of U.S. policy in the Pacific.
- * The President's trip to Japan in May 1986, and Prime Minister Nakasone's visit to the U.S. in April 1986 strengthened U.S.-Japanese ties, and the partnership for peace existing between our two countries.
- * Japan has committed itself to restructure its export-oriented economy to a demand-based economy. Prime Minister Nakasone has given his personal backing to this policy.

- * Consistent with its pledge to shift its economic structure to one dependent on domestic-led growth, Japan has set as a national goal the reduction of trade surpluses. This should increase imports, particularly manufactured goods and purchases of energy materials, from the U.S. over the long term.
- * Japan's decision to identify a target figure of 18.4 trillion yen (over \$110 billion) in defense spending in a five-year defense plan is a further indication of Japan's continuing commitment to attain its defense objectives. We favor full implementation of this plan.
- * We are pleased Japan has shown resolve to improve the defense establishment, has committed to increase further economic aid to the developing world, and has promised more market opening. Japan can take on even greater responsibility in both the self-defense and international economic areas, and has increasingly assumed a global political stance in line with its economic superpower status. Its decision to participate in SDI stands as a symbol of its more active support for, and participation in Western security.
- * The U.S. and Japan share similar views on relations with the Soviets, the Philippines, the need for Central American stability, the importance of easing debt burdens of LDCs, and other global issues.

PEOPLE'S REPUBLIC OF CHINA

Issue:

How can the United States develop strong, stable, and enduring relations with China?

Objectives:

- * Work for continued growth in our trade, economic, military, and cultural relations.
- * Increase our dialogue with Beijing on global political issues where we share parallel interests, as well as areas on which we disagree.
- * Assist China's modernization, encourage expansion of market forces in its economy, and continued trade relations with the West.
- * Deepen and broaden our military-to-military defense related areas of cooperation without posing a threat to friends and Allies in the region.

Accomplishments:

- * Our relations have been strengthened and expanded considerably in recent years due to consistent effort and determination on both sides.
- * We have enhanced our mutually-beneficial relationship with China without compromising our commitments to the people of Taiwan.
- * We are developing military exchanges with China to strengthen our mutual defensive capabilities and enhance our global dialogue, including arms reduction issues.

Talking Points:

- * The successful visits in 1984-85 of President Reagan and Vice President Bush to China, and Premier Zhao Ziyang and President Li Xiannian to the United States broadened the dialogue and depth of relations. High-level exchange visits continued in 1986, most recently Defense Secretary Weinberger to China, and Vice Premier Yao Yilin to the United States.
- * Our economic relations are expanding significantly. Total trade amounted to \$8.1 billion in 1985. The U.S. is China's third-largest trading partner and second-largest foreign investor. Actual U.S. investment is about \$1 billion, including \$250 million in 142 equity joint ventures, and \$750 million in offshore oil exploration.

- * A number of senior U.S. and Chinese military officers have exchanged visits in the past year. These visits and future ones demonstrate the limited but important cooperative relationship which has led to several areas of agreement on technology cooperation, artillery, F-8 avionics, range-finding radars, and surface ship ASW torpedoes. The first U.S. Navy ship visit to the PRC occurred in November 1986.
- * In 1983, the U.S. liberalized export controls on high technology products, such as computers and laboratory instruments to China, and sales of these items have skyrocketed. Improvements in COCOM procedures in the past year have further facilitated this high-tech trade.
- * The bilateral peaceful nuclear cooperation agreement was brought into force on December 30, 1985.
- * About 19,000 students from China are studying at U.S. universities. Upon their return home, they not only will contribute to China's modernization, but also will help strengthen understanding of the U.S. and China's ties to the outside world.

EAST ASIA/PACIFIC BASIN

Issue:

What should the United States do to facilitate the growth of secure, prosperous, and politically stable nations, closely associated with U.S. principles and goals, in Korea, Southeast Asia, and the Pacific Basin?

Objectives:

- * Continue developing a comprehensive Pacific Basin development strategy that will enhance regional cooperation with the U.S. throughout the area.
- * Support the bilateral strengthening of U.S. economic, political, and security ties with the members of the Association of Southeast Asian Nations (ASEAN).
- * Pursue a policy toward Vietnamese occupation of Cambodia that firmly backs ASEAN's proposals for negotiated settlement.
- * Especially maintain our close security and economic ties with treaty ally Thailand.
- * Work closely with the Government of the Philippines to improve their economy, revitalize their political institutions, and combat the security threat.
- * Deter North Korean aggression by continuing to provide a U.S. force presence and a close Alliance relationship with the Republic of Korea.
- * Encourage the resumption of direct talks between North and South Korea, while discouraging efforts to involve the U.S. in any direct negotiations with North Korea which might impinge adversely on the sovereignty of the Republic of Korea, or undermine the structure of the armistice.
- * Resolve the Southeast Asia POW/MIA issue as a matter of the highest national priority.
- * Work with regional countries and other resettlement nations to manage the flow of Indochinese refugees.
- * Maintain our historically close ties with Australia, and encourage New Zealand to reverse its policy with respect to port access by ships which might be nuclear-powered or nuclear-armed so that our traditional Alliance cooperation can be restored.
- * Encourage the development of friendly, democratic Pacific Island nations with foreign policies supportive of U.S. interests.

Accomplishments:

- * Numerous high-level U.S. official visits to nations in the region affirmed our commitment to a policy of close cooperation with the countries of the region.
- * The relatively peaceful transition last year to power of a new government in the Philippines improves the prospects for resolution of that nation's urgent political, economic, and security problems.
- * Numerous policy-level and technical-level talks have secured a Vietnamese pledge to resolve the POW/MIA issue within two years: we have conducted joint crash site excavations in both Laos and Vietnam; have seen the return of more remains in the past two years than anytime since the end of the war; and have established two-way dialogue on the issue of live prisoners.

Talking Points:

- * The nations of the Pacific Basin represent the most dynamic and fastest-growing economies in the Free World. As President Reagan has said, "I see America and our Pacific neighbors as nations of the future going forward together in a mighty enterprise to build dynamic growth economies and a safer world."
- * We have strongly supported the ASEAN's economic and political activities, and have simultaneously increased our security cooperation with the individual member states. We have encouraged the ASEAN countries to continue their forward-looking economic policies based on free trade. We are encouraging increased U.S. trade and investment in the region. President Reagan met with the ASEAN Foreign Ministers in Bali, Indonesia, in April 1986.
- * We will continue to support ASEAN's nations' efforts to forge a Pacific Basin development concept at a pace with which they are comfortable.
- * The U.S. strongly backs ASEAN's quest for a negotiated settlement in Cambodia. At the same time, we have continued to stress that the POW/MIA matter remains the most important bilateral issue between ourselves and Vietnam. We have made it clear to the Vietnamese that this issue is separate and humanitarian, but the American people would not permit us to move forward to normalization without substantial progress. They also know that real progress would improve the atmosphere between our countries and preposition them for a settlement in Cambodia, although the withdrawal of their forces remains an essential condition.

- * The Ray Report provides a basis for examining our efforts to manage the Indochinese refugee problem, in conjunction with the efforts of other resettlement countries, countries of first asylum, and international organizations.
- * The United States will maintain its security commitments to the Republic of Korea. In order to ease tension, it is important that North Korea responds positively to the Republic of Korea's call for a resumption of North-South bilateral negotiations.

SOUTH PACIFIC

Issue:

What should the United States do in the South Pacific to facilitate the growth of secure, stable nations supportive of U.S. principles and goals?

Objectives:

- * Encourage our friends and Allies in the region and beyond to recognize and establish relations with the Republic of the Marshall Islands and the Federated States of Micronesia.
- * Seek broad international support in the UN and other fora to resist Soviet attacks on the legitimacy of the Compacts of Free Association.
- * Educate island leaders and populations to the need for a respected U.S. deterrent capability and how their support of a continued U.S. military presence in the region contributes directly to world peace and security.
- * Minimize Soviet influence in the region by providing the island states with realistic alternatives to economic and political relations with the Soviet Union and its surrogates.

Accomplishments:

- * We have successfully concluded negotiation of the key elements of a regional fisheries treaty that will give the U.S. tuna fleet access to the region's rich fishery, while compensating island states for the resource. In addition, an assistance program associated with the treaty will bring economic benefit to the island states.
- * We have implemented the Compacts of Free Association for the Republic of the Marshall Islands and the Federated States of Micronesia, as we have the Covenant of Commonwealth for the Northern Mariana Islands and, in a Presidential Proclamation, noted that these three entities are now self-governing and no longer subject to the Trusteeship Agreement.
- * We have become one of the original parties to the South Pacific Regional Environmental Convention that establishes a environmental regime for the entire region.
- * We maintain an active ship visit program in the South Pacific, with both conventional and nuclear-powered warships calling on the region's ports. At the same time, U.S. Navy Seabee units have undertaken projects in Western Samoa and, after a devastating cyclone, the Solomon Islands.

Talking Points:

- * With the signing of the Regional Environmental Convention in November, and the signing of the Regional Fisheries Agreement in January 1987, the Administration has successfully resolved two of the major issues it faced in the South Pacific.
- * The Administration is committed to seeing that the Republic of the Marshall Islands and the Federated States of Micronesia are welcomed onto the international stage by our friends and Allies.
- * The Administration is equally committed to working with the people of Palau on their future political status and to implementing that status and terminating the Trusteeship Agreement as quickly as possible.
- * We continue to be pleased with the contribution to regional security made by the states of the South Pacific that warmly welcome the visits of U.S. warships.
- * Our biggest problem in countering Soviet efforts to penetrate the region has been our inability to provide more economic assistance to the South Pacific. Strong, free enterprise economies remain our best defense against Soviet influence and we have been extremely limited in our ability to help the region's economies grow.

ISRAEL/ARAB STATES/LEBANON

Issue:

How can the United States effectively improve prospects for a lasting peace between Israel and its Arab neighbors, and assist Lebanon in attaining unity and stability?

Objectives:

- * Support efforts to resolve the Arab-Israel conflict through direct negotiations among the involved parties, including the Palestinians.
- * Encourage the improvement of relations between Egypt and Israel in accordance with their peace treaty.
- * Ensure the security of Israel within defensible and recognized international borders.
- * Expand U.S. relations with Arab states, and continue to demonstrate U.S. resolve to maintain our security assistance relationships.
- * Continue to support Jordanian-Israeli efforts toward West Bank development.

Accomplishments:

- * The United States took the lead in setting up the Multinational Force and Observers in the Sinai. The success of this venture made it possible to return the Sinai to Egypt.
- * The President's peace initiative of September 1982 set forth a balanced set of positions which the parties to the Arab-Israeli conflict know the U.S. will stand by as soon as negotiations are resumed.
- * Because of our extensive engagement, Egypt and Israel reached agreement on arbitration procedures for the disputed Taba area in September 1986. We will continue to help the parties resolve such issues affecting their bilateral relationship.
- * In 1984, at the request of the Government of Egypt and in cooperation with other nations, we assisted in mine-clearing operations in the Gulf of Suez following the mining of this vital waterway by an unknown party. We also assisted the Saudi Government in like manner in their waters near Jidda and Yanbu.
- * We have instituted routine political-military and military-military talks with a number of Arab states.

- * We reached agreement with Israel in late 1983 to set up a Joint Political Military Group to plan and coordinate strategic cooperation, and the group now meets on a regular basis, making steady progress in several areas of military cooperation.
- * The U.S. Navy, in conjunction with the Governments of Israel and Egypt, helped Israel search for its missing submarine "Dakar," lost off the coast of Egypt in 1968. While the submarine was not found, the search proved that Israel and Egypt can cooperate, and earned the U.S. Navy the gratitude of both countries.
- * On the economic side, we have concluded a free trade area agreement which went into effect on September 1, 1985. Negotiations are currently underway for the establishment of a VOA/RFE/RL transmitter in Israel.

Talking Points:

- * A formal state of war has existed between Israel and its Arab neighbors since the State of Israel was founded in 1948. Ever since that time, it has been our policy both to help Israel survive and defend itself, and to work with all states in the region to help them resolve their differences peacefully. This Administration has reaffirmed and reemphasized these two key aspects of our overall Middle East policy while attempting to enhance our security cooperation with all parties as an essential element in achieving our mutual goal of peace in the region.
- * We have invested a great deal in working for peace in the Middle East. Although not all these investments have yet paid tangible dividends, they serve to demonstrate our deep interest in helping bring peace, freedom, and prosperity to all the peoples of the region.
- * American-Israeli relations, always close, are at an especially high level. JPMG and the FTA are examples of our deepening relationship.
- * U.S.-Arab state relations also have improved steadily, with more, quiet cooperation achieved in political, military, and economic areas.
- * Israel faces serious economic problems that only it, through serious efforts of economic discipline, can solve, but we back those efforts. In this regard, we strongly support the economic measures that have been introduced by the government, and we look forward to their continued and effective implementation.

- * We support the withdrawal of all foreign forces from Lebanon. We favor agreed-on arrangements in South Lebanon as the best means of assuring stability in the South, continuation of a reinvigorated UNIFIL force, and security for Northern Israel.
- * Recognizing that Lebanon's political problems cannot be solved by force, we support efforts to end fighting and reestablish a dialogue that could lead to political reform.

IRAN-IRAQ WAR

Issue:

How can the United States contribute to international efforts to improve the security of the Persian Gulf region and find a solution to end the six-year old Iran-Iraq war?

Objectives:

- * Support diplomatic efforts to end the Iran-Iraq war and prevent its spread to the Persian Gulf and other countries.
- * Assist our friends in the Gulf to meet their legitimate self-defense needs in the event that the Iran-Iraq conflict expands.
- * Reduce Soviet opportunities to exploit the conflict and further destabilize the region.
- * Ensure that the Strait of Hormuz remains open to international shipping.
- * Within the framework of U.S. neutrality, continue to develop our political and economic relationship with Iraq in support of its nonaligned status.
- * Maintain our current state of military readiness to deter, and if necessary, defend against possible escalation of the conflict, thereby reducing the threat to non-belligerent oil and shipping interests.
- * Continue to urge our Allies and regional states to cooperate in the event of a crisis to avoid panic oil-buying and subsequent oil price increases and shortages.

Accomplishments:

- * By providing U.S. AWACS and surface-to-air missile systems to Saudi Arabia on an emergency basis, we have demonstrated to our friends in the Gulf that we are committed to helping them meet their legitimate self-defense needs.
- * In response to instability in the Persian Gulf, the U.S. led a process within the International Energy Agency to improve international energy emergency preparedness. An IEA decision (July 1984) calls for a coordinated stock draw in the event of a crisis, coupled with other measures (demand restraint, increases in indigenous production) to avoid a rush to the spot market. In addition, all nations which do not have adequate stocks have agreed to make best efforts to increase them.

- * Despite establishing relations with a few GCC countries, the Soviets have not yet improved markedly their position in this important region.
- * In November 1984, we reestablished normal diplomatic relations with Iraq after a 17-year break.

Talking Points:

- * The United States is and has been concerned about this six-year old conflict because it threatens the security of the other states in the Persian Gulf and the flow of Gulf oil to the West, and may create opportunities for Soviet meddling.
- * We have continued our efforts to prevent a widening of the Gulf War and to bring about a prompt negotiated settlement, working closely with our Allies in efforts to contain the conflict and to prepare for any temporary disruption of the flow of oil from the region. We also have been working with the U.N. to try to develop a formula for restraint leading to a comprehensive settlement.
- * We are committed to helping our friends in the Gulf meet their legitimate self-defense needs and to help keep the Gulf open to the shipping of non-belligerents, as attacks on shipping and Iranian visit-and-search efforts have increased.
- * We are attempting -- so far successfully -- to avoid direct Soviet or other external involvement that would further destabilize the region.
- * We have made it absolutely clear that we abhor use of chemical weapons in the conflict.

AFGHANISTAN/SOUTH ASIA

Issue:

What should the United States do to help end the Soviet military occupation of Afghanistan, enhance Pakistani security against external aggression, and encourage peaceful relations among all South Asian nations?

Objectives:

- * Support U.N. resolutions calling for Soviet withdrawal from Afghanistan.
- * Assist in obtaining the restoration of Afghanistan's neutral and non-aligned status, self-determination for the Afghan people, and the opportunity for Afghan refugees to return home in peace, freedom, and honor.
- * Help project the international image of the Afghan resistance as a national liberation movement.
- * Improve bilateral relations with all South Asian countries.
- * Promote regional stability by supporting regional dialogue and cooperation, particularly in matters of commerce, trade, narcotics control and anti-terrorism. Support dialogue between India and Pakistan to reduce potential for nuclear proliferation in the region.
- * Assist Pakistan to remain free and secure, despite the threats posed by the Soviet occupation of Afghanistan.
- * Strengthen relations with the potential world power in the region -- India -- building on positive dialogue begun with Rajiv Gandhi in June 1985.
- * Maintain good relations with Nepal and Sri Lanka; encourage a peaceful settlement of the communal conflict in Sri Lanka.

Accomplishments:

- * We have helped keep the issue of Soviet aggression in Afghanistan before world public opinion; there remains overwhelming international condemnation of Soviet behavior there.
- * The United States has contributed heavily to the support of the 3.4 million Afghan refugees who have fled their homeland; we are the largest contributor to the refugee relief effort in Pakistan.

- * We have also participated in a program of cross-border assistance designed to help the Afghan civilian population better sustain itself inside Afghanistan.
- * We have been in the forefront of those nations encouraging a political settlement that would allow the Soviets to withdraw from Afghanistan.
- * We exposed a major Soviet hoax concerning alleged withdrawal of Soviet forces from Afghanistan in the Fall of 1986, thereby increasing skepticism about true Soviet intentions toward the Geneva proximity talks.
- * Thanks largely to the provision of \$3.2 billion in American aid, Pakistan's security has been enhanced.
- * Pakistan's confidence to defend itself has been furthered by a follow-on six-year aid program of \$4.02 billion in 1988.
- * We have responded to India's desire for increased access to advanced technology, and are working toward broadening cooperation in several other areas, including anti-terrorism, narcotics control, and trade.
- * We have continued high-level discussions with the Indian government to increase understanding of U.S. policies.
- * The U.S. has encouraged sustained dialogue between India and Pakistan to reduce regional tensions, including the nuclear issue.

Talking Points:

- * U.S. policy on South Asia has focused on seeking an end to the Soviet occupation of Afghanistan, strengthening Pakistan's security against potential Soviet aggression, improving relations with India, strengthening democratic institutions, and promoting regional South Asian peace and understanding.
- * President Reagan has made clear our support for the Afghan freedom fighters -- it is clear where we stand.
- * The Afghan national liberation movement, like others which struggle against regimes imposed by Soviet imperialism, cannot be defeated by force of arms. Like the colonial powers earlier in this century, the Soviet Union must recognize that the tide of history is against them in Afghanistan.
- * Our position on Afghanistan has been shared by 121 other nations that voted for last November's U.N. General Assembly resolution on Afghanistan. This was the largest number (in six years of strong votes) ever to call for Soviet withdrawal.

- * We have also helped to promote the search for peace by supporting Pakistan's efforts to seek a political solution to the Afghan dilemma through the offices of the U.N. Secretary General.
- * We have underscored our strong commitment to help Pakistan protect itself by negotiating a new multi-year program of economic and security assistance valued at \$4.02 billion as a follow-on to the \$3.2 billion program which runs out in 1987.
- * We have conducted a dialogue at the Head of State and Head of Government levels with India, Pakistan, Nepal, Sri Lanka, and Bangladesh in the last four years. Our contacts have also continued at other levels.
- * The United States has encouraged sustained bilateral discussions between the Governments of Pakistan and India to narrow their longstanding differences.
- * We have worked to reduce chances of nuclear weapons proliferation in the area, and have also encouraged India and Pakistan to include this issue in their bilateral discussions.
- * We have improved relations with India through a continued high-level dialogue -- resulting in stronger ties in the areas of trade and technology transfer, broader cooperation against terrorism and illicit narcotics traffic, and better consultation on international issues.
- * We have supported Prime Minister Gandhi's efforts to promote a political resolution of the communal conflict in Sri Lanka.
- * Recognizing that South Asian stability requires stronger regional cooperation, we have also supported efforts to develop the South Asia Association for Regional Cooperation as an effective forum for promoting stronger ties among South Asian nations.
- * We have strongly encouraged the efforts of Pakistan and Bangladesh to develop enduring democratic institutions.

SOUTHERN AFRICA

Issues:

How can the United States best use its influence to help end apartheid and establish truly representative government in South Africa and bring about regional peace and economic development in southern Africa?

Objectives:

Our policy approach is regional and has the following goals:

- * Eliminate apartheid.
- * Promote the need for dialogue and negotiations between the South African government and representative black leaders.
- * Lessen regional violence, promote diplomatic resolution of regional conflicts and support economic development.
- * Achieve Namibian independence and withdrawal of all foreign forces from Angola.
- * Enhance U.S. influence and reduce Soviet and Soviet-proxy influence in southern Africa.

Accomplishments:

- * Despite the recent backsliding by South Africa, a framework has been established for the reduction of cross-border violence in the region. The Nkomati Accord between Mozambique and South Africa, and the Lusaka Agreement between Angola and South Africa -- both reached with facilitative efforts by the U.S. -- provide the basis for contact among the parties aimed at lessening cross-border tension. Renewed efforts by all the parties are, of course, necessary to make the agreements work.
- * Limited, and now apparently stalled progress has been made on Namibian independence, including all parties' commitment to U.N. Security Council Resolution 435 as the basis of settlement, and Angolan acceptance in principle of the need for Cuban troop withdrawal. The South African Government agreed to a certain date for withdrawal of South African forces from Namibia in return for Cuban troop withdrawal from Angola; this offer has not been accepted by the Angolan Government.

- * The passage of the Comprehensive Anti-Apartheid Act of 1986 puts in place strong sanctions against South Africa and sets conditions for their removal. The Act also expresses support for the Administration's goals in South Africa. The Administration is implementing these sanctions faithfully and pursuing an active diplomacy aimed at fostering negotiations to solve South Africa's conflict. Secretary Shultz's speech of December 4, 1986, expresses U.S. resolve to remain engaged in southern Africa.

Talking Points:

- * On July 22, 1986, President Reagan delivered a major policy address on South Africa, urging the Pretoria government to end apartheid, and outlined components of progress toward a political settlement. These components included setting a timetable for the end of apartheid, releasing all political prisoners, unbanning black political movements, and releasing Nelson Mandela. The President warned that time is running out in South Africa, and that the government must act now to prevent further deterioration of the political and social climate.
- * The Anti-Apartheid Act of 1986 is being implemented. The debate over sanctions was over means, not ends. Sanctions are not a policy by themselves. Even as sanctions are applied, the U.S. must continue to use diplomacy to bring the contending parties together.
- * We remain ready and willing to assist in bringing about meaningful negotiations, which offer the best hope for democracy in South Africa, and the best alternative to continued upheaval.
- * Our diplomatic efforts to foster change were bolstered by an FY 1986 \$33.5 million assistance program directed exclusively at the South African black community. It aimed at furthering education and training, promoting human rights, and assisting the black private sector. The President will also be proposing a new AID program for southern Africa early in 1987.
- * We continue to work closely with the business community in encouraging adherence to the Sullivan Principles of fair employment practice, and these principles (or more stringent ones) are applied to South African employees of all U.S. Government agencies. Further, the President's Executive Order of September 9, 1985, and the Anti-Apartheid Act require U.S. firms in South Africa employing at least 25 persons to implement these principles, or face loss of U.S. export assistance.

AFRICA: SECURITY

Issue:

How can the United States respond most effectively to requests from friendly African states for help in resisting outside aggression, and promoting peaceful solutions to local conflicts?

Objectives:

- * Provide security assistance on a selective basis to countries under threat of external aggression.
- * Promote the peaceful resolution of local and regional conflicts through diplomatic means.
- * Attack the root causes of instability through economic development assistance, and help the private sector to create growth and jobs.
- * Continue working for the withdrawal of all foreign forces from the southern African region as part of our multifaceted initiative to create a security framework under which all states of the region can live in peace.

Accomplishments:

- * We have blunted the Soviet projection of power in Africa and no sizeable new influx of Soviet or surrogate forces has occurred. Many African governments allied with the Soviets in the 1970s have begun dialogues with us, and are moving away from Soviet influence toward non-alignment. Despite the sudden death of Mozambican President Machel last October, the new leadership appears to favor his policy of improving relations with the West.
- * We continue to act as a catalyst for peaceful resolution of local disputes. Although regional accords in southern Africa are subject to serious strains, we have facilitated an improvement in relations between Kenya and Somalia, and the maintenance of the March 1984 non-aggression pact between South Africa and Mozambique, and the February 1984 Lusaka agreement providing for disengagement and withdrawal of South African forces from Angola.
- * Faced with deteriorating economies, a number of African governments have signaled their displeasure with Marxist/socialist economic models, and their willingness to move toward more privately-oriented economies.

- * Timely U.S. security assistance helped counter Libyan aggression in Sudan and Chad in 1983, in Sudan in 1984, and again in 1986. U.S. equipment, such as C-130 transport aircraft, permitted Zaire to quell rebel attacks in Eastern Zaire in late 1984. The defection of Libyan-backed rebels in 1986 to the Chadian Government weakened Libya's position in the North, and strengthened President Habre's position.
- * We have obtained agreement by all parties on implementing the U.N. plan for Namibia, pending only Angolan agreement on Cuban troop withdrawal.

Talking Points:

- * The late 1970s saw Africa increasingly exploited by the Soviet Union and its allies. Violence in southern Africa and the Horn of Africa was escalating, insurgencies were growing in eight African countries, and cross-border armed raids by opposition groups were occurring elsewhere on the continent. Feeding on these conflicts, the Soviet Union poured almost \$5 billion in arms into Ethiopia, Angola and Mozambique, and fielded almost 5,000 military "advisors" in Africa. Two Cuban expeditionary forces totalling almost 40,000 combat troops were garrisoned in Ethiopia and Angola. Libyan-sponsored subversion against neighboring African states was on the increase, and in 1980-81, a Libyan military force of 8,000 occupied Chad.
- * Thanks in large part to U.S. policies and efforts in the area, the Soviets have added no new national converts in Africa since 1983, nor have they dispatched new surrogate troop contingents to Africa. Several African governments which were counted as Soviet allies in 1980 have moved closer to non-alignment.
- * U.S. military assistance to Africa has been converted to grant aid in recognition of the difficult economic situations of the recipients. We have maintained a 5:1 ratio of economic assistance to security assistance in Africa in recognition of the fundamental security role economic stability and progress plays. This ratio favors non-military assistance even more when emergency fund aid is taken into account.
- * With the U.S. acting as a catalyst, a non-aggression pact between South Africa and Mozambique was signed in March 1984, and a landmark force disengagement agreement between South Africa and Angola was formalized in Lusaka in February 1984.

- * We have undertaken a special regional security initiative for southern Africa. Specific components include a complex diplomatic initiative to lead to an internationally recognized settlement of the Namibia problem and Namibian independence; support for regional economic development; withdrawal of foreign forces from the area; and support for peaceful progress in ending apartheid in South Africa.
- * There is growing pressure for change in South Africa, and the last few years have seen limited, but important, fundamental changes: official status accorded to black trade unions, legitimization of black residence in urban areas, the enfranchisement of so-called "coloreds" and Asians, a major increase in expenditures for black education, and the beginning of black municipal and local self-government. But many fundamental concerns remain, including the overriding need to address the question of political power-sharing among all South Africans.
- * We are concerned about recent increased Soviet military assistance to Angola and the violence this fuels in Angola and the region. Our policy is to continue efforts to promote national reconciliation in Angola, and to provide support to UNITA's efforts to resist Soviet designs in Angola.

AFRICA: DEVELOPMENT

Issue:

What should the United States do to help the African countries most severely affected by economic crisis and famine, and how can we assist in coming to grips with their critical economic and developmental problems?

Objectives:

- * Work with other nations and organizations to combat famine by providing food relief assistance and follow-on recovery and rehabilitation programs.
- * Induce African governments to make serious and sustained substantial structural reforms which provide incentives to the indigenous private sector, so that broad-based, equitable growth can be attained.
- * Persuade African governments that economic development goals can best be pursued through mechanisms and incentives which incorporate the principles of private enterprise and free trade.
- * Support the IMF's successful use of the Structural Adjustment Facility.

Accomplishments:

- * We have provided over \$540 million worth of food aid in regular and emergency programs in 1986.
- * We remain the primary donor of humanitarian aid to African refugees.
- * Our regular non-food economic assistance leveled off at \$579 million last year, of which over half supported economic reform, particularly in agriculture.
- * We are a member of the African Development Bank and support the African Development Fund.
- * Both the African Economic Policy Reform Program (AEPRP) Initiative and the Food for Progress program support efforts by African governments to make the transition from centrally-controlled economies, to ones based on freer markets and private initiative.
- * Our AEPRP program was a precursor and stimulated the creation of the IBRD's Special Facility for Africa, which we have now joined.

- * African leaders have learned from their bitter experience, and are now adopting economic policy changes which should lay a more solid basis for sustained economic growth.
- * Major economic reforms have been successfully implemented in several African countries in the recent past. Ghana, Guinea, Madagascar, Zambia, and Senegal have shifted their priorities to emphasize their respective agricultural sectors.
- * Zimbabwe and Malawi have undertaken successful, substantial pricing reforms, which have resulted in national grain surpluses.
- * At the OAU Heads of African State meeting in Addis Ababa in July of 1985, African leaders approved a program of action entitled "Africa's Priority Program for Economic Recovery, 1986-1990," (APPER). In this document, they pledged to take measures to strengthen incentive schemes, review public investment policies, discipline and efficiency in the use of resources, and encourage domestic resource mobilization.
- * At the initiative of the OAU, a UN Special Session on the Critical Economic Situation in Africa was held in May-June 1986. At this Session, despite opposition from the non-African G-77 countries, the African states and the international community committed themselves in a "spirit of genuine and equal partnership" to a "United Nations Program of Action for African Economic Recovery and Development, 1986-90." The framework of that understanding required that the African states undertake necessary reform, encourage the private sector, and ensure the productive use of scarce resources. For its part, the international community agreed to improve its quality of external assistance, to make every effort to provide sufficient resources to support and supplement the African development effort, to shift the emphasis from project to program support, to increase the concessionality of development assistance, to improve donor coordination methods, and to urge the speedy replenishment of IDA.
- * The U.S. Government spearheaded a successful international control effort last year to eradicate the worst grasshopper/locust infestation to hit Africa in sixty years.

Talking Points:

- * Virtually all 46 nations of Sub-Saharan Africa, with a combined population of over 400 million, continue to face an economic crisis of stark proportions. Per capita food production has fallen twenty percent in the last twenty years; six percent in the last ten years. For the poorest of the countries, per capita income has fallen over the last twenty years. Refugees number over two million. The recovery from the 1981 recession has yet to reach Africa.

- * While the rain of 1985 broke the drought and related famine in most of Africa, recovery and rehabilitation will require years of effort, reform, and international assistance. Pockets of famine remain, requiring continued vigilance by all donors. Early warning systems are being devised which will allow us to detect at much earlier stages the decline into nutritional emergencies and famines and the corresponding increased need for emergency interventions.
- * The economic crisis has many causes: drought, the flow-through effect of recession in the developed world, the impact of the 1979 oil price increase, and civil wars. But virtually all observers -- including the Africans themselves agree that a major cause has been government economic mismanagement. Many African governments have held too long to failed policies which stifle domestic production, with the chief among them being the rigid hewing to central planning and control precepts and practices.
- * The unprecedented economic crisis in Africa threatens U.S. interests. Economic malaise breeds political instability that opens opportunities for Soviet, Cuban, and Libyan meddling.
- * The African debt problem, though small compared to other areas, adds to the strain on the international financial system and thwarts African recovery and development. Unchecked crisis could lead to greater famine and civil strife. The U.S. is working with the IMF and the World Bank to ease Africa's debt situation and to stimulate economic growth.
- * We remain committed to indigenous private sector development in Africa, and Western private investment and trade, as the long-term answer to the continent's development needs. We see agricultural self-reliance as the first order of economic recovery and development there. We fully support the international financial organizations in requiring structural reforms in return for renewed financial assistance.
- * The efficiency and success of our efforts so far may be measured by the fact that nearly all the centrally-planned economies in Africa have undertaken positive change in the direction of providing incentives to the private sector.
- * We view the UN Special Session on the Critical Economic Situation in Africa as a vindication of our policy thrust. At that Session, the Africans committed themselves to undertake major structural adjustment reforms, to provide increased emphasis to the agricultural sector, and to encourage private sector activity.

CENTRAL AMERICA

Issue:

What should the United States do to eliminate Nicaraguan, Cuban, and Soviet-assisted subversion and military adventurism in the region and promote democratic and economic development efforts?

Objectives:

- * Encourage consolidation of new democracies in Central America and cooperation among them to promote democratic values throughout the region.
- * Improve the economic well-being of the free peoples of the area.
- * Help friendly Central American countries to defend themselves against Nicaraguan, Cuban, and other sources of aggression and subversion, both internal and external.
- * Support diplomatic efforts to achieve comprehensive, fully verifiable regional political solutions.

Accomplishments:

- * The United States has worked diligently through regular and special diplomatic channels to pursue realistic solutions to Central America's problems. Our efforts have included several trips to the region by the President, Vice President, and Secretary of State, and the consecutive appointments of three Special Envoys to Central America. We have also consistently supported the goals of the peace-seeking process initiated by the Contadora countries (Mexico, Panama, Colombia, and Venezuela) and reinforced by the Contadora support group (Argentina, Brazil, Peru and Uruguay).
- * The Administration took the lead in formulating a major, comprehensive regional assistance and development plan for the area in January 1984. Called the President's Central America Democracy, Peace, and Development Initiative, the program implemented the January 1984 recommendations of the National Bipartisan Commission on Central America. We are continuing these efforts and are seeking to obtain the resources needed to attain the objectives of the Commission.
- * Central America is a major recipient of U.S. economic assistance, which comprises 74 percent of all U.S. assistance to this region. We have worked closely with the Central American democracies to use these resources to help implement comprehensive stabilization programs.

- * Our defense assistance to El Salvador has been modest, (\$669.4 million for FY 80-86), but crucial in helping that country turn the tide against the anti-democratic guerrilla insurgency. Democracy in El Salvador has continued to grow, and our defense assistance is vital in helping protect it.
- * U.S. military exercises in Honduras and provision of U.S. military training and assistance to Honduran forces have helped them meet aggression by Nicaraguan forces, which number 120,000 troops -- including reserves and militia -- and which possess much more sophisticated equipment than the Honduran border forces. We have also provided emergency assistance to the Government of Honduras in response to two Sandinista incursions in 1986.

Talking Points:

- * Nicaraguan, Cuban, and Soviet-assisted subversion and aggression have created a crisis in Central America, particularly within Nicaragua and in El Salvador. We are countering the threat this subversion and aggression have caused by helping the people of Central America to defend themselves.
- * In addition to our modest military assistance to the region, our contribution in economic and developmental assistance has been substantial. Through the President's Central America Democracy, Peace, and Development Initiative, our commitment to help the free peoples of the area to recover economically has already achieved considerable results.
- * Our support for the democratic resistance in Nicaragua is crucial to the future of democracy in Central America. Nicaraguan freedom fighters provide the military pressure necessary to convince the Communist Sandinista regime to make democratic reforms and to negotiate seriously with its neighbors and its own opposition.
- * We have consistently supported the efforts of the Contadora countries (Mexico, Panama, Colombia, and Venezuela) to arrange a comprehensive, verifiable and peaceful solution to Central America's security problems. National reconciliation and democratization are key objectives of the Contadora negotiators, and are essential for any lasting peace.

LATIN AMERICA/CARIBBEAN

Issue:

How can the United States most effectively assist Latin American and Caribbean democracy, economic improvement, and ability to resist outside aggression and subversion?

Objectives:

- * Support democratic governments where they already exist and encourage the few non-democratic governments remaining to make the transition to democracy.
- * Help improve the economic well-being of the free peoples of Latin America and the Caribbean.
- * Encourage the adoption of sound, market-led economic policies in order to establish the basis for long-term growth.
- * Assist friendly, democratic governments and governments making the transition to democracy in the region to defend themselves against externally-supported communist subversion and aggression.
- * Support democracy by encouraging respect for human rights and improvement in the administration of justice.
- * Encourage cooperation among the democracies.
- * Ensure that the historically close and friendly U.S.-Latin American relationship continues.

Accomplishments:

- * We have provided consistent support and encouragement for democratic institution building: today 28 of 33 countries with over 90% of the Latin American population are democratic. Since November 1980, there have been over 45 free national elections in 27 countries, virtually all with very high voter participation, including El Salvador, Honduras, Guatemala, Brazil, Argentina, Colombia, Ecuador, the Dominican Republic, Grenada, Dominica, Costa Rica, Uruguay and Peru. The Administration has provided tangible support for democratic labor unions and democratic institution-building through programs, such as the new National Endowment for Democracy proposed by President Reagan in 1982, and passed by the Congress in 1983.
- * We have been working with the area's public and private sectors and the International Monetary Fund to encourage involved parties to work effectively to resolve the \$380 billion Latin American debt problem.

- * We have also worked actively with our hemispheric neighbors to address a growing and pervasive threat: production and trafficking in illegal narcotics. Our efforts are beginning to show positive results. Recent successful actions by the Governments of Colombia, Ecuador, Peru, Jamaica, Mexico, and others in eradicating crops, disrupting shipments and destroying processing facilities show that the region is actively involved in the effort. A U.S. military task force supported a four-month drug interdiction operation by the Government of Bolivia.
- * Under the leadership of this Administration, U.S. economic assistance to the Latin America-Caribbean region has more than doubled. In addition to our major Central American development program, we devised and have implemented another innovative regional assistance and development plan, the Caribbean Basin Initiative, which offers participating countries increased access to the U.S. market for 12 years, creating many jobs and new sources of income.
- * Our most dramatic Caribbean accomplishment was to join, in October 1983, with the East Caribbean democracies at their request, to rescue their and our citizens in Grenada, remove the Soviet bloc/Cuban presence from Grenada, and facilitate the restoration of democratic institutions in that island nation. Free elections were held in December 1984, and the last troops from the U.S. and other regional countries helping Grenada to build its own security forces withdrew. Grenada has since joined the Eastern Caribbean Regional Security System which, with our support, provides for cooperation in a number of areas, including search and rescue, customs, and national emergencies.
- * In South America, we have consistently supported democratic governments politically and economically, as they have worked to strengthen their constitutions and generate economic growth. Our assistance has helped ensure that no country that was democratic six years ago has lost its freedom.
- * We are supporting an orderly transition to democracy in Chile through such means as endorsing reasonable proposals put forward by responsible civilian groups, and by urging its present military regime to accommodate popular demands for reinstitution of democratic processes.

Talking Points:

- * The United States is linked by history, proximity, and special ties of friendship with the 33 independent countries and 380 million people of Latin America and the Caribbean. Objectives of this Administration have been to encourage democracy, support economic improvement, use active diplomacy to solve

disputes, and provide security assistance so that governments threatened by Soviet bloc, Cuban, and Nicaraguan subversion can defend themselves.

- * For the region as a whole, a highly encouraging recent trend has been the return of a number of countries to democratic government -- today, 27 of 33 countries. These account for 90% of the area's population. The Administration has consistently encouraged the process of democratic institution-building in the area.
- * Actions by the United States played a key role in ending the 28-year Duvalier family rule in Haiti. We are encouraged by and support the Council of National Government's efforts to establish an elected democratic government. We have provided a small amount of economic and developmental assistance designed to improve the quality of life in Haiti and support the continuing transition to democracy.
- * In addition to our modest military assistance to the region, our contribution in economic and developmental help has been substantial. Through the Caribbean Basin Initiative and the President's Central American Democracy, Peace, and Development Initiative, our commitment to help speed the process of economic recovery in those areas is self-evident.
- * We are continuing to work with friendly governments in the region to help them cope with their severe debt problems.
- * We are also working with friendly governments to bring drug traffickers to justice and destroy their production facilities and transport networks.
- * In Grenada, the United States and Caribbean democracies rescued a nation from Soviet bloc and Cuban control and internal repression and helped it return to a democratic course. Free elections were held there in December 1984, and the last troops from the U.S. and other regional countries helping Grenada to rebuild its own security forces were able to leave.
- * In South America, we are helping governments strengthen their democratic institutions and generate economic growth. The result -- no country that was democratic six years ago has lost its freedom.

GLOBAL ISSUES

FOREIGN ASSISTANCE

Issue:

What is the United States doing to promote economic development; assist nations in meeting the basic needs of their citizens; and build the level of security necessary to deter aggression and ensure stability and development?

Objectives:

- * To assist the people of developing countries in their efforts to improve the economic, political, and social conditions of their societies.
- * To alleviate the causes of economic and political disruption that threaten security and independence by fostering meaningful economic reform and development.
- * To foster improved relations with all nations, especially in strategic areas of the world.
- * To strengthen and develop defensive Alliances and other cooperative military arrangements.
- * To enable countries to defend themselves against external threats, maintain internal order, strengthen democratic institutions, and improve judicial systems.

Accomplishments:

- * Overall funding for security assistance grew by 84 percent from FY 1981 to FY 1984 in response to real worldwide needs.
- * This trend reversed in the last two years, however. We now face a foreign assistance crisis because of low congressional funding.
- * Budget authority for Economic Support Funds and direct assistance has increased in step with military assistance to maintain a 60:40 ratio in favor of economic aid. This is in recognition of the importance of economic development to regional and global stability, and of the necessity to meet human needs.
- * We have increased the level of concessionality in our foreign assistance programs to better respond to global economic conditions.

- * We have made significant progress in addressing the debt problems that resulted from earlier assistance programs.
- * We have increased the number of countries receiving assistance. This has improved bilateral relations, helped solve pressing economic problems, and contributed to world peace through deterring aggression and promoting stability.

Talking Points:

- * It is incumbent upon the United States to conduct a vigorous foreign assistance program to relieve the suffering of millions of less fortunate people around the world, and assist them in their efforts to develop their economies and eliminate hunger, disease, and poverty.
- * U.S. foreign assistance programs reflect the humanitarian ideals of the American people and their commitment to help those in need. We can be proud, for example, that we have helped Africa turn the corner in fighting one of its worst famines in history. Because of our child survival programs, many more children will survive to adulthood than once would have been the case.
- * In the Third World today, popular demand for more open political systems is on the rise. Through our assistance programs, we promote democratic values. We support programs which promote participatory development, the protection of human rights, and the strengthening of political and legal institutions.
- * We have an admirable record in this regard. From the days of the Marshall Plan to the ongoing famine relief efforts in Africa, the United States has been a global leader in the fight against hunger and deprivation.
- * Maintaining our national security is a global task. We must assist our friends as they seek to defend themselves, and help them obtain capabilities to contribute to the defense of mutual interests. Our security assistance programs reduce the chance of regional conflict and make it less likely that U.S. forces will have to be committed to defend our interests -- all at a fraction of the cost of sending American men and equipment overseas.
- * Encouraging development and ensuring security and stability directly benefits the U.S. economy. Forty percent of our exports of goods and services are purchased by developing nations. Developing nations represent the single greatest source of expansion in overseas markets for American enterprise.

- * Eighty percent of foreign assistance dollars are spent within the United States to purchase goods and services. Two billion dollars in foreign assistance funds are spent each year on American agricultural goods and services alone. Security assistance programs support the purchase of \$4 billion worth of products from American manufacturers annually, while other foreign assistance programs contribute another billion dollars in sales.
- * Despite the many benefits, we are facing a crisis in the ability of the United States to maintain its leadership role in the international community. The root of this crisis is the minimal funding by the Congress for foreign assistance programs.
- * Each of the tools the United States uses to advance its peacetime interests around the world is being drastically cut back and restricted. The disparity between the national interest being served and the resources we are seeking is clear when we note that only 2% of the Federal budget is devoted to these programs.
- * The Administration is committed to obtaining adequate funding for our foreign assistance programs. We will continue to work with the Congress to ensure that our goals are met.
- * In addition, we are committed to using the foreign assistance resources we have as effectively as possible. We are working with our friends and Allies to ensure that assistance money is going to fill the most pressing development and security needs.

INTERNATIONAL ECONOMICS

Issue:

What should the United States do to help sustain and extend world economic recovery; better coordinate international economic policy; help debtor nations help themselves; assist developing countries to realize substantial, lasting, economic growth, and promote free and fair trade?

Objectives:

- * Formulate and implement balanced economic policies at home aimed at promoting growth, holding down inflation, and reducing the federal budget deficit by controlling government spending.
- * Develop a Free World consensus on policies designed to achieve enduring, non-inflationary economic recovery, financial stability and liberalized trade.
- * Encourage an effective economic adjustment process for debtor nations, including sufficient private and public financing, selective reschedulings to ease the debt service burden on LDC's and create conditions for sustainable economic growth.
- * Heighten Allied attention to the security dimensions of East-West economic relations, including the forging of common objectives in NATO, OECD, IEA and COCOM.
- * Obtain global progress toward free trade, including reversing protectionist pressures here and abroad, eliminating unfair trade practices, and implementing the new GATT trade round to reduce global trade barriers.

Accomplishments:

- * This Administration has succeeded in rebuilding a strong domestic economy that has led the world out of recession and into recovery: U.S. GNP has grown at a 3.9 percent average annual rate over the last three years; average consumer price inflation of 13.5 percent in 1980 was cut to 2.0 percent this year.
- * Our approach to LDC debt management has been successful in broad terms. We have averted threats to the integrity of the international financial system. Many LDC's have improved their external positions and rekindled economic growth. Successive Economic Summits have voiced support for this approach.

- * The Program for Sustained Growth, proposed by Secretary Baker in Seoul in October 1985, builds on this approach. The Program is already showing results in terms of economic policy reforms in various LDC's and new, higher-quality World Bank lending.
- * In September 1986, the U.S. successfully led the effort to launch a new round of multilateral trade negotiations in the GATT; agenda included such issues as services, agriculture, intellectual property rights, and a comprehensive new round of multilateral negotiations.
- * Administration leadership on the trade agenda has included: Presidential vetoes against protectionist legislation, as well as warnings of veto actions against proposed legislation; self-initiation of several Section 301 cases against the unfair trade practices of foreign governments; and our participation in the September 1985 meeting of Allied finance ministers, in which a substantial realignment of exchange rates occurred; thus, better affecting trade balances and better reflecting fundamental economic conditions.
- * Substantial progress has been made in domestic and international energy emergency preparedness through the accelerated buildup of the U.S. Strategic Petroleum Reserve (SPR), and an agreement among IEA members for early use of petroleum stocks and demand restraint to avoid unnecessary volatility in the spot market.
- * Falling oil prices, which owe much to the President's decision to decontrol U.S. oil prices, and to the cooperative energy policies pursued by the industrial countries over the past decade, have resulted in large net economic benefits in growth, employment and inflation.
- * An historic Allied consensus on East-West economic relations has been achieved which has led to elimination of preferential credit terms for the USSR; reduction of the risk of Western European dependence on Soviet energy resources; and strengthened measures in COCOM to reduce Soviet access to strategically important Western technology.

Talking Points:

- * The President inherited a fractious and deteriorating international economic order characterized by record inflation, high unemployment and severe recession.
- * From the outset, the President emphasized the importance of sensible, market-oriented economic policies. These policies were designed to promote non-inflationary growth and stem the tide of visionary leadership in advancing a common

Allied approach to key economic, trade, financial and security objectives through bilateral discussions in Washington and abroad, annual Economic Summit meetings, and multilateral organizations such as OECD, IEA, NATO and COCOM, GATT, IMF, and World Bank.

- * The President first put forward his economic policies at the Ottawa Economic Summit in 1981. By the time President Reagan hosted the Williamsburg Summit two years later, it was clear that his policies were moving the U.S. and the Free World down the path to full economic recovery. Under the President's leadership, the Summit leaders agreed to coordinate policies to promote sustainable, non-inflationary growth, and to forge a consensus on the security dimensions of East-West economic relations which had proved elusive in the past.
- * Later Summits reemphasized the importance of pursuing non-inflationary, growth-stimulating fiscal and monetary policies, free and fair trade, and comprehensive, growth-oriented strategies for managing the debt problem.
- * At the 1986 Tokyo Summit, the participants noted the need to maintain appropriate medium-term fiscal and monetary policies, but also stressed the need to implement effective structural adjustment policies across the whole range of economic activities to promote long-term growth, employment, and the integration of domestic economies into the world economy. They also agreed to consider additional measures to further strengthen procedures for effective coordination of international economic policy.
- * Working with our NATO Allies and Japan, we have made major gains in correcting past imbalances between the advantages of trading with the USSR, and our common security requirements. We have reached agreement with the Allies on eliminating preferential credit terms to the USSR and reducing the substantial risk of West European dependence on Soviet energy. In cooperation with the COCOM countries, we have met head-on the challenge of stopping the flow of Western military technology to the USSR through the upgrading of the COCOM review process, the harmonization and tightening of national licensing and enforcement procedures, and the monitoring of the potential military application of emerging technologies.
- * The President has taken significant steps to ensure that we can manage the impact of any temporary energy disruption. Our Strategic Petroleum Reserve (SPR) continues to grow, and IEA member countries have agreed to coordinate the use of their stocks in an energy emergency.

- * Our case-by-case approach to managing LDC external debt and other economic problems has been successful in averting threats to the international financial system, more reliance on private investment, and closer cooperation between the World Bank and IMF.
- * The Program for Sustained Growth, first proposed by Secretary Baker at Seoul in October 1985, and endorsed during the Tokyo Economic Summit, strengthens this approach. It encourages LDC's to adopt comprehensive, growth-oriented macroeconomic and structural adjustment policies. It also calls upon the international community to support and encourage such economic reforms by providing new net private and official lending. We are already seeing an increase in World Bank lending tied to policy reform.
- * The President has initiated a major effort to meet the urgent problem of world hunger by providing help to build a new infrastructure where needed, and by taking other steps to speed up the impact of relief measures.
- * Through the leadership of President Reagan in the Summit process, the Allies have dedicated themselves to the expansion of international trade by the reduction of trade barriers.
- * The Administration is conducting a vigorous trade policy based on four principles: free trade and fair trade are in the best interest of the citizens of the U.S.; the U.S. plays a critical role in ensuring and promoting an open trading system; our trading partners have an important stake in efforts to improve the trading system which has benefited us all; and the U.S. will fight unfair trade practices and supports the new GATT round of multilateral negotiations to reduce trade barriers.
- * Stemming the tide of protectionist actions is of paramount importance. Rising protectionism threatens the effectiveness of the multilateral trading system, fosters retaliatory measures which will reduce global growth and welfare, and stymies LDC efforts to service their debts with increased export earnings.
- * The improvement in the world economy and Allied agreement to resist protectionist trade policies have begun to restore economic and financial stability to a number of Third World countries. We are encouraging the developing country debtors to help themselves by adopting economic adjustment policies, which promote private sector financing and investment.
- * The President has given new emphasis to U.S. economic ties with the economically dynamic nations of the Pacific Basin. The result has been significant improvement in our bilateral relations with China, South Korea and other countries of this vital region.

- * In our own hemisphere, the Caribbean Basin Initiative and the Central American Peace Initiative have helped open up markets for the exports of our closest neighbors. Our efforts to help Grenada rebuild its economy, and our active support of U.S. private sector initiatives to expand Grenadian investment and trading potential are demonstrating the benefits of a return to democracy.

INTERNATIONAL ENERGY

Issue:

How can the United States best guarantee a reliable and adequate supply of the energy resources needed for national and international security and economic well-being?

Objectives:

- * Reduce government intervention in the energy sector, and in energy trade through deregulation and increased reliance on market mechanisms.
- * Improve the energy security of the U.S. and its Allies by action to reduce both the probability of future disruptions and the impact such supply interruptions might have on our economies.
- * Urge Allies to hold adequate strategic oil stocks and be prepared to participate in an early coordinated stock draw in the event of an oil supply disruption.
- * Promote free energy markets in response to lower oil prices.
- * Urge key Allies to diversify their energy resources, so that they are not dependent on single supplier nations, particularly in the case of gas imports from the Soviet Union.
- * Promote a balanced and mixed energy resource system that avoids undue dependence on any single energy source.

Accomplishments:

- * The Administration's decision to deregulate oil prices has stimulated domestic production and reduced oil imports to less than one-third of oil needs in 1986.
- * The partial decontrol of natural gas prices on January 1, 1985 has helped maintain gas production without causing a price increase. More than one-half of U.S. gas production is now sold at market prices.
- * The Strategic Petroleum Reserve contained 510 million barrels a year in 1986, equivalent to 98 days of net oil imports.
- * The U.S. has led initiatives within the International Energy Agency (IEA) to limit Western European reliance in Soviet natural gas, including Ministerial decisions in 1983 and 1985 to avoid undue dependence on any one source of gas imports, and to emphasize indigenous OECD sources.

- * In June 1986, Norway announced the conclusion of a contract for the development of the Troll and Sleipner gas fields, thereby limiting the prospects of increased Soviet gas sales for the foreseeable future.
- * President Reagan and Prime Minister Nakasone agreed in November 1983 to a program to increase energy trade between the United States and Japan. Over the long run, this effort can create thousands of new jobs for Americans and greater efficiency for both our nations.
- * In March 1985, President Reagan and Prime Minister Mulroney of Canada signed the Quebec Summit Declaration, directing both governments to take steps to strengthen a market approach to energy trade by reducing regulatory barriers and extending open access to each other's energy markets. Volume and price controls were subsequently removed on crude oil trade, and both governments are actively working to deregulate their natural gas sectors. Thanks to cooperative efforts, U.S.-Canadian bilateral energy trade is now characterized by higher volumes, less regulation, and lower prices.
- * Ministers at the July 1985 IEA Ministerial agreed to "pursue expeditiously a common approach whereby they would maintain or create conditions such that imported refined products could go to the markets of different IEA countries and regions on the basis of supply and demand as determined by market forces without distortions." As a consequence of this agreement, Japan began to import gasoline and other light petroleum products in 1986.
- * In response to a steady loss in market share, the OPEC cartel in late 1985 gave up its goal of trying to maintain oil prices at artificially high levels, and moved toward a more market-oriented approach, which resulted in a significant, and beneficial, drop in world oil prices. In 1986, in the face of falling oil prices, OPEC made repeated efforts to put a floor under oil prices with limited success, and attempted to agree on a program to raise oil prices to \$18 a barrel, later in 1986.

Talking Points:

- * U.S. Administrations since the 1973-74 oil embargo had seen energy supply as a constraint on economic systems. The present Administration sees energy supply as an opportunity to promote economic growth and prosperity.
- * Action to deregulate oil and gas prices has encouraged domestic production and conservation, and the increased use of coal and nuclear energy have reduced oil consumption.

- * With the maintenance of oil and gas production as well as nuclear power, we now produce about 87 percent of the energy we use.
- * We have urged our Allies in Europe and the Pacific to consider buying more U.S. coal, thereby reducing their dependency on more uncertain supplies of energy. Prime Minister Nakasone and President Reagan have endorsed increased energy trade between the United States and Japan, which can mean jobs for citizens and greater security for both nations.
- * In addition, we have led a process in the IEA to improve cooperation in more efficient use and supply of energy, and in special arrangements for emergency sharing among key industrialized countries, to ensure that we can minimize the effects of any future oil shortage. We will continue to press for improvements in the IEA emergency preparedness system.
- * The SPR would be our first line of defense in an oil supply disruption, and we are committed to its early use in large quantities in coordination with other IEA members, whom we expect to take complementary actions.
- * IEA members at the May 1983 Ministerial agreed that member countries should avoid undue dependence on any one source of gas imports, and obtain future gas supplies from secure sources, with emphasis on indigenous OECD sources. This emphasis on natural gas security was reaffirmed at the July 1985 IEA Ministerial and contributed to the 1986 agreement to develop the Norwegian Troll and Sleipner gas fields.
- * As a result of cooperative efforts between the United States and Canada to reduce regulatory barriers and extend open access to bilateral energy trade, the value of two-way trade in energy products in 1985 was over \$15 billion -- higher than our total bilateral trade with most countries of the world.
- * At the July 1985 IEA Ministerial, member states agreed to pursue a common approach to maintain or create conditions so that refined products go to markets on the basis of supply and demand as determined by market forces, without distortions.
- * At the April 1986 IEA Governing Board, member governments reaffirmed the validity of existing energy policies despite falling oil prices. The Governing Board also stressed the importance of maintaining adequate stock levels, and noted that the current oil market situation affords an advantageous opportunity to increase stock levels.
- * The U.S. is working actively in the IEA to encourage adherence to the spirit as well as the letter of the stockholding obligation. We are urging all members to maintain government-controlled stocks equal to 90 days of imports.

TECHNOLOGY SECURITY

Issue:

Illicit trade in high technology is a threat to Western security. This was confirmed in the 1982 Inman report that documented a systematic, well-organized Soviet program for obtaining sophisticated manufacturing, computer, and other sensitive technologies. How can the United States and its Allies resolve their own disparate views and devise a comprehensive means of limiting the Soviet Union and their allies in their acquisition of militarily critical technology?

Objectives:

- * Reach agreement with our Allies and other friendly nations on the nature of the threat posed by the uncontrolled transfer of militarily critical technologies to the Warsaw Pact.
- * Introduce new countermeasures and constraints on a multilateral basis, whenever possible, to impede, if not prevent, such losses.
- * Continue to improve our intelligence on technology transfer matters.
- * Curb the loss of militarily-sensitive technology, without slowing down the development of new technologies in the West, and without bringing undue hardship to U.S. and Allied economic interests.

Accomplishments:

- * Since the publication of the 1982 Inman report, our efforts to prevent Soviet theft and purchases of advanced technology have paid off. We now have in place an export control process which renders it very difficult for the Soviets to buy or steal our technology.
- * The President has directed the Cabinet to provide recommendations, both to maintain the strength of America's high-tech industries, and to ensure that our control system encourages exports without sacrificing national security.
- * Domestic U.S. procedures in both intelligence-gathering and export control have been strengthened and made more effective.
- * Through a government-wide outreach plan, U.S. industry has been made more aware of the threat, and has been encouraged to institute its own technology security measures.

- * Under U.S. initiatives, COCOM procedures have been made more effective, and the list of multilaterally-controlled items has been expanded to include sensitive, militarily critical technologies.
- * Bilateral arrangements are in place, or being negotiated with a number of non-COCOM countries for the protection of U.S. and other COCOM members' indigenous technologies.
- * The effectiveness of our technology security program has improved. The results are being seen in court cases and convictions for diversion and espionage.
- * Both U.S. Customs and the Commerce Department have significantly increased their enforcement work, and since 1980, technology security has become an area of priority in our intelligence effort. Good relationships with Customs' counterparts abroad have resulted in the foiling of an increasing number of diversion attempts.
- * The security services of our Allies have uncovered and expelled many Soviet intelligence collectors of militarily sensitive technology, a result partially attributable to U.S. efforts to highlight this issue. Also, the U.S. has closed down many means previously used by the Soviets to acquire technical information.
- * This achieved, we now intend to consolidate our efforts with initiatives at home and abroad to regulate strategic trade in a way that defends our security, reduces administrative burdens, promotes real competitiveness in free world trade, and strengthens enforcement of international export controls.

Talking Points:

- * The Soviets and their Warsaw Pact Allies, using espionage as well as legal and illegal trade channels, have sustained a large-scale effort for some time to obtain Western technical information and hardware to improve their weapons and their military's supporting industrial base. The Soviets are well behind the U.S. in many technologies having military use -- advanced computers and advanced and sophisticated microprocessor technology -- and thus require Western, and especially U.S., information to meet technologically advanced weapons requirements.

- * Europe and Japan are, like ourselves, innovative and scientifically advanced. Our Allies have a vested common concern in stemming technology loss, as this loss leads to higher defense budgets for all, while concurrently weakening deterrence. On the other hand, each Ally has its own view of its economic relationship with bloc countries; there is, therefore, a tension of competing interests among our Allies over economic gain versus the provision of technology to the bloc. How to resolve these disparate views remains a challenge to us and to our Allies.
- * Resolution of the competing military, political, economic and commercial interests is an on-going effort. Acquisition of technical information has been a long-standing campaign, with numerous avenues of collection. Awareness of Soviet methods and their effects is the cornerstone of our response to their campaign.
- * The U.S. is an open society with a heritage of free expression. This freedom of expression is exploited by the Soviets in their collection program; the U.S. Government must ensure proper protection of militarily sensitive information, while not impeding the rights and traditions of free expression, nor of open research and development upon which the dynamism of our society depends.
- * The effort to slow or stop the loss of strategic technology must be a persistent, long-term undertaking. It is essential both for ourselves and our Allies that the threat continues to be highlighted and exposed for the danger that it poses, and that unilateral, bilateral, and multilateral countermeasures be kept in place and supported by the highest levels in the Administration. A great deal of progress has been made, and this progress must be sustained and enhanced by organizational, legal, and technical means.
- * In pursuing this important national security objective, we endeavor to protect technology with as little economic cost as possible to the U.S. entrepreneur. At the same time that we have been working to slow or stop technology losses, we have been working to reduce the delays imposed on the private sector when export licenses are reviewed as part of our control efforts.

TERRORISM

Issue:

How can the United States improve its ability to deter, protect against, and respond to terrorist attacks?

Objectives:

- * Improve international cooperation to detect, deter, and combat terrorism bilaterally with Allies, and multilaterally in groupings of like-minded states and other international fora.
- * Enhance operational capabilities and inter-governmental coordinating mechanisms to prevent and respond to terrorist attacks.
- * Continue refinement of legal instruments and agreements to counter terrorism, including steps for the extradition and prosecution of persons involved in terrorism.

Accomplishments:

- * The Tokyo Economic Summit in May 1986 promulgated an important statement condemning international terrorism and pledging maximum Allied cooperation to combat it.
- * The United States responded militarily to Libyan-sponsored terrorism by striking terrorist-related targets in Libya after the West Berlin disco bombing, and reports of other ongoing Libyan-directed terrorist acts.
- * The EC and the Summit Nations agreed to ban arms shipments to Libya, and to discourage their nationals from filling in behind the American firms and workers who left Libya.
- * The Tokyo Summit also accepted the American-originated proposals for restricting Libyan diplomat missions and tightening up visa requirements.
- * Western European countries expelled more than 100 Libyan "diplomats" and "businessmen" since the bombing of the Berlin disco in April, and the subsequent U.S. military operations against Libya, throwing off balance the Libyan terrorist network.
- * Many potential terrorist attacks on U.S. citizens or facilities abroad were identified and thwarted by the end of 1986 by improved intelligence and stronger security and cooperation with other governments.

- * Quick and decisive action to intercept the Egyptian airliner carrying the Achille Lauro hijackers resulted in their capture and trial. The hijackers have been convicted and sentenced to prison by Italian courts.
- * The UK broke diplomatic relations with Syria because of their involvement in the attempted bombing of an El Al airliner at London's Heathrow airport. At British request, members of the EC (excluding Greece) halted new arms sales to Syria, suspended high-level diplomatic contacts with Damascus and made unilateral demarches against Syrian support for terrorism.
- * West Germany, in protest of Syrian complicity in the bombing of the German-Arab Friendship Union in West Berlin in March 1986, asked three Syrian diplomats to leave, and postponed sending a new Ambassador to Damascus.
- * Some 2700 officials from 33 countries have been brought to the United States for specialized counter-terrorism training under the Anti-Terrorism Assistance Program.
- * U.S. initiatives and/or support at the U.N. obtained passage of a Security Council resolution condemning the taking of hostages; Security Council Presidential statements condemning specific attacks, and a broad U.S. General Assembly resolution condemning terrorism as a criminal act.
- * At U.S. initiative, two U.N. specialized agencies, the International Civil Aviation Organization (ICAO), and the International Maritime Organization (IMO), are drafting improved security guidelines.
- * The Public Diplomacy Working Group established under the joint sponsorship of the IG/T and the International Information Committee, has helped coordinate public affairs activities related to Libya, including "white papers" and media appearances.
- * A major program to enhance the physical and operational security at diplomatic posts abroad has been initiated; a follow-up to implement the program is being acted on by Congress this year.
- * A protocol to the UK extradition treaty which narrows the political offense exceptions has been ratified by the Senate. Similar treaty modifications are being negotiated with other countries.
- * As authorized under 1984 legislation, rewards of up to \$250,000 have been offered for Abu Abbas for the Achille Lauro hijacking, the TWA 847 and Kuwait 221 hijackings, and the murders of six Americans in El Salvador.

- * We have established a system of coordinated threat alerts and advisories by all members of the U.S. intelligence community to provide more timely and accurate information on terrorist threats to our overseas missions, reducing the problem of duplicate warnings and reporting.
- * Implementation has begun of a number of important anti-terrorism provisions in the Foreign Aid Authorization bill for 1986 and 1987, which Congress passed and the President signed into law in August of 1984. These provide for additional sanctions against countries supporting terrorism or maintaining unsafe airports and authorize additional funds for the ATA program and research and development on equipment to detect explosives.

Talking Points:

- * Terrorism is a worldwide phenomenon which is becoming increasingly frequent, indiscriminate, and state-supported. Terrorism is likely to be a prominent factor on the international political landscape for the rest of the century. It directly attacks our democratic values and interests and our diplomatic efforts for peaceful solutions to conflict.
- * The nature of the international terrorist threat is evolving. Recent developments include the rise of state-supported terrorism through the use of surrogates, and collaboration with insurgent and narco-trafficking.
- * The number of terrorist attacks has been increasing. There were almost 800 terrorist incidents in 1985, with the same number of incidents carried out in 1986. During recent months, we have seen the hijacking of a Pan Am airliner in Karachi, and the bombing of a synagogue in Turkey. Terrorist attacks such as these are becoming increasingly violent -- the number of casualties and fatalities generally has grown with the number of incidents.
- * A broader spectrum of citizens is likely to fall victim to terrorism, as exemplified in the bombing of the La Belle disco in April, the hijacking of a Pan Am jet in Karachi, and the September bombings in Paris.
- * This is not solely an American problem; terrorism has been directed against a broad range of countries. Nonetheless, the U.S. is a prime target of terrorist acts overseas due to our extensive official and commercial global presence. Our citizens and facilities are readily accessible, our democracy and freedoms are directly opposed to the interests of many terrorist groups.

- * In countering terrorism, we are prepared to act unilaterally or in conjunction with other nations in a wide range of options appropriate to the situation at hand.
- * The preemption of terrorist attacks on American targets in France and Turkey, and the decisive action against Libya after their sponsorship of the terrorist bombing of the West Berlin discotheque demonstrated the increasing effectiveness of the current U.S. policy on terrorism.
- * The Department of State is assigned the lead interagency role in combatting terrorism outside the United States. The State Department's Office for Counter-Terrorism deals with the problems of international terrorism on two levels: in its coordinating role within the Department of State, and in its similar role as head of the Interdepartmental Group on Terrorism.
- * In February 1986, the Vice President's Task Force on Combatting Terrorism published its public report endorsing U.S. policy against terrorism and recommending additional measures to improve the national program. A Presidential directive was signed to implement all of the recommendations.
- * Efforts to counter international terrorism include a major effort within the U.S. Government and with friendly governments to improve our intelligence on the identity, objectives, plans, capabilities, and locations of terrorist organizations. We have increased efforts to inform the public, both here and abroad, about the international terrorist threat, and the need to be alert in helping to combat it.
- * Additional unilateral efforts to counter terrorism include continuing to improve the security of U.S. installations overseas, stepped-up training for U.S. employees, and improvements in the collection, analysis, and dissemination of intelligence information. Laws passed in recent years, such as the International Security and Development Cooperation Act of 1985, (which provides for the Anti-Terrorism Assistance Program, the Air Marshall program, and Foreign Airport Security procedures), have also strengthened the anti-terrorism effort.
- * Multilateral steps include the Tokyo Summit declaration against terrorism; U.N. conventions against attacks on diplomats and the taking of hostages, and the Summit Seven's Bonn Declaration, which provides for concentrated action against states that fail to take appropriate legal action against hijackers.

- * International cooperation in countering terrorism is imperative. We cannot succeed alone when the threat originates, and is carried out abroad where other governments have the principal responsibility for security and law enforcement.
- * We continue to encourage other countries to take an active stand -- through diplomatic, legal, and economic means -- against terrorism. They are, after all, frequently as much the victims of such attacks as we: citizens or installations of over 80 countries were hit by terrorist attacks in 1986.

NARCOTICS

Issue:

How can the United States reduce the flow of illicit narcotics from foreign drug-producing and transit countries?

Objectives:

- * Increase the awareness of our young people and others of the dangers of drug use.
- * Continue to promote and fund crop eradication and interdiction operations in source countries.
- * Foster economic alternatives to the drug economy.
- * Promote and improve international and regional cooperation in combatting drug trafficking.
- * Enhance the enforcement and operational capabilities of drug law enforcement agencies to counter the growing sophistication of the drug industry.

Accomplishments:

- * Successful crop eradication programs have been carried out in several producing countries, and aerial surveys -- a necessary first step toward future eradication programs -- have been completed in others.
- * Carefully targeted and U.S.-supported interdiction operations in Latin America have resulted in unprecedented seizures of cocaine and destruction of processing laboratories.
- * President Reagan signed a National Security Decision Directive (NSDD), announced by Vice President Bush in June 1986, which states that the narcotics issue is a threat to our national security, and which directs additional Administration-wide efforts, including greater involvement of our Defense Department in battling the flow of narcotics into the United States.
- * The President's establishment of the National Narcotics Border Interdiction System has greatly improved the collection, assessment, and sharing of narcotics information, and has resulted in improved interdiction operations in the Caribbean.

- * The Congress significantly strengthened U.S. narcotics enforcement efforts when it enacted the Comprehensive Crime Control Act. Among its important drug-related provisions, the law establishes a Cabinet-level board to develop Government-wide drug enforcement programs and coordinate the efforts of the various Federal agencies; increases the penalties for drug offenses to include up to 20 years of imprisonment and fines of \$250,000 for offenses involving even small amounts of heroin, cocaine, and certain hallucinogens; revises criminal and civil forfeiture laws to permit forfeiture in all felony drug cases and allows the Government to seize more property; and strengthens the Government's efforts to detect and deter drug money-laundering.
- * Two First Ladies' Conferences here on drug abuse in April and October 1985 have helped to raise awareness of the growing internationalization of the drug trade, and have resulted in many first ladies becoming actively involved in promoting drug control and awareness in their own countries.
- * A number of countries have become actively involved in the United Nations effort to call attention to the global dimensions of the drug abuse and trafficking issue; a World Conference on Narcotics has been scheduled for June 1987 in Vienna.
- * Narcotics activities across national borders are stimulating bilateral and regional cooperation against it. Several Latin American countries have already dealt setbacks to growers and traffickers by staging joint operations against them.
- * President Reagan hosted a conference in 1986 for Ambassadors from key drug producing areas, resulting in a comprehensive set of recommendations for enhancing international narcotics control programs.
- * Cooperation on drug trafficking was an item which was discussed and agreed upon at the Economic Summit in Tokyo in 1986.

Talking Points:

- * Despite more successful U.S. and foreign drug interdiction efforts, the amount of drugs entering the United States continues to rise. The criminal trafficking organizations behind this increase are using the wealth acquired through narcotics to subvert drug control and economic, political, and security institutions in many countries.
- * Drug crop production is expanding in several countries and is spreading to others not equipped to halt it. Growers are developing more scientific techniques and obtaining higher yields than ever before.

- * Several countries have initiated successful crop control and eradication programs that have substantially reduced harvests. In some cases, these gains have been offset by resurgent narcotics activities in countries whose once successful control programs were subverted by graft, violence, and other countermeasures, and in countries whose governments have little or no control over the countryside.
- * The immense profits realized by the drug trade have prompted criminal trafficking organizations to resort to violence to protect their industry. These organizations strike at U.S. and foreign symbols of law and order at all levels to intimidate governments and thwart control programs.
- * Governments also face threats to their security from terrorist and insurgent involvement in drug trafficking. These groups use narcotics as a lucrative and usually non-traceable method of obtaining funds to further their anti-government goals.
- * Rising drug abuse has now affected many Western and other consuming countries, prompting them to seek international solutions. Although an effective and coordinated worldwide strategy is still several years away, the increased attention devoted to the narcotics issue has already led to tougher laws and more effective enforcement in many countries.
- * Two First Ladies' Conferences on drug abuse hosted by Mrs. Reagan during 1985 helped to raise awareness at home and abroad of the growing internationalization of the drug trade, and the dangers it poses to the world's young people. Mrs. Reagan also travelled to Southeast Asia in late 1985, and Malaysia and Thailand in April 1986, focusing attention on the international parents movement which has expanded dramatically during the past few years.
- * Effective drug control will require patience and a long-term commitment, and its goals will sometimes be affected by competing foreign policy objectives. Because those who traffic in drugs are so adept at exploiting weaknesses and vulnerabilities, gains in one country will frequently be offset by setbacks in others. Unless we persevere despite the inevitable setbacks, the international drug trade will have the potential to undermine our society, and that of other friendly governments.

DEFENSE/ARMS REDUCTIONS

ARMS REDUCTIONS

Issue:

The shift in strategic doctrine from Mutual Assured Destruction (MAD), to survivable defense, has complicated the Soviet Union's strategic decision making, and has forced Moscow to consider major cuts in nuclear arsenals and the de-linking of SDI from INF. Successful conclusion of a reduction agreement will be predicated on mutual verification measures.

Objectives:

- * Reduce the risks of war between East and West, particularly nuclear war, while maintaining our freedom and that of our Allies.
- * Negotiate arms reduction agreements which, in the President's words, provide for "deep cuts, no first-strike advantages, defensive research -- because defense is much safer than offense..."
- * Ensure that arms control remains an integral component of a comprehensive, coherent security policy that includes the maintenance of credible deterrent forces.
- * Ensure verification of and promote compliance with existing arms control accords.
- * Ensure that the panoply of arms control efforts deals with the relationship between strategic offensive and defensive systems.
- * Support expanded membership in the Non-Proliferation Treaty and seek to prevent the spread of nuclear explosives to additional countries.

Accomplishments:

This Administration has the most far-reaching arms control agenda in history. Arms control issues were extensively discussed when President Reagan met with General Secretary Gorbachev in Geneva in November 1985, and Reykjavik in October 1986.

Even though our two nations still profoundly disagree over the relationship between strategic offense and defense, we have made progress on many arms control issues. At the Geneva Summit both sides agreed in principle on 50 percent reductions in U.S. and Soviet strategic offensive forces, on accelerating our work at the Geneva Nuclear and Space Arms Talks, and on seeking an interim agreement on limiting Intermediate Range Nuclear Force (INF) missile systems.

The U.S. went to Iceland in October 1986 in order to narrow differences, where possible, between U.S. and Soviet positions, and to lay the groundwork for more productive negotiations. By that measure, the meeting was a success. It achieved movement on START, INF, nuclear testing, and aspects of defense and space issues.

We are realistic about our differences with the Soviet Union. There will be many tough issues to resolve, and the negotiating process will require patience and persistence, but the U.S. stands ready to proceed, as a matter of highest priority, to reach agreements along the lines discussed at Reykjavik. Our immediate arms control priorities are: a START agreement cutting each side's strategic offensive forces by 50 percent, an INF agreement reducing INF warheads globally to 100 on each side, with none in Europe, and a global ban on chemical weapons. In all three areas, effective verification is essential.

When, after a year-long boycott, the Soviet Union agreed in January 1985 to resume arms reduction negotiations in Geneva, the Administration developed a three-phased strategic concept as the heart of its approach to the Nuclear and Space Arms Talks: (1) near-term significant reductions in nuclear arms and the stabilization of the offense-defense relationship; (2) a period of transition to a more stable world, with a reduced reliance on nuclear arms and greater reliance on non-nuclear defenses against nuclear arms; and (3) the eventual complete elimination of nuclear arms.

START: The immediate U.S. priority remains to strengthen stability through broad, deep, equitable, and verifiable reductions in strategic forces, focusing on the most destabilizing elements (ballistic missiles and their warheads). The U.S. position calls for 50% reductions to 6000 weapons and 1600 strategic nuclear delivery vehicles. To ensure that reductions to these levels are stabilizing, the U.S. is also seeking sublimits on certain types of ballistic missile warheads as well as throw-weight limits 50% below the current Soviet level. We are now engaged in serious efforts to resolve differences and move closer to a START agreement. U.S. proposals reflect carefully considered objectives for a stable relationship with the Soviet Union, and U.S. negotiators keep these objectives in mind in evaluating any Soviet counter-proposals. U.S. negotiators have the authority to explore alternative methods of reductions, to explore tradeoffs which would not dictate Soviet or U.S. force structure, and to discuss Soviet proposals in areas where differences exist.

INF: In November 1981, we proposed far-reaching accords calling for the global elimination of land-based Longer-range Intermediate-range Nuclear Forces (LRINF). After the Soviets returned to the negotiations from their 16-month walkout in March 1985, we reiterated this proposal. In February 1986, the U.S. proposed a concrete and phased plan for elimination of LRINF. Our latest proposal, agreed to in principle by the Soviets at Reykjavik, calls for a global limit of 100 LRINF warheads for each side, with none in Europe, along with constraints and follow-on negotiations on shorter-range systems. At Reykjavik, the Soviets held completion of this agreement hostage to their demands that would kill SDI. Recently, however, General Secretary Gorbachev expressed willingness to pursue the commitment he made at the Geneva Summit to a separate INF accord, along the lines of the Reykjavik agreement.

Defense and Space: In the Defense and Space negotiations, we are examining ways to strengthen deterrence by moving away from sole reliance on the threat of nuclear retaliation, and toward greater reliance on defenses which will threaten no one. We also have been discussing our view of the offense-defense relationship, Soviet actions which are eroding the ABM Treaty, and Soviet non-compliance with this and other existing agreements with respect to both offensive and defensive forces. We will continue to press for Soviet compliance and corrective action in cases where there is non-compliance. While some issues posed by SDI are for the future, we are nonetheless prepared now to discuss defense and space arms and the broader question of strategic defense, including existing Soviet defenses and systems based in space, as well as systems based on earth which can reach space. We have proposed, as a confidence-building measure, reciprocal site visits by U.S. and Soviet governmental experts to facilities in both countries where strategic defense research is being conducted.

In response to a Soviet proposal for a ten-year period of non-withdrawal from the ABM Treaty, we have said we could agree to such a ten-year commitment if either side would be free to deploy strategic defenses thereafter unless otherwise mutually agreed. This would be conditioned on full compliance with the Treaty during the ten years, agreement to 50% strategic offensive force reductions to equal levels by 1991, and total elimination of U.S. and Soviet offensive ballistic missiles by 1996. A previous U.S. proposal still stands: non-withdrawal from the ABM Treaty for five years, to be followed, should either side wish to deploy advanced strategic defenses, by two years of negotiation on sharing the benefits of defenses and elimination of ballistic missiles; sides would be free to deploy thereafter on six months notice.

MBFR: In December 1985, NATO tabled a major new proposal aimed at breaking the 13-year deadlock in the Mutual and Balanced Force Reduction (MBFR) Talks in Vienna. The Western proposal accepted the basic framework proposed by the East in February 1985 for a time-limited, first stage agreement on initial U.S.-Soviet ground troop reductions followed by a no-increase commitment on remaining forces on each side. NATO also set aside its longstanding requirement for data agreement on Eastern troop levels before treaty signature, which the Soviets had insisted was the main obstacle to reaching an agreement. NATO also tabled a package of fair and reciprocal verification measures. The East has so far failed to respond constructively to this Western initiative or to make good on Gorbachev's endorsement on January 15, 1986, of "reasonable" verification in MBFR. Instead, the East's February 20 draft agreement merely recycled previous provisions on the key verification issues and even backtracked on some aspects. In April, General Secretary Gorbachev accepted in principle the Western concept of conventional arms control in an expanded zone from the Atlantic to the Urals. The May 1986 Halifax statement by NATO Ministers, calling for the establishment of a stable balance of conventional forces at lower levels, was promptly followed by a June 11 Warsaw Pact "appeal" to reduce conventional forces in the whole of Europe. A detailed NATO review of conventional arms control issues culminated with the December 11 "Brussels Declaration" in which NATO Ministers expressed their readiness to open East/West discussions on a new mandate for conventional arms control covering the larger zone.

CDE: The 35-Nation Conference on Confidence- and Security-Building Measures on Disarmament in Europe (CDE) adjourned in Stockholm on September 19, 1986, with the adoption of a set of confidence- and security-building measures (CSBMs) designed to reduce the risk of war arising from miscalculation or misunderstanding of military activities taking place in Europe. The measures, which mark a significant advance over those contained in the Helsinki Final Act, include prior notification of military activities in Europe above the level of 13,000 troops, mandatory observation above a level of 17,000, exchange of annual forecasts of notifiable military activities, and on-site inspection without right of refusal as the means of verifying compliance. If fully implemented by all parties, these measures can contribute to a more stable and secure Europe and to an improved East-West relationship. The Stockholm Document, however, did not exhaust the potential for further work on CSBMs, and the future of the CDE will be determined by the Vienna CSCE Follow-up Meeting in light of the need for balanced progress across the full CSCE agenda, particularly in the area of human rights and fundamental freedoms.

CW: At the November 1985 Geneva Summit, President Reagan and General Secretary Gorbachev agreed to intensify bilateral discussions on all aspects of the comprehensive chemical weapons ban being negotiated at the forty-nation Geneva Conference on Disarmament. In 1986 we had four rounds of bilateral CW treaty talks, and a fifth round took place in February 1987.

The bilateral treaty discussions have been frank and serious. They have given an impetus to the multilateral negotiations in the CD, where differences have narrowed on the elimination of CW production facilities, on chemicals to be covered by the eventual CW treaty, and on monitoring of the chemical industry to ensure against activities forbidden by the convention. Soviet acceptance of the tough, but necessary U.S. challenge inspection proposal would contribute much to attaining the long-sought goal of an effectively verifiable CW convention.

Nuclear Testing: The security of the U.S. and its Allies today depends on nuclear deterrence. For the foreseeable future, nuclear weapons will remain a key element of our deterrent. Nuclear testing is required to ensure both the credibility and effectiveness of our deterrence and the safety, reliability, and survivability of our nuclear weapons. Practical steps can be taken now which would strengthen existing nuclear testing limitations and lead, under appropriate conditions, to further limitations, and eventually the elimination of nuclear testing. Determining what these limitations may entail must be worked out in future negotiations.

The U.S. places its highest priority in the nuclear testing area on finding ways to improve the verification provisions of the Threshold Test Ban Treaty (TTBT) and the Peaceful Nuclear Explosions Treaty (PNET) so that we can move forward on their ratification. The U.S. has made numerous offers to the Soviet Union in this regard:

- In September 1984, we proposed direct on-site yield measurements of one another's nuclear weapon tests.
- In July 1985, we invited Soviet experts -- without preconditions -- to come to the U.S. test site to measure the yield of a U.S. test, bringing with them any instrumentation devices the USSR deemed necessary for this purpose.
- In December 1985, we proposed a meeting of technical experts to discuss U.S. and Soviet approaches to verification.

- In March 1986, we described a method of direct, on-site hydrodynamic yield measurement (CORRTEX) to the Soviets and invited Soviet experts to come to Nevada to examine CORRTEX fully, to observe U.S. experts using CORRTEX to measure the yield of a U.S. test, and to discuss verification methods.
- In July, September, and November 1986, U.S. and Soviet technical experts met, without preconditions, in Geneva for discussions on a broad range of issues related to nuclear testing -- a direct result of suggestions by the President.
- In September 1986, the President stated in an address to the United Nations General Assembly that upon ratification of the TTBT and PNET, and in association with a program to reduce and ultimately eliminate all nuclear weapons, the U.S. is prepared to discuss ways to implement a step-by-step parallel program of limiting and ultimately ending nuclear testing. He asked the Soviets to join us immediately in taking practical steps toward limiting testing by making the necessary verification improvements to the TTBT and PNET.
- During the October 1986 meetings in Iceland with General Secretary Gorbachev, the President indicated that if the Soviets were to agree to essential verification improvements to these treaties, he would, when the 100th Congress convenes, request the advice and consent of the Senate to their ratification. If the Soviets failed to agree to the needed verification improvements prior to the convening of the 100th Congress, the President would still seek the advice and consent of the Senate, but with an appropriate reservation to the treaties that would ensure that they not take effect until they are effectively verifiable.
- At Reykjavik the U.S. proposed that the U.S. and Soviet Union begin negotiations on nuclear testing. The agenda for these negotiations would first be to resolve remaining verification issues associated with existing treaties. Once these verification concerns have been satisfied and the treaties ratified, the U.S. and USSR would immediately engage in negotiations on ways to implement a step-by-step parallel program -- in association with a program to reduce and ultimately eliminate all nuclear weapons -- of limiting and ultimately ending nuclear testing.

While the Soviets claim they wish to address our concerns, there has yet been no agreement on priorities in negotiations. At the expert level discussions on nuclear testing, the Soviet delegation rejected a step-by-step approach to negotiations.

The U.S. has also participated in discussions at the Conference on Disarmament in Geneva, of verification and compliance issues related to a comprehensive test ban (CTB). A CTB remains a long-term objective of the United States, but cannot be achieved under existing international conditions. Such a ban must be viewed in the context of a time when we do not need to depend on nuclear deterrence to ensure international security and stability and when we have achieved broad, deep and verifiable arms reductions, substantially improved verification capabilities, expanded confidence-building measures, and greater balance in conventional forces.

Non-Proliferation: We continue to seek strengthened international safeguards to prevent further proliferation. The NPT review conference that met in Geneva in September 1985 produced a consensus document strongly endorsing the Treaty, an action that serves to strengthen U.S. non-proliferation efforts. President Reagan and Secretary Gorbachev reaffirmed both countries' commitment to the Treaty at the Geneva Summit in November 1985. They also agreed to additional measures to enhance the Treaty's effectiveness, including enlarging its membership and strengthening the International Atomic Energy Agency (IAEA). In December 1986, the U.S. and the Soviet Union met in Washington for the eighth round in an on-going series of consultations covering a wide range of issues including prospects for strengthening the international non-proliferation regime, support for the Nuclear Non-Proliferation Treaty, and the mutual desire to strengthen the IAEA.

Other Confidence-Building Measures: In June 1984, the U.S. renewed the U.S. agreement to prevent incidents at sea. In July 1984, a new agreement was signed with the Soviet Union to improve the Direct Communications Link, or "Hot Line," by adding a facsimile capability; an agreement on the transfer of U.S. upgrade equipment to the Soviets was signed in September 1985. In June 1985, the U.S. and Soviet Union signed a "Common Understanding" to the 1971 "Accidents Measures" Agreement clarifying their obligations to consult in the event of a nuclear incident involving unknown or unauthorized parties, including terrorists. President Reagan and Secretary Gorbachev agreed at the Geneva Summit in November 1985 to study the concept of establishing nuclear risk reduction centers to further reduce the chances of conflict between us. Subsequently, expert-level talks were held with the Soviet Union in May 1986, and again in August 1986. An initial negotiating session was held in Geneva in January 1987.

General Talking Points:

Nuclear War: The President and his Administration have no higher priority than reducing the risks of war, nuclear war in particular. As both he and General Secretary Gorbachev explicitly agreed to in Geneva, "nuclear war cannot be won and must never be fought." We seek arms control agreements that truly enhance stability and security.

Arms Reductions: Although we and the Soviets still profoundly disagree over the relationship between strategic offense and defense, we did make some progress at the 1985 Geneva Summit and the 1986 meeting in Reykjavik on arms control issues. The Administration has a broad arms control agenda involving far-reaching proposals for arms reductions, constraints, and confidence-building measures. We are seeking agreements that are militarily significant, equitable, and effectively verifiable. In each of our efforts, including a number of major negotiations, the U.S. and our Western Allies have made forthcoming new proposals in an effort to achieve progress.

Geneva Negotiations: Both sides agreed at the Geneva Summit to accelerate work at the Geneva Nuclear and Space Arms Talks, and substantial movement toward agreements was achieved during the Iceland meeting in October 1986. We still have a long road and tough issues ahead. Patient and persistent dialogue will continue to be required.

In addition to our proposals already on the table, our negotiators -- at the President's direction -- tabled new U.S. proposals based on agreements in Reykjavik, including:

- Fifty percent reductions in strategic offensive arms, to be implemented by reductions to 1600 strategic nuclear delivery vehicles and 6000 strategic weapons on those delivery vehicles, with sublimits to constrain the most destabilizing categories of such weapons;
- A global limit of 100 longer-range INF missile warheads for each side, with none in Europe; and constraints on shorter-range INF missiles accompanied by follow on negotiations at Geneva for their reduction;
- A proposal that, in conjunction with agreement through 1996 not to deploy advanced strategic defenses, with each side conducting strategic defense research, development and testing, which are permitted by the ABM Treaty, the two sides would reduce offensive strategic arms by 50% through 1991 and eliminate all remaining U.S. and Soviet ballistic missiles by the end of 1996. We further made clear that at the end of 1996, either side could deploy advanced defenses if it so chose, unless the parties agreed otherwise.

- * On November 7, the Soviet Union took some new steps as well, by tabling proposals that partially reflect the headway made at Reykjavik. Areas of agreement at Reykjavik can serve as the starting point from which United States and Soviet negotiators can hammer out significant arms reduction treaties.

- * In the negotiations, the U.S. and Soviet Union agree that there is a relationship among the different types of arms to be addressed. Offensive and defensive systems are closely related and cannot be considered in isolation from each other. However, progress in any of the three Geneva forums should not be held hostage to progress in another. A vital task before us is to strengthen stability by moving over time to a different kind of strategic relationship, one less dependent on the threat of nuclear devastation, and more dependent on defensive systems that threaten no one.
 - * Other Negotiations: In addition, we are actively involved in a number of other serious arms control efforts. These include the Vienna negotiations on Mutual and Balanced Forced Reductions (MBFR), and the Conference on Disarmament (CD) negotiations in Geneva on a comprehensive chemical weapons ban, as well as discussions at the CD on limits on nuclear testing, on outer space, and in other areas of bilateral and multilateral concern. Both sides agreed at the 1985 Geneva Summit to increase their efforts to reach effective agreements in these areas. At Stockholm, the Conference on Confidence- and Security-Building Measures and Disarmament in Europe (CDE) reached a successful conclusion, which, if fully implemented, should reduce the risk of war and the possibility of using force for political intimidation.

 - * VERIFICATION: Verification and compliance are vital elements of arms reduction agreements. The primary systems of verification are the National Technical Means of each side. U.S. verification capabilities have improved since the late 1970s. In the future, arms control accords will continue relying on National Technical Means as an essential verification tool, but they will also require an extensive exchange of data and on-site inspection.

 - * COMPLIANCE: The United States is seriously concerned about Soviet noncompliance with existing agreements. The key strategic arms violation is the Krasnoyarsk radar system outside Moscow (ABM Treaty). Two previous key violations involved the SALT II Agreement: the SS-25 and telemetry encryption. The President's December 1985 Report to the Congress on Soviet Noncompliance with Arms

Control Agreements stated that U.S. Government studies supported its conclusion that there was a pattern of Soviet noncompliance. In addition to violating the former SALT I Interim Agreement (use of "remaining facilities" at former SS-7 sites) and the former SALT II Treaty (SS-25, telemetry encryption, strategic nuclear delivery vehicle limits, concealment of missile/launcher association), the Limited Test Ban Treaty (nuclear test venting); the Biological and Toxin Weapons Convention and the Geneva Protocol on Chemical Weapons (offensive BWC program and use in Southeast Asia and Afghanistan); and the Helsinki Final Act (exercise notification provisions).

In addition, the USSR has likely violated provisions of the Threshold Test Ban Treaty (150 kiloton limit). In addition, the aggregate of Soviet ABM and ABM-related activity leads the U.S. to conclude that the Soviets may be preparing a base for a prohibited territorial ABM defense. We must insist that the Soviets rectify those areas where they are in violation of existing obligations or political commitments, as their failure to do so has serious consequences for the arms control process. For our part, we are continuing to carry out our own obligations, and will continue to seek effective verification and compliance measures in all arms control efforts we undertake.

- * U.S. INTERIM RESTRAINT POLICY: The U.S. will continue to exercise the utmost restraint, while protecting strategic deterrence, in order to help foster the necessary atmosphere for significant reductions in the strategic arsenals of both sides. Had the SALT II agreement ever been ratified, it would have expired in December 1985. SALT I had also expired. In May 1986, the President determined that the policy of unilateral U.S. observance of the SALT I and SALT II agreements could not be continued in the face of continuing Soviet non-compliance. After the U.S. dismantled two Poseidon SSBNs in May 1986, it remained in technical observance of SALT until November 28, 1986, when the 131st heavy bomber equipped for ALCMs completed its conversion process. No compensating dismantlements were made at that time. Future judgments on U.S. strategic forces will be based on an assessment of the nature and magnitude of the Soviet threat, and not on the basis of the SALT agreements. If there is no significant change in the threat we face as we implement the strategic modernization program, the U.S. will not deploy more strategic nuclear delivery vehicles or more strategic ballistic missile warheads than does the Soviet Union.

- * CONFIDENCE-BUILDING MEASURES: In July 1984, the Soviet Union signed what we hope will be the first of several agreements designed to ensure war does not erupt because of accident, miscalculation or misunderstanding: an agreement to upgrade the U.S.-Soviet hotline. At the 1985 Geneva Summit, both sides agreed to study the concept of establishing nuclear risk reduction centers to further reduce the possibility of conflict between us. Since then, there have been two U.S.-Soviet meetings at the expert level to explore the concept further. We hope that, over time, the Soviets will work with us to improve the framework for ensuring against accidental nuclear war.

DETERRENCE

Issue:

How can we maintain our ability to deter attack on the U.S. and our Allies, while moving toward a more stable world with lower levels of nuclear forces?

Objectives:

- * Maintain our ability to deter war today, and to reduce the risk of war or coercion by the threat to use force.
- * Move away from deterrence based exclusively on the threat of nuclear retaliation, to an enhanced deterrence based on the increasing contribution of defensive systems; primarily non-nuclear systems, that threaten no one.

Accomplishments:

- * Through our strategic, intermediate-range, nuclear and conventional forces modernization programs, we have begun to remedy the significant vulnerabilities in those forces -- which were inherited in 1981. This will permit us to maintain deterrence today and into the near future.
- * The Strategic Defense Initiative, a broad-based research program, will provide future options for moving away from deterrence based on nuclear retaliation and toward a safer, more secure and more stable deterrent.

Talking Points:

- * Deterrence is the cornerstone of U.S. national security policy. We deter by ensuring that the leadership of all potential aggressors is aware of our policy to maintain forces adequate to deny an aggressor his basic war aims and, through retaliation, make the costs of aggression far outweigh any potential benefits.
- * The President has emphasized that a nuclear war "cannot be won and must never be fought." Our recognition of this fact is not sufficient to prevent nuclear war; we must be certain that the Soviet leadership understands it as well.
- * Deterrence based on nuclear retaliation has worked for over 30 years. However, Soviet improvements in both their offensive forces and their own strategic defenses, if unanswered, will erode deterrence.
- * Our strategic modernization program is designed to ensure our ability to deter today. The SDI program seeks to create a better basis for deterrence in the future.

STRATEGIC MODERNIZATION

Issue:

How can the United States close the gap between its strategic capabilities and those of the Soviet Union?

Objectives:

- * Redress the most serious weaknesses in our current strategic posture.
- * Provide incentive to the Soviets to negotiate meaningful arms reductions that promote strategic stability.

Accomplishments:

- * In 1981, the President recognized the need for strategic modernization, and as a result, proposed a five-part, mutually-reinforcing program to restore the strategic balance.
- * The five-point program directed the Department of Defense to: Improve U.S. strategic defenses; design and deploy improvements to our command-and-control system to ensure positive control to further reduce the risk of war; design and produce a cost-effective Peacekeeper intercontinental ballistic missile; refine and improve the basic design of the B-1 strategic bomber and place it into series production; select a design and develop an Advanced Technology Bomber (ATB), and an advanced cruise missile (ACM), to complete the basic modernization requirements of the strategic bomber force of the 1990s and beyond; deploy the Trident submarine, and develop an improved Trident II/D-5 submarine-launched ballistic missile system; and deploy nuclear-armed cruise missiles (SLCM) aboard naval vessels.
- * A major change to the President's program was incorporated after its initiation: at the recommendation of the Scowcroft Commission, work was initiated on a small ICBM for deployment in the 1990s in addition to the Peacekeeper.
- * Significant progress has been made on all five of the Strategic Initiatives.
- * Improvements to the Strategic Command-and-Control system are being implemented.
- * The B-1 is now being deployed to operational bases months ahead of schedule and below cost. Research on the AT is on or ahead of schedule. The advanced cruise missile has been placed into production.

- * The first 42 Peacekeeper missiles are in production, and the Peacekeeper missile has completed its pre-operational series of test launches. Ten missiles were deployed as of December 1986.
- * Research on the D-5 missile is on schedule and the nuclear-armed SLCM has been deployed.
- * Improvements to our strategic air defenses are being implemented.

Talking Points:

- * Strategic modernization is required to redress the serious weaknesses in our strategic posture caused by the massive Soviet build-up of strategic forces over the past 10 to 15 years -- a period of U.S. restraint in deployment of strategic systems. It is also needed to restore our deterrent strength, and to provide strong incentives to the Soviets to negotiate genuine arms reductions.
- * Under President Reagan's leadership, a five-part, mutually reinforcing strategic modernization program has been initiated. Significant progress has already been made in a number of areas.
- * Strategic communications-and-control systems are being improved to ensure that we could employ our nuclear forces effectively, which is essential to a credible deterrent.
- * Bomber modernization is underway to reduce the risks associated with the aging and potentially vulnerable B-52 force.
- * Sea-based forces, currently the most survivable leg of our strategic Triad, are being modernized and a new Trident II/D-S missile is being developed on schedule.
- * Our land-based missile force is being modernized to remedy an important part of the strategic imbalance. This modernization is critical because of the important contributions of the ICBM which include: prompt hard target capability; secure command-control-and-communications; rapid re-targeting; high alert rate; and low operations and support costs (only 12 percent of the total cost for the entire Triad). The President's decision to develop a Rail Garrison Basing mode for the Peacekeeper missile, and to start full-scale development of the mobile small ICBM has greatly increased the survivability of the future ICBM force through mobility.

- * The President's strategic modernization program is an essential element in helping us meet our arms control objectives. We have stated that we are willing to negotiate trade-offs in each side's advantages and a build-down of strategic systems leading to significantly lower and more stable strategic forces. We seek to reach an equitable and verifiable arms control agreement in the talks under way in Geneva.

ICBM MODERNIZATION

Issue:

How can the United States maximize the effectiveness of the ground-based portion of the strategic Triad in support of credible deterrence?

Objectives:

- * Modernize the aging U.S. ICBM force through the deployment of 100 Peacekeeper missiles and the development of a new small mobile ICBM.

Accomplishments:

- * The Peacekeeper test program has been an outstanding success: All test objectives have been met or exceeded, and accuracy/reliability results have been excellent.
- * Fifty Peacekeeper missiles have been approved for silo deployment in Minuteman silos. In December 1986, the President approved the initiation of full-scale development of a new mobile basing mode for the Peacekeeper, known as Garrison Rail Basing. This new mode will be available for the initiation of a production of additional Peacekeeper missiles, if appropriate, in December 1988.
- * Production has been approved and initiated on the first 50 Peacekeeper missiles, and work in connection with the deployment of the first 50 missiles in existing Minuteman silos at F.E. Warren Air Force Base, Wyoming, is progressing on schedule. The first squadron of missiles is now on alert status.
- * Development of the small ICBM has begun, and is on schedule for a possible deployment in the early 1990s.

Talking Points:

- * ICBM modernization is essential to the viability of the strategic Triad of bombers, submarine-launched ballistic missiles, and ICBMs that has kept the peace for well over two decades.
- * The President has endorsed the recommendations of the Bipartisan Scowcroft Commission to deploy the Peacekeeper missile as soon as possible and develop a small ICBM, while vigorously pursuing arms control.
- * Peacekeeper is the only near-term ICBM that can help restore the strategic imbalance that developed as the Soviets modernized during a period of U.S. restraint.

- * The President's December 1986 decision to move forward with development of Garrison Rail Basing for Peacekeeper, and the initiation of full-scale development of the SICBM insures that the U.S. will have a full-range of options to deploy a new generation of survivable mobile ICBMs in the future, if appropriate. Thus, we will be able to achieve our future national security interests through more survivable offensive forces, deployment of defensive systems, through arms control, or combinations of all three, if appropriate.

STRATEGIC DEFENSE INITIATIVE

Issue:

How can the United States attain its long-range goal of a stable, secure deterrence, making ballistic missiles impotent and obsolete?

Objective:

- * Continue intensive research into the potential of advanced defensive technologies to support a future U.S. decision on whether to develop and deploy an effective defense against ballistic missiles.

Accomplishments:

- * On March 23, 1983, the President directed that research within the limits prescribed by the ABM Treaty go forward on neutralizing all ballistic missile threats.
- * Early feasibility studies determined that advanced technologies showed promise for providing an effective anti-ballistic missile defense which would enhance deterrence, stability, and prospects for offensive nuclear arms reductions. The studies recognized that uncertainties could only be resolved through further research. As a result, defense experts recommended a vigorous research program designed to answer the remaining questions as to whether an effective defense is feasible.
- * After consulting with key military and civilian advisors, the President directed that an accelerated research effort be conducted. The objective is to provide answers that will permit us to make an informed decision in the early 1990s on whether to proceed with developing and ultimately deploying such defensive systems. All research is fully compliant with our treaty obligations.
- * In recognition of the importance of SDI both to the United States and our Allies, the U.S. extended an offer to our Allies to participate in SDI research. Agreements to facilitate such participation has been reached with the UK, West Germany, Italy, Israel, and Japan, and may be reached with additional Allies as well.

Talking Points:

- * The President's Strategic Defense Initiative seeks to explore the potential of emerging defensive technologies to enhance deterrence and improve stability by significantly reducing the military effectiveness of ballistic missiles.

- * The pace of Soviet offensive and defensive strategic military programs has upset the balance in the areas of greatest importance during crises. Their modernization of offensive nuclear forces and investment in strategic defenses of all types has been particularly striking.
- * When the ABM Treaty was signed in 1972, it was agreed that a comprehensive treaty reducing offensive nuclear forces should parallel it. It was hoped that such a treaty could be concluded in two years, and certainly within five years. Those hopes were not realized.
- * SALT I and SALT II codified major arms buildups, and allowed inequalities and ambiguities with respect to verification. They counted launchers, and limited weapons only indirectly. Since SALT I was signed in 1972, the Soviets have nearly doubled their strategic ballistic missile warheads from about 5000 to about 9000. The SALT structure did not reduce the Soviet buildup.
- * The Soviet Union's relentless improvement of its strategic ballistic missile forces has steadily eroded the survivability of our land-based retaliatory forces.
- * The President's Strategic Defense Initiative addresses his deep conviction that "certainly, there should be a better way to strengthen peace and stability, a way to move away from a future that relies so heavily on the prospect of rapid and massive retaliation and toward greater reliance on defensive systems which threaten no one."
- * On March 23, 1983, President Reagan announced his decision to take an important first step toward this goal by directing the establishment of the Strategic Defense Initiative research program.
- * The Soviets have long been engaged in an intense strategic defense research program, including the world's only existing ABM system -- deployed around Moscow -- and the construction of a ballistic missile detecting and tracking radar near Krasnoyarsk, which violates the ABM treaty.
- * The Soviet offensive and defensive build up has eroded the foundation on which deterrence has long rested. In concert with their massive and newly modernized offensive forces and already impressive air and passive defense capabilities, the possibility of a Soviet breakout from the ABM Treaty -- which the Soviet Union is already violating -- poses a serious new threat to U.S. and Allied security.

- * In addition, the Soviet Union has been engaged in extensive research and development of advanced technologies for ballistic missile defense since the 1960s. That program covers the same technologies being examined under the SDI, but represents a much greater investment of capital and manpower.
- * At a minimum, the SDI program is a prudent response to the very active Soviet research and development activities in this field, and it provides insurance against Soviet efforts to develop and deploy unilaterally an advanced defensive system.
- * The U.S. Strategic Defense Initiative research program is fully consistent with the ABM treaty, emphasizes advanced, non-nuclear defensive technologies with the aim of finding better ways of deterring aggression, strengthening stability, and increasing the security of the United States and its Allies.
- * SDI offers us, our Allies, and the world in general the possibility of radically altering today's dangerous trends by moving to a better, more stable basis of deterrence. It would allow us to move away from reliance on the threat of nuclear retaliation to deter aggression, and towards an enhanced deterrence based upon defensive capability that threatens no one.

ANTI-SATELLITE (ASAT) DEVELOPMENT AND ARMS CONTROL

Issue:

How can the United States best protect its interests in space and strengthen deterrence?

Objectives:

- * Ensure that we have a full range of options for protecting the military and civil systems of the United States and our Allies deployed in space.
- * Deploy a U.S. anti-satellite capability (the MV - Miniature Vehicle System), and develop other ASAT-related systems and capabilities, as well as endeavor in good faith to negotiate agreements that maintain and strengthen deterrence in these areas.

Accomplishments:

- * U.S. National Space Policy, announced by the President on July 4, 1982, states that the United States will consider verifiable and equitable arms control measures that would ban or otherwise limit testing and deployment of specific weapons systems, should those measures be compatible with U.S. national security.
- * With U.S. support, a specialized ad hoc committee to consider issues relevant to space arms control, without a negotiating mandate, was formed in the forty-nation Conference on Disarmament in Geneva. The mandate for this Committee is largely that proposed by the U.S. and its Allies over a year ago, and focuses on legal and verification issues.
- * In March 1984, the Administration submitted a comprehensive report to the Congress on U.S. Policy on ASAT Arms Control, which pointed out factors that impede identification of effective ASAT arms control measures. These include verification difficulties, the potential for breakout, the risks of disclosing sensitive information, diverse sources of threats to U.S. and Allied satellites, and threats posed by Soviet targeting and reconnaissance satellites. The report also indicated that the U.S. would continue to study selected limits on specific types of systems or activities.
- * The U.S. ASAT Program under development has made significant technical progress: the miniature vehicle anti-satellite (MVASAT) system has been tested in space; and a successful test was made against a satellite target in space in 1985, and two highly successful phenomenology tests against the radiation of a star were conducted in August and September 1986.

- * Research continues on technologies with potential for ASAT use, including directed energy weapons and space tracking technology.
- * Survivability of U.S. space assets is being upgraded through the development of measures which reduce or eliminate the effectiveness of Soviet ASAT systems.
- * On March 12, 1985 the United States and the Soviet Union began talks on space and nuclear arms with the objective of preventing an arms race in space and terminating it on Earth, at limiting and reducing nuclear arms, and at strengthening strategic stability.
- * In February 1987, the President decided to restructure the ASAT program in light of Congressional bans on testing the MVASAT system against a target in space. The President's new program continues work on the F-15 launched MVASAT, provides for development of a ground-launch capability and for the development of ground-based laser systems for potential ASAT use.

Talking Points:

- * The Soviets introduced their ASAT system over a decade ago. Today it is the world's only operational ASAT system.
- * Current Soviet ASAT capabilities include an operational orbital interceptor system; ground-based test lasers with probable ASAT capabilities; possibly the nuclear-armed Galosh ABM interceptors (if modified); and the technological capability for electronic warfare (jamming) against space systems.
- * The operational Soviet ASAT system threatens U.S. low-altitude satellites.
- * The 1978-1979 ASAT arms control talks revealed major U.S.-Soviet differences, and subsequent study has brought space arms control issues into sharper focus. Problems in space arms control include: verification difficulties; existing Soviet advantages in ASAT capabilities and research; difficulties in defining space weapons, since many ground-based systems have space capability and manned space systems have extreme flexibility; and the fact that the Soviets have deployed ASAT systems, whereas we have not.

- * The Soviets' proposal in the 1983 UNGA for an ASAT arms control treaty lacked provisions for effective verification, was unclear with regard to Soviet targeting satellites, and did not deal with residual ASAT capabilities. This moratorium proposal seemed clearly designed to block tests of the U.S. ASAT, while allowing the USSR to maintain its monopoly with the world's only operational ASAT interceptor system. The Soviets essentially reiterated these same proposals in June 1984, in connection with their proposal for talks in Vienna in September 1984, and again in March 1986, at the U.N. Conference on Disarmament in Geneva.
- * The U.S. is prepared in the Defense and Space Negotiations Group in the Geneva Nuclear and Space Talks to consider Soviet proposals, and to present ideas of its own on this complex subject. So far the Soviet proposal for a ban on ASAT testing and deployment suffers from the same defects as their earlier proposal.
- * The U.S. Congress has again imposed a unilateral ban on testing the U.S. ASAT against a target in space during FY 1987. The President has requested that this ban be lifted as soon as possible.
- * Continuing progress on an ASAT capability is vital if we are to deter threats to our own space systems and to deny any adversary the use of space-based systems against the United States and our Allies in support of hostile military forces.

SPACE

Issue:

How can the United States capitalize on the full potential of the medium of space in satisfying overall national interests?

Objectives:

- * Strengthen the security of the United States.
- * Maintain U.S. space leadership.
- * Benefit economically, politically and scientifically by exploiting space.
- * Expand U.S. private sector investment and involvement in civil and commercial space-related activities.
- * Promote international cooperative activities in space that are in the national interest.
- * Work with other nations to preserve the freedom of space for all activities that enhance the security and welfare of mankind.

In pursuing these objectives, our approach is based on a set of principles:

- * We are committed to the exploration and use of space by all nations for peaceful purposes and for the benefit of mankind.
- * We reject any claims to sovereignty by any nation over outer space, celestial bodies, or any portion thereof, and reject any limitations on the fundamental right to acquire data from space.
- * We consider the space systems of any nation to be national property, with the right of passage through, and operations in space without interference.
- * We encourage domestic commercial exploitation of space capabilities, technology, and systems for national economic benefit.
- * Promote U.S. economic interests and enhance the overly U.S. competitive position in space technology.
- * Ensure a reasonable return on U.S. Government investment in space technology, and seek to create an appropriate opportunity for U.S. private sector investment in space.
- * Foster international cooperation in basic scientific research.

- * We will conduct international cooperative space-related activities that achieve sufficient scientific, political, economic, or national security benefits for the Nation.
- * Our space program will be comprised of two separate, distinct, and strongly interacting programs -- national security and civil security.
- * Ensure consistency with U.S. policy objectives regarding U.S. Government launch programs and U.S. private sector commercialization of space transportation services.
- * The Space Transportation System (STS) is a major space launch system for both national security and civil government missions.
- * We will pursue activities in space in support of our right of self-defense, but will continue to study space arms control options.

Accomplishments:

- * On July 4, 1982, President Reagan signed the National Space Policy to guide the conduct of our space program. The policy confirms that our space program will be conducted according to principles outlined above.
- * Our Space Assistance and Cooperation Policy, which was issued on August 6, 1982, promulgates broad U.S. objectives in international space cooperation, and provides policy on space launch and technology assistance.
- * In May 1983, the President established a policy to facilitate the commercialization of expendable launch vehicles (ELVs). A Senior (Space) Interdepartmental Group study subsequently led to establishing procedures for licensing commercial space launches and giving lead agency responsibility to the Department of Transportation.
- * In his State of the Union Address on January 25, 1984, the President announced that the U.S. will develop a permanently-manned Space Station and place it in orbit within a decade; our friends and Allies were invited to join us, and in May 1985, we received positive responses from the European Space Agency, Canada, and Japan to participate in the U.S.-Manned Space Station program.
- * On July 20, 1984, the President announced 13 initiatives to encourage commercial activity in space.

- * On August 15, 1984 the President approved a National Space Strategy. The Strategy implements the National Space Policy by providing 17 priorities for the U.S. Space Program in the STS, Civil Space, Commercial Space, and National Security Space areas. Seven follow-on efforts to further implement the policy are directed.
- * On February 25, 1985, the National Security Launch Strategy was issued. It authorizes the Department of Defense to procure a limited number of ELVs in order to maintain assured access to space. It also directs a joint Defense-NASA study on the development of a second-generation space transportation system that would be a follow-on to the Shuttle.
- * On July 30, 1985, the President approved a plan for implementing full cost recovery of foreign and commercial Shuttle flights occurring after October 1, 1988. In approving this plan, the President directed that the price charged to DOD for Shuttle flights would be negotiated separately from that charged under the foreign and commercial policy, and would include appropriate compensation for DOD services rendered in connection with Shuttle flights.
- * On January 28, 1986, the Shuttle orbiter Challenger was destroyed shortly after lift-off, killing all seven astronauts on board. On February 3, 1986 the President established an accident investigation commission to determine the cause of the Challenger loss. On February 5, 1986, the Assistant to the President for National Security Affairs directed a study to determine what measures to take to reconstitute the U.S. space launch capability. On June 13, the President instructed the Administrator of NASA to report back in 30 days as to how he would implement commission findings. On June 20, the Congress passed an FY 86 urgent supplemental funding bill which provided DOD and NASA sufficient funds to begin reestablishing the U.S. space launch capability.
- * On August 15, 1986, the President issued a decision that the Space Shuttle would not be used for foreign and commercial payloads unless they were Shuttle-unique or involved important national security or foreign policy interests.
- * On October 3, 1986, the President decided on a plan for meetings with General Secretary Gorbachev which included establishment and approval of a work plan that would allow drafting and finalizing a U.S.-Soviet agreement on cooperation in space.

- * On December 27, 1986, the President established a U.S. National policy for restoration of the capability to launch satellites and missions into space to support U.S. national security, civil, and commercial goals using space. The policy provides a balanced, robust, flexible space launch capability which can function independently of failures in any single launch vehicle system.
- * On February 3, 1987, the President determined that a set of principles and guidelines were required in order to achieve the maximum, mutually-beneficial participation in the development of the U.S. Space Station. These principles and guidelines support the national security, scientific, economic, foreign policy and commercialization interests of the U.S. in maximizing the potentials of space.

Talking Points:

- * A vigorous and forward-looking space program is one of the most highly visible and tangible demonstrations of world leadership and gives us an effective means of influence in foreign relations.
- * Few other national endeavors have equaled the potential of the U.S. Space Program to: perform functions in the national security, domestic and private sectors that either cannot be performed any other way or cannot be performed as economically or as well; advance the state-of-the-art in high technology; elevate the human spirit, capture our imaginations, demonstrate our pioneering initiative, and hold out hope for a progressive future for our Nation and all mankind.
- * Since announcement of his National Space Policy in July 1982, President Reagan has issued approximately ten directives and made numerous decisions that will help implement this broad policy. The Senior Interdepartmental Group (SIG) for Space was established to coordinate the implementation.
- * Much remains to be done to set the U.S. Space Program on a course that ensures U.S. leadership in the decades ahead. By the President's direction, a National Space Strategy has been completed, which establishes broad priorities for the U.S. Space Program and identifies potential issues to be resolved through follow-on studies.

- * Several actions are underway to reestablish the U.S. space launch capability. They include: procuring a fourth replacement orbiter, additional medium expendable launch vehicles (MELVs), and larger complementary expendable launch vehicles (CELVs), conducting studies and research into development of a heavy-lift launch vehicle (HLLV), requiring satellites to be dually compatible with either the Shuttle or ELVs, repairing faulty NASA shuttle launch systems to preclude future failures similar to the Challenger accident, and preparation of a transition plan that integrates U.S. commercial launch systems into the U.S. space launch capability, pursuing advanced technology programs into new launch systems, such as the National Aerospace Plane (NASP), and seeking development and deployment of a permanently-manned U.S. Space Station using international participation.

MILITARY CAPABILITY/READINESS

Issue:

Are our armed forces more "ready" than in 1980?

Objectives:

- * Continue to improve training and skill levels of U.S. forces.
- * Reduce longstanding shortages in combat sustainability, including stock levels of critical consumables.
- * Provide modern equipment to enhance combat effectiveness and survivability.
- * Provide better capability to deploy and support forces over long distances.
- * Blend equipment, sustainability, logistics, and manpower improvements into more combat-capable armed forces.

Accomplishments:

- * In force readiness (the ability of forces, weapons systems, to deliver outputs -- without unacceptable delay -- for which they were designed), substantial progress has been made in the past six years, and steady improvement is projected for the future.
- * Since FY 1980, there has been an almost 21 percent increase in the number of enlisted personnel with four or more years of service, and the percentage of recruits with high school diplomas has increased from 68 percent to 92 percent.
- * While trends in average training hours/flying days/steaming days have been steady, or have improved slightly since 1980, the quality of training has improved considerably.
- * Trends in the material condition (mission-capable rates) of most major weapons categories have been steady or slightly improving since FY 1980. Now, however, we are supporting larger numbers of more sophisticated and complex weapons, operating them for longer periods, and still realizing readiness improvements in some areas.
- * In force sustainability, (the staying power of our forces in combat), because of the long lead times involved in procurement, our increased funding from FY 1982-87 for sustainability has not yet been fully translated into inventories. However, we have increased the budget allocation by 100 percent over the 1980 level, which will result in increased sustainability.

- * In force structure, (the number, size, and composition of our forces), we have provided for significant increases in the numbers of some units (divisions, battalions, tactical fighter wings, Navy aircraft squadrons, and ship battle groups) over the past six years. The need to provide balance among the components of military capability within finite resources has required, however, that revisions in force structure receive a somewhat lower priority than modernization, readiness, and sustainability.
- * In strategic mobility we can deliver 25 percent more tonnage to Europe by air than we could in 1980. We have done more to improve sealift since 1981 than in all the years since WW II.
- * In force modernization, we have obtained appropriations of over \$76 billion for shipbuilding, including the construction of 64 new major combat ships. We have funded a substantial increase for procurement of modern weapons systems for the Army and Marine Corps: 5,359 M-1 Abrams tanks; 4,251 Bradley Fighting Vehicles; 526 AH-64 Apache attack helicopters; 722 Light Armored Amphibious Vehicles; and 22,135 Stinger missiles. We can provide 62 percent more air sorties in Europe -- sorties whose individual effectiveness is improved because they are flown by newer aircraft carrying more accurate weapons.
- * The Bottom Line: In the professional judgment of each U.S. Unified and Specified Commander-in-Chief, his command is indeed far more ready "by every measure of common sense" than it was six years ago.

Talking Points:

- * This Administration inherited several acute defense problems which required immediate attention: There was no comprehensive plan for strategic modernization; production rates for many important procurement programs were grossly inefficient; war reserves were extremely low; and there was a shortage of skilled manpower.
- * This Administration's primary objectives have thus been to improve near-term training, readiness, and manpower problems; integrate the modernization of strategic forces; increase conventional force modernization; and make inroads in the longstanding deficiencies in combat sustainability.
- * Overall, substantial progress has been made in many aspects of these problems in the past six years, and gradual but steady improvement is projected in the future. We have more and better people, they are better trained, and our men and materiel are better supported.

- * We have shown that it is possible to set defense priorities and to make balanced progress in improving overall military capabilities.
- * The President is now requesting three percent real growth in the Defense -- the minimum considered necessary to consolidate the gains made earlier in this Administration in rebuilding our defense capabilities.

NUCLEAR WEAPONS MODERNIZATION IN NATO

Issue:

How can the United States best provide an effective and credible nuclear deterrent which supports NATO?

Objectives:

- * Maintain an effective and credible nuclear deterrent in NATO which supports NATO strategy and objectives at the lowest possible level of arms.
- * Continue, in the absence of an arms control agreement, to deploy longer-range intermediate nuclear weapons (LRINF) in accord with the 1979 NATO Decision.
- * Enhance the utility, survivability, and safety of nuclear weapons in NATO.

Accomplishments:

- * The NATO nuclear weapons inventory is being reduced to its lowest level in twenty years. Following a withdrawal of 1,000 warheads in 1980 as part of the 1979 Dual-Track Decision, NATO reached further agreement in 1983 to withdraw 1,400 additional weapons by 1988. That reduction and restructuring is well along toward completion. In addition, theater nuclear weapons are being withdrawn on a one-for-one basis as LRINF deployment proceeds.
- * Alliance unity has been maintained through extensive consultations throughout INF negotiations. We agree on negotiating positions and on adherence to measured deployment of 572 LRINF weapons in the absence of a verifiable, equitable arms control agreement. Deployment has proceeded on schedule in the UK, the FRG, Belgium, and Italy.
- * In November 1985, the Dutch Government reconfirmed its commitment to deploy 48 cruise missiles in the Netherlands. The Government announced that deployment would occur in 1988, and construction of the cruise missile base in the Netherlands has begun.
- * We continue to explore ways to reach the lowest inventory level and weapons mix consistent with a credible and effective nuclear deterrent.
- * We have obtained Allied recognition of and support for improvements in conventional defense capabilities to permit less reliance on nuclear weapons in NATO strategy. U.S. defense improvements have led the way in reducing the need for early resort to nuclear weapons.

- * A limited but effective modernization program for shorter-range systems has been developed, to provide needed capabilities at reduced inventory levels. Modernization also enhances the accuracy, flexibility, and security of stock-pile warheads.

Talking Points:

- * Over the last four years, progress in NATO nuclear weapons modernization has been substantial. We are reducing the overall weapons inventory to the lowest level in twenty years.
- * We have maintained Alliance unity in pursuit of both tracks of the 1979 Dual-Track Decision. We have negotiated constructively and flexibly on INF, with full Alliance accord on our position; we have adhered to a limited and gradual deployment of Pershing II and Ground-Launched Cruise Missiles in the absence of an equitable and verifiable INF arms control agreement.
- * We have pursued a limited modernization program for other short-range nuclear weapons, which will allow us and NATO to maintain a credible, effective theater nuclear deterrent at the lowest possible inventory level.
- * We have led the way in conventional defense improvements in NATO, and there is Allied agreement on the wisdom of improving conventional forces and reducing reliance on nuclear weapons if deterrence fails.
- * The United States has undertaken a sustained, expanded, and in some cases unprecedented, level of consultations with its NATO Allies.
- * The NATO Special Consultative Group (SCG), chaired by the United States, meets regularly and often to review and coordinate our INF negotiating efforts.
- * The NATO High-Level Group (HLG), also chaired by the United States, also meets frequently to examine critical nuclear issues facing the Alliance, providing the analysis on which NATO decisions on these issues have been based.
- * The Ministerial-level Nuclear Planning Group (NPG), of which the United States is a participant, meets semi-annually to discuss nuclear issues in the Alliance.
- * The United States also has participated in a series of bilateral High Level Defense Group meetings with various NATO partners which have resulted in improved understanding of defense matters.

CONVENTIONAL MODERNIZATION

Issue:

How can the U.S. best utilize its technological strength to modernize its conventional forces, better deter conventional conflicts, and reduce reliance on tactical nuclear weapons.

Objectives:

- * To move technology into the force structure at a more rapid pace.
- * To help offset Soviet superiority in numbers of troops and conventional weapons systems.

Accomplishments:

- * In January 1987, the President published a new National Security Strategy that emphasizes the importance of a well-structured conventional modernization program.
- * Key elements include:
 - The Army's modernization program, which is based on the new Air Land Battle doctrine, and provides a combined-arms capability that will enable our divisions to maintain a qualitative edge over the much larger Soviet forces.
 - Ongoing modernization programs for our tactical air forces supplement these ground force programs. The ability of our tactical air forces to maintain local air superiority and support ground forces requires continuing improvement.
 - The program to revitalize our special operations forces is being fully implemented as one of our highest priorities. This program will ensure that we have highly trained forces immediately available to respond to a broad range of crises and Low Intensity Conflict situations, when our interests so require.
 - Improvements in C3I are of continuing high priority in order to strengthen the ability to employ our conventional forces to their full capability.
 - New short- and long-range mobility forces are improving our capability to transport and support our forward units, and to deploy forces in contingencies. The ability to build up military power rapidly in strategically important areas on the Eurasian periphery is essential for deterrence, and for neutralizing the geographical advantages of the Soviet Union.

- The warfighting capability of our naval forces is improving markedly with the increase in the quantity and quality of ships and aircraft, as we proceed to a balanced 600 ship, 15 carrier battle group Navy. This long-term program to assure our ability to use the world's oceans in peace and war requires continuing support.

Talking Points

- * As we continue to improve our strategic deterrent forces, we must be mindful of the fact that our conventional forces are the first line of deterrence, and an essential means of supporting U.S. interests in crises short of general war. With the emergence of rough nuclear parity between the United States and the Soviet Union, conventional forces have become even more important to maintaining a secure deterrent. Our current conventional force modernization program contributes to a strong forward defense posture.
- * The full impact of our major conventional modernization programs will be felt over the decade ahead. Accomplishment of our objectives will greatly increase our conventional deterrent capability. The net improvement in our defense posture will not be marginal; it will be fundamental.
- * Full support of these programs is essential to avoid deterioration of the U.S.-Soviet conventional force balance, and assure that we have conventional forces capable of conducting forward defense of our interests without recourse to nuclear weapons.
- * Ongoing implementation of the recommendations of the President's Blue Ribbon Commission on Defense Management, chaired by David Packard, includes a number of actions to shorten acquisition cycles and move advanced technology into the force structure at a faster pace.