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# WITHDRAWAL SHEET

## Ronald Reagan Library

**Collection Name** MATLOCK, JACK: FILES

**Withdrawer**

JET 5/13/2005

**File Folder** NSDD AND TALKING POINTS [SHULTZ-GROMYKO MEETING IN GERMANY] (1/2)

**FOIA**

F06-114/8

**Box Number** 29

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2904

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
10351	LETTER	CASEY TO PRESIDENT REAGAN RE USSR <b>PAR 3/16/2011 F2006-114/8</b>	6	12/21/1984	B1 B3
10352	PAPER	US CAPABILITIES TO MONITOR SOVIET STRATEGIC OFFENSIVE FORCE LIMITATIONS COVER SHEET AND TABLE OF CONTENTS <b>PAR 3/16/2011 F2006-114/8</b>	4	2/15/1983	B3
10353	MEMO	ADELMAN TO PRESIDENT REAGAN RE PROPOSED STRATEGY AND POSITIONS FOR SHULTZ UPCOMING MEETINGS WITH GROMYKO <b>PAR 2/25/2008 NLRRF06-114/8</b> DOCUMENT PENDING REVIEW IN ACCORDANCE WITH E.O. 13233	9	12/26/1984	B1

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Casey Memo

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REPORT TO  
Mastlock

Matlock

NATIONAL SECURITY COUNCIL

December 20, 1984

FYI--attached is a copy of Bud's  
backgrounder from today.

Karna

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

January 3, 1985

STATEMENT BY ROBERT C. MCFARLANE  
ON GENEVA TALKS

Room 450  
Old Executive Office Building

12:00 P.M. EST

MR. SPEAKES: I want to welcome you to the briefing that will be, more or less, a scene-setter for the upcoming talks in Geneva between Secretary Shultz and the U.S. party and the Soviet Foreign Minister and the Soviet party.

The briefing today will be in two parts. The first part will be an on-the-record statement by the President's Foreign Policy Advisor, Robert P. McFarlane; and the second will be a background briefing by a senior administration official.

We have a number of press materials here in a kit that includes reproductions of these charts, a new booklet on the President's Strategic Defense Initiative, which is being released for the first time today, and I want to particularly call your attention to it. It includes the Presidential statement at the beginning of the book.

Do we have any questions prior to the beginning?

Q Larry?

MR. SPEAKES: Yes?

Q Can't you have the whole briefing on the record?

MR. SPEAKES: No.

Q Larry, are you aware of the fact that the briefer's name has already been published as the person giving this briefing?

MR. SPEAKES: I'm aware it's been published in The New York Times this morning, but I don't know whether that constitutes a license for anyone else, but you have to make your own moral judgments on this.

Q Will the briefer appear saying substantially the same things in front of a television camera in the next several days?

MR. SPEAKES: There are no plans for the briefer to appear on television in the next several days.

Q Larry, those charts aren't in --

MR. SPEAKES: Aren't what?

Q Aren't in the book.

MR. SPEAKES: Oh, they will be brought in. You'll get them on the way out.

All right. Anybody else anywhere? Everybody feel pretty comfortable with the rules?

MR. MCFARLANE: Good morning. In the course of the past year, the President has directed and managed a review of the full family of United States arms control positions, covering the spectrum

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THE WHITE HOUSE  
Office of the Press Secretary

For Immediate Release

January 3, 1985

BACKGROUND BRIEFING  
BY  
SENIOR ADMINISTRATION OFFICIAL  
ON THE SHULTZ-GROMYKO TALKS

Room 450  
Old Executive Office Building

12:05 P.M. EST

SENIOR ADMINISTRATION OFFICIAL: The balance of my remarks, now, will be on background; and I will be brief and take your questions.

Q But you just said on the camera that the balance of his remarks would be on background. You're not thinking that he identified himself? As the background briefer?

MR. SPEAKES: No. The background -- or, the on-the-record part ended, as I said, with the conclusion of the statement.

Q Oh, all right. (Laughter.)

MR. SPEAKES: Smooth operation here -- there are no impulses in this operation. (Laughter.)

Q Questions?

SENIOR ADMINISTRATION OFFICIAL: I'll be very brief and I'll get to your questions in a moment. I wanted to rehearse, briefly, remarks that I've made before to most of you concerning the evolution and the underpinnings of strategic deterrence which have played a significant role in influencing the United States' position going into these talks.

For the past 20 years our assumptions on maintaining deterrence have been based on the concept that if each side were able to maintain the ability to retaliate against any attempt that it might face and impose costs which were unacceptable, this would suffice to prevent conflict. This "balance of terror," if you will, relies upon the ability to threaten the other side with offensive power.

It was this assumption that underwrote the SALT I agreements -- the concept that vulnerability was a good thing and that if each side maintained equal forces, this mutual capability to retaliate would ensure both stability and deterrence.

The corollary to that assumption was that neither side would seek to gain unilateral advantage -- to alter the balance -- by the building of offensive or defensive forces which could remove its own vulnerability or increase that of its adversary. Further, it was generally recognized then that deterrence, based on offensive forces, were not only sensible, but necessary, since neither side could, at that time, develop a defensive system which could effectively deter the other side. The ground-based anti-ballistic missile systems then under contemplation were both expensive and uncertain. The state of the art simply wasn't that far advanced.

I summarize these basic assumptions which underwrote the concept of deterrence because the record of history suggests that those assumptions are being called into question. Do they remain valid or not?

MORE

At the very outset the notion that a country is better off in a circumstance in which it is unable to defend itself is, I think, subject to question on its face. The corollary, that neither side would seek to alter that condition, has been undermined by the Soviet Union which has gone beyond equality to establish a superior position in key measures of the strategic balance.

In addition, it has conducted an extensive research and development program and deployments of defensive systems which raise serious questions about the preservation of stable deterrence in the years ahead.

Similarly, the Soviet Union has sought to establish further advantage through development of defensive systems able to counter or reduce our ability to retaliate effectively. They have maintained an advanced ballistic missile research and development program. They've maintained and upgraded, around Moscow, the world's only operational ABM system. And they have improved their national air defenses and early warning systems to a degree that calls into question the spirit, if not the letter, of the ABM treaty.

Indeed, if you look at their activities over the course of the past 20 years, you'll find that the Soviet expenditures on strategic defensive systems have been roughly equal to their expenditures on offensive systems; and both, of course, have been quite large.

Finally, the emergence of new technologies suggests the possibility that, by the turn of the century, that each side may be able to turn to greater reliance upon defensive systems which don't threaten anyone -- systems which are oriented against military systems, weapons, and not people, and which could not threaten either country or its society.

It's for these reasons that the President, a year and a half ago, proposed the opening of a serious research effort fully compatible with treaty commitments to see whether, for the 1990's and beyond, some future President might not be in a position to move us away from a strategy based on threatening, with offensive power, and toward one which threatens no one.

I'll be glad to take your questions now.

Dan?

Q I'm confused by one underpinning here to your whole statement. The -- Governor Reagan, when he campaigned, spoke of a window of vulnerability and circumstances under which it was fruitless to try to negotiate with the Soviet Union. More recently the President has said that that window has been closed and now that, thanks to a defense build-up, inequality has now been redressed, and now it is possible to negotiate.

Your statement, then, that the Soviet Union has gone beyond equality to establish superiority in key weapons -- if that is true, why are you negotiating with them? Why don't you redress that balance first?

SENIOR ADMINISTRATION OFFICIAL: The statement I made was that the Soviet Union has established superiority in key measures of the strategic balance, notably, in prompt, hard-target-capable systems -- ICBMs.

In addition, notwithstanding the very substantial advantage they have, new systems nearing deployment, now being tested, raise questions as to the overall size and quality of their forces in the coming years. Now, one has to hope that you cannot only restore a balance through building, but by the preferred method of reducing to an equal balance on both sides. And that can only come about through negotiations.

It's important to realize that the modernization program that has been underway in the United States for four years has already gone far toward making clear the day will come when the balance can be restored, and making possible the meetings that will occur next Monday, and Tuesday, and hopefully beyond, that will involve a serious effort on our part to reduce these systems to a stable level on both sides.

Q Can you --

Q When Shultz is in Geneva, will he say to the Soviets that we think they have violated the ABM treaty and use that as an argument for going forward with our Star Wars program?

SENIOR ADMINISTRATION OFFICIAL: If arms control agreements are to have any meaning, both sides, both parties have to comply with them. Now it is in this context that our own concerns, which are a matter of public record, over Soviet practices and compliance with past agreements be reaffirmed on the record so that we can establish a climate and a commitment to compliance as a basis for some confidence that we can conclude a satisfactory agreement in the future. And so our concerns over compliance, generically, are a reasonable matter for discussion with the Soviet Union. In fact, they have been for some time at the SCC and we'll remain active in that channel in the future.

Q But you specifically said here that we think they have violated the spirit, if not the letter, of the ABM treaty. Will that become a major part of Shultz's presentation? And will it be our argument for going ahead with Star Wars?

SENIOR ADMINISTRATION OFFICIAL: My remarks then were keyed to -- not Geneva, per se -- but to why we have concluded, as we have, that we have to find a way to restore a balance that we think can be enhanced by the integration of defensive systems. But an important part of making that feasible is confidence on both sides of compliance. And, in that context, it is relevant to our talks. Your implication of a precondition, or of a specific focus -- I would not think likely.

Sam?

Q Will you take another try at telling us to what extent we're going to be willing to talk to the Soviets about SDI, and at what stage of any future talks we might be willing to talk to them with an eye toward reaching some accommodation, either directly on defensive weapons, or on trade-offs of offensive, defense systems?

SENIOR ADMINISTRATION OFFICIAL: Our foremost purpose in Geneva is to come to terms on format, on procedures, for formal follow-on talks. Now, in that context, if one looks at the family of strategic systems, they fall logically into those which are used for offensive purpose and those which are used for defensive purpose. Secondly, in considering those families of systems,

within the context of current Soviet advantages and levels of offensive power. It is reasonable for the United States to ask how a stable balance can be restored. And it has been our conclusion that one way in which deterrence can be substantially strengthened is by integrating defensive systems into the forestructure.

Now, one cannot conclude that today. It is sensible to research that possibility as we are. And, should the time come when technologies are validated as holding the promise of enhancing deterrence, that would surely be a matter for discussion, not only with the Soviet Union, but with our allies.

We are, at this point, conducting a research program fully compatible with our treaty commitments and it will remain for some future administration to make a decision as to whether this research warrants a development program, at which time it is our presumption it would be our intention to discuss such integration of those systems on a -- with the Soviet Union and our allies.

Q May I follow up? You and others have made it pretty plain that at this point we will not give up the capability of researching this program. What if Gromyko says, "Well, in that case, we see no reason to go forward with talks of any variety?" Is that a likely response of his and if so, what will we do?

SENIOR ADMINISTRATION OFFICIAL: Taking the last part first, it seems to me that the assertion that a focus upon "the militarization of space" is a bit disingenuous. I say that because, as I think our chart on the left here portrays, defense is -- and defensive systems -- are very well established Soviet priority. The chart depicts in red the scale of Soviet development of defensive systems as compared to the United States in the blue.

Now we are -- and the President, personally -- committed to discussing defensive systems. It is essential that we come to terms on the role which defensive can -- systems can play in improving deterrence and we shall. Defensive systems encompass systems that are on the ground, it could be in space. I'd remind you again that the Soviet actual capability today far exceeds our own, that their investment does as well. And, still in all, we're ready to discuss the family of defensive systems with them and hopefully, to get agreement that nonnuclear defensive systems integrated into our forestructures hold far greater promise of stable deterrence than the current situation.

Barry?

Q The sense of what you're saying seems to be that you're prepared to discuss with the Soviets building up defensive systems. But it's fair to assume they're interested in preventing the United States from proceeding with SDI. Is that a fair assumption? In other words, you're -- you put the two weapon systems into different categories, as reports have suggested. You're interested in cutting back offensive weapons but want their consent -- or their acquiescence to your buildup of defensive weapons -- call it integration, if you will. But, isn't that sort of asymmetrical?

SENIOR ADMINISTRATION OFFICIAL: It is asymmetrical for them to make such an assertion. For them to say, in effect, that what's Soviet is Soviet and what's U.S. is negotiable is no basis for negotiation. Now, it is reasonable, intellectually, to examine the family of defensive systems and to say whether or not, and if so, how, any or all can contribute to stable deterrence and we are willing to do that.

To isolate defensive systems in space is to ignore and deintellectualize the leading elements of a stable balance and it just is not sensible to do so. It is hard to imagine that our readiness to discuss the family of defensive systems and offensive systems could be a matter for Soviet objection. We are ready to talk

about the full family.

Don?

Q I -- If I recall the President's speech of March 23, 1983, he said that he was ordering a research and development program. If I understood you a minute ago, you said we have a research program and development is to be ordered by some future President. Could you explain the difference, or what has changed in the interim in -- on that -- in that respect?

SENIOR ADMINISTRATION OFFICIAL: A better term perhaps for the downstream decision is deployment. Research and development encompasses the activities of research per se as opposed to putting operational systems out into the field. And it is that latter component which will be for some future President to decide.

Yes?

Q Without asking you about the substance and the matter of procedure, could you tell us whether the United States and the Soviet Union have been in consultation privately about the procedure with which they will enter the Geneva talks? Have there been any prior discussions to give each side an opportunity to have some foreknowledge as to the general approach which each side is taking in Geneva?

SENIOR ADMINISTRATION OFFICIAL: Well, since the Thanksgiving Day announcement, the diplomatic exchanges between ourselves and the Soviet Union have gone on. I won't characterize nor deal with the substance of what those talks have included. But, we believe there is a satisfactory basis going in for -- for a positive outcome.

Yes, Bob?

Q What would be your utmost optimistic outcome? What would you guess would be the best outcome you could hope for from these talks?

SENIOR ADMINISTRATION OFFICIAL: Well, Bob, I think that's the kind of strawman that is really not helpful to construct. Our hope is that we come away with a framework process for formal negotiations and the sooner the better. Whether that comes immediately or requires another meeting or so is less important than if we make some progress toward that end.

Yes?

Q Assistant Secretary Perle was quoted in the Post yesterday as saying that he disagrees with the idea that the United States and Soviet Union can propose their differences, reduce them to treaty constraints, enter into agreements, treaties, and work out a system of compliance. He said that "I don't agree with any of that." Where does the President come down on that sort of thing?

SENIOR ADMINISTRATION OFFICIAL: The President clearly believes that it is essential that we seek to establish a stable relationship with the Soviet Union in broad terms, bilaterally on regional issues, and importantly in the vario-strategic balance and that stable deterrence be preserved. And that it is essential that we negotiate with them toward getting arrangements to preserve a stable balance in the years ahead and that that can be done.

The President has gone through in some detail the history of negotiations with a view toward drawing lessons as to what has worked and what has not worked. Clearly, some things have worked, and others haven't. He believes that the United States is in the best position today that it has been in for a generation to get real progress toward reduction of nuclear systems. And he's committed to

succeeding in that effort in the years ahead.

Q Does he disagree with Perle then, or does he agree with the basic world view? I mean, is there a difference in this --

SENIOR ADMINISTRATION OFFICIAL: The President's commitment and strong feelings are as I have presented them. Richard's are his own and speak for themselves.

John?

Q Who will be in the room for the United States and who do you anticipate will be on the other side of the table?

SENIOR ADMINISTRATION OFFICIAL: The participates -- participants on the U.S. side -- those travelling to Geneva -- will include the Secretary of State, myself, Ambassador Paul Nitze, Ambassador Ed Rowny, Assistant Secretaries Rick Burt, Richard Perle.

Q Will they all be at the table?

SENIOR ADMINISTRATION OFFICIAL: Let me get my list together here.

Ambassador Art Hartman, Director of Political Military Affairs John Chain, Director Adelman of the Arms Control and Disarmament Agency, Special Assistant to the President for National Security Affairs Jack Matlock, Vice Admiral Art Moreau, Assistant to the Chairman of the Joint Chiefs, Special Assistant to the President Ron Lehman of the National Security Council staff, and other representatives of the interested agencies of government here.

Q Who will be in the room?

Q Shultz indicated he would like a five or six-man delegation in the room. Is that no longer a valid -- these guys will physically be in the room when they talk ?

SENIOR ADMINISTRATION OFFICIAL: The formatting of who is in and who is outside the room is a matter dependent upon the composition of the other side's delegation, which I cannot address right now, and I'd refer you to the Soviet Union for that. But a corresponding number, in general, is a safe assumption, at the table.

Yes.

Q I want to come back to this question of what is negotiable in terms of SDI. You say it's on -- you say we will discuss SDI with the Soviets. Others in the administration say it's on the table to discuss and describe but not on the table to trade. Yet, your preparatory remarks, you said you'd be flexible. Now, where does SDI fall in there? Do you just want to talk about it but it is not a bargaining chip, or is it?

SENIOR ADMINISTRATION OFFICIAL: Well, it is not a bargaining chip. The United States' treatment of defensive systems will be serious and detailed, thorough. But I wouldn't go beyond that to disclose the specific presentation that we will make. It will be a thorough-going exchange with the Soviet Union on the full family of defensive systems as well as offensive systems.

Hank.

Q Do I understand you to say that you have not heard from the Soviets about the makeup of their delegation?

SENIOR ADMINISTRATION OFFICIAL: I wouldn't say that. But it's not for us to announce or publish that and --

Q On deep background. (Laughter.)

SENIOR ADMINISTRATION OFFICIAL: No, I'd refer you to them.

Do you have follow-up?

Q I just want to find out if the SDI is so essential to your position that you can't afford to bargain it, that you don't have any other chips going here on the defensive side? If you're going to split this thing into offensive and defensive, all you seem to have on defense is SDI.

SENIOR ADMINISTRATION OFFICIAL: Well, there are other elements on the U.S. side in the defensive basket, as well. But I won't characterize or treat in detail the U.S. position.

Andrea.

Q You said there was constructive work done on the offensive side, ideas that the President has reviewed. Can you say how much we are willing to -- how far we are willing to go in Geneva on suggesting new ideas on what used to be known as START and INF?

SENIOR ADMINISTRATION OFFICIAL: The past year, and particularly the springtime, involved an awful lot of work and man and woman years on our START and INF position, but to go beyond saying we do have constructive ideas on how we can bridge the differences between us, I think would be out of place right now. In saying that we do have ideas and are prepared to deal flexibly on that family of issues, I intend just that.

Q Will there be some hints or indications of what new numbers might be possible?

SENIOR ADMINISTRATION OFFICIAL: I wouldn't treat that publicly right now.

Yes.

MORE

Q It's been reported that our preference is for two separate sets of negotiations, post next week's meeting; one dealing with offensive systems and the other with defensive systems. If the Soviets come back and insist on a single set of negotiations because they have in mind trade-offs between defensive and offensive weapons, would we have serious trouble acceding to that request?

SENIOR ADMINISTRATION OFFICIAL: The United States goes into these talks flexible on the formats that might be established beyond January 8th. We do think that the family of systems can be considered conveniently and from a militarily sensible point of view in an offensive context and a defensive context while concurrently discussing the relationship between those two. And we're prepared to discuss that or alternative formats and are not wedded to a particular outcome. Some are better than others and we're willing to discuss them.

David.

Q Well, could I just ask the trade-offs question one more time? Are there concessions that the Soviets could offer in the area of offensive systems that would lead the U.S. to decide that the stability of deterrence had been restored and, therefore, would lead the administration to scale back its plans as you outlined them on SDI?

SENIOR ADMINISTRATION OFFICIAL: Well, our objective is a stable balance and stable deterrence. Now, you can get that in many ways. Reducing offensive systems, integrating defensive systems, both. We do believe and we think that it is -- it is sensible on its face, that if we can find an outcome that moves us away from offensive power which threatens human beings and toward defensive, non-nuclear power, that that's a very sensible thing to do. And that will be our purpose in Geneva and beyond.

Yes.

Q Have you found any -- have you received any indication from the Soviets that they would be willing to go along with the kind of two-track approach, two separate negotiations -- one offensive and one defensive? Have you had any indication from them whether that would be all right by them?

SENIOR ADMINISTRATION OFFICIAL: That's a matter for the diplomatic channels. I wouldn't comment on the Soviet position.

Q And, secondly, by separating it that way, does that mean that you would merge the -- both the strategic and intermediate-range talks into one?

SENIOR ADMINISTRATION OFFICIAL: No. The offensive basket, as I said, encompasses strategic offensive, intermediate-range offensive. But we wouldn't presume that those have to be merged. In fact, the Soviet public position several months ago I think was rather a disinclination to go in that direction.

We go into these talks flexible and open to suggestion.

Yes.

Q Earlier, you criticized the Soviet Union for violating the spirit of some of the arms control agreements. Do you believe that satisfactory agreements can be reached in the future without such an adherence to the spirit of it, in view of the fact that the Soviets regard what we say are violations as simply stretching to the limit the terms of the agreements and seeking loopholes?

SENIOR ADMINISTRATION OFFICIAL: I think, clearly, that any agreement to be viable and strengthen deterrence must be adhered to by both sides and both sides must have the confidence that the terms of the agreements and the arrangements for compliance are satisfactory and meet their interest. And that will remain an enduring requirement.

Chris?

Q Yes. I just want to get back to Star Wars for a minute. You were making a big distinction between the research and the development that's going on, probably into the next decade, and the deployment which would have to be decided by a future President. Is President Reagan willing to negotiate deployment now, or does he feel that that's a decision that can only be made by a future President negotiating it after we understand what the technology is in the early '90s?

SENIOR ADMINISTRATION OFFICIAL: Well, it would probably be impossible to negotiate the terms of deployment right now since it will be a number of years until any of the several areas of research prove their feasibility for adding to deterrence. And so it will be for some future President to deal with that.

Q Is there any change in your basic attitude toward the strategic balance as a result of your recent assessments? I'm asking because in your assertion earlier that the Soviets have gained superiority, it seemed to me that the administration in general has taken the position that there has been a kind of effective parity even though the system is different. I want to be sure to understand whether in your assertion today about Soviet superiority whether that represents any kind of a change in your general assessment of the strategic balance on the eve of these talks.

SENIOR ADMINISTRATION OFFICIAL: In the last background session and today, I said then and reaffirm now that effective deterrence exists. One worries about the continuity of stable deterrence when you see changes in key measures of the strategic balance, such as in the balance in prompt hard-target capability, ICBM warheads.

The chart over here points out that right now the ICBM warhead capable of prompt hard-target destruction favors the Soviet Union by about two to one. The overall ICBM warhead balance is about three to one in their favor. And these are the systems that are most relevant during crisis situations to preserving stable deterrence. So it's important to try to get a handle on those, to reduce those systems, and that will be and remain our leading priority.

The back.

Q A little while ago, you said that your hope from the results of the September 7th and 8th talks would be a framework process for formal negotiations, the sooner the better. My question is, do you hope for a framework process for formal negotiations, the sooner the better, on SDI?

SENIOR ADMINISTRATION OFFICIAL: The framework that we seek is one which will encompass the full family of strategic systems, offensive and defensive. In the defensive context, strategic defense, ballistic missile defense, ground-based, space-based, anti-aircraft defense, all fall within that basket of strategic systems. And it is with that expectation that we hope we can open formal talks soon.

Yes.

Q You've indicated that you -- fairly clearly, that you'd be reluctant to scale back the research, the SDI research, or even to end it. What would you -- would the administration be

willing to entertain restrictions on testing on the space-based components of the SDI in exchange for sufficient incentives by the Soviet Union, or is that so clearly out of the ball park you won't even entertain it?

SENIOR ADMINISTRATION OFFICIAL: It's premature to comment on that at this point.

Roger?

Q If you're so hopeful and if you're so flexible about these talks, what is it that makes you and the administration so reluctant to be enthusiastic about them? (Laughter.)

SENIOR ADMINISTRATION OFFICIAL: History is replete with examples of high hopes and great expectations which have gone unfulfilled. That said, we have profited from the lessons of those past examples and remain committed and determined, but leavened by that history, patient and without illusion.

We are committed and hopeful because it is imperative that we succeed. It is the right thing to do. But it won't be easy.

Yes.

Q Aren't you really saying that the Soviet Union already has a very extensive strategic defense initiative program, directed energy three to five times the United States effort, and that their efforts also are not negotiable or not bargaining chips and that you're really going there to discuss with them something for the future, that just lay the defensive systems on the table and discuss them, but they are not negotiable from either side?

SENIOR ADMINISTRATION OFFICIAL: That remains to be seen whether the Soviet Union is prepared to address the full family of strategic offensive and defensive systems that both of us must do if we're to establish a stable balance. And I wouldn't prejudge that. We'll see.

Yes.

Q What does SDI testing come under? Development or deployment? Would it be negotiated now or left to a future administration?

SENIOR ADMINISTRATION OFFICIAL: Well, the line is drawn essentially between the proving out of a technologies capability, things involved in proving that feasibility being in the research and development context; and involving testing. However, once a decision is made to go to deployment, that becomes a matter of deployment and these matters are governed by, right now, the ABM Treaty, among other things. And our program is compatible with and will remain compatible with that Treaty commitment.

Q Under the Treaty then we're free to go ahead and test SDI all the way up to the point of actually deploying?

SENIOR ADMINISTRATION OFFICIAL: Well, I refer you to the Treaty, but it becomes a little arcane. We can follow up afterward, if you like. But there is authority exercised by the Soviet Union in some considerable tests of their own to conduct feasibility studies of defensive technologies.

Yes.

Q Well, under that -- what you just said, where does the defending test of an anti-satellite weapon fall? Is that a negotiable item at these talks?

SENIOR ADMINISTRATION OFFICIAL: The U.S. program is

compatible with and in complete compliance with the ABM Treaty commitments. And that's all I have to say on it.

Yes.

Q There are those who say that the testing of the homing overlay vehicle was in violation of the ABM. Do you believe that it was not a violation, and in future test of things of that nature that the Soviets might consider or claim is a violation, do you think their violations that you have cited justify continued U.S. testing in that area?

SENIOR ADMINISTRATION OFFICIAL: Well, to take the last point first, I think when you look at the scale of the Soviet program which is not a, in all cases, a research program, but involves hardware functioning on the ground, that it is prudent for the United States to conduct at least a research program as a prudent hedge against the ability of the Soviet Union to break out promptly from its current level of effort.

And, no, with regard to your earlier point, the United States programs have been and are in compliance with its treaty commitments.

Q May I follow up on that. If the homing overlay was on a Minute Man booster, wouldn't that be a violation?

SENIOR ADMINISTRATION OFFICIAL: The United States program will remain, under this President, fully compliant with its treaty obligations.

Yes.

Q To follow up on that, is a moratorium on testing of anti-satellite weapons a possibility? Do you think that, in fact, an agreement on limiting both sides from developing effective anti-satellite weapons might be in U.S. interests?

SENIOR ADMINISTRATION OFFICIAL: Two points -- first of all, the President, in his United Nations speech and separate statements, has made clear that the United States is prepared to discuss what restraints might be appropriate in the context of formal negotiations. And we remain faithful to that pledge.

I think it is useful to think back over the history of other moratoria. You recall, for example, that in the late years of President Eisenhower's administration, that a moratorium was adopted by the United States and the Soviet Union on atmospheric testing. And then in 1961, without notice, the Soviet Union unilaterally opened a very intense testing program which clearly had been preplanned for some time or couldn't have been conducted with the intensity that it was. And then after completing what they had planned, a moratorium was restored and -- but the United States had not had -- had not planned, because it was operating in good faith, to conduct any tests of its own and was unable to.

We prepared and became able to. But the lesson was pretty clear, that you have to be pretty darn careful about moratoria or you can get snookered. (Laughter.)

Yes.

Q It's a diplomatic word. (Laughter.)

Q The President, in one of his debates, raised the possibility of sharing Star Wars technology with the Soviets. Is that something that might be discussed in these talks as a way of making Star Wars a bit more palatable to the Soviets?

SENIOR ADMINISTRATION OFFICIAL: Well, the President

stands by that statement which is on the public record, and we believe, we think probably that because of the public positions the Soviets have taken, that it's going to take a certain amount of -- kind of -- discussion of fundamentals and of the role of various systems and of the problems associated with various systems to where you can reach some kind of conceptual agreement at the outset of what is stability and how do you preserve it and what systems are good and bad, in that context. And so I would think that, should that day come, and it would be for some future President, that the President's sense is that that would be in order.

Right now, I expect that we're going to be talking more fundamentals than that.

Q But we're not going to be willing now to talk about sharing the technology at this early stage?

SENIOR ADMINISTRATION OFFICIAL: Well, the President's agreement in principle to that is clear. As I said on another question, right now, when it is impossible to define which technology you're going to find promising to say that you're going to share this or that one right now is a little premature. But the commitment in principle is there.

Sam.

Q Look ahead. If the technology is possible and both sides should move to defensive systems so that neither could impose unacceptable damage offensively on the other's homeland, does that make war less likely or does it make theatre warfare by conventional means more likely?

SENIOR ADMINISTRATION OFFICIAL: That question is really very perceptive. It goes to the heart of what has been -- (laughter) -- a debate. Let me withdraw that. (Laughter.)

Q Thank you. You saved both our reputations.  
(Laughter.)

SENIOR ADMINISTRATION OFFICIAL: Close call.

Q But I want your views on that.

SENIOR ADMINISTRATION OFFICIAL: I think for the past ten years, really, since the time came when the balance between strategic forces between the United States and the Soviet Union reached a condition of parity, and when the allies and we recognized that when you looked at the conventional balance beneath it, which was very out of balance, in favor of the Soviet Union, that the historic confidence that enabled them to live with that conventional imbalance, relying on strategic superiority of the United States, required that we rethink how we could maintain stable deterrence at lower levels as well.

Those analyses have

created the consensus within NATO, that was reaffirmed most recently when Secretary Weinberger was at the DPC this past December, on the need for an improvement in conventional strength in NATO. And the precise expression of how you establish the necessary strength involves the integration of high technology and the exploitation of advantages that inure to the NATO side. There are other ways in which you can prove your own conventional capability, but that need is clear. And it is being endorsed by the NATO allies.

The corollary, however, is that you must, as well, try at the strategic level to maintain stable balance at the lowest possible levels and avoid future programs which will alter that balance. But we have conducted these preparations with a view toward both its regional implications and its strategic, global implications. And we believe that both our strategic modernization program and our conventional program will meet, can meet, the needs in the coming years.

Q What would keep the peace then is a balance in conventional forces -- is that what you're saying? If, in fact, their homelands are relatively secure from offensive destruction?

SENIOR ADMINISTRATION OFFICIAL: First, the overriding commitment of the United States is to the security of our allies and that will endure. And that engages the full panoply of U.S. power at all times -- strategic and conventional. It is sensible -- we think, and our allies think -- that, within that framework, we strengthen our forces at conventional levels as well as strategic, as we're doing. But deterrence which has been maintained, we believe can be maintained, under the strategy which has been pursued for the past four years.

Q Can I follow up Sam's perceptive question? (Laughter.) Apart from the counterposing of conventional warfare against nuclear warfare, there's another side that hasn't been touched upon -- is that, if the strategic defense initiative works, and if you do develop some measure of invulnerability in strategic weapons, what you also leave open is the cruise missiles which cannot be spotted by that, and possibly the intermediate weapons like the Pershings or the SS-20s. And, are you not opening up Europe as a theatre, not only for conventional warfare, but also for the only available nuclear warfare? And isn't that why our major allies, Britain, France and Germany, all seem to be so nervous about SDI?

SENIOR ADMINISTRATION OFFICIAL: The full family of nuclear weapons is being treated in various negotiations -- in INF, in the past, and START, in the past, and that does encompass cruise missiles as well. And we expect, and intend, that cruise missiles will remain an important part of the agenda of the talks which, hopefully, follow Geneva. But your point is correct, that cruise missiles, and ultimately probably defenses against them, are part of maintaining a stable deterrent. And you can't overlook those. But I think that's clear to the allies as well as to us. And we intend to do that.

Q Does the President feel that the Strategic Defense Initiative, or Star Wars-like systems could be successful -- technically feasible and successful -- if the Soviets do not reduce their offensive weapons? Or are some reductions in offensive weapons on the Soviet side essential to its potential success some time in the future?

SENIOR ADMINISTRATION OFFICIAL: The President believes very strongly that as a matter of security, and as a moral proposition, that reducing nuclear weapons is essential. And he believes that that must be the leading priority -- to do that. As a separate, but related matter, he believes that as that process takes place,

that the integration of defensive, and I stress, nonnuclear defensive systems over time can lead us to a more stable world. Now the pace and character of the reductions in offensive systems and the introduction of defensive systems is a matter many years away. We hope the offensive side of that will happen right now.

And, you can't predict though, with any precision right now, how precisely that evolution would take place.

Q May I ask a follow up? May I ask a follow up, please? Can -- the question though was really, can the Star Wars systems succeed technically without offensive reduction -- reductions in offensive weapons on the Soviet side. And the reason I ask is -- that it helps determine who has the most bargaining power at this point in time?

SENIOR ADMINISTRATION OFFICIAL: Well, it's -- clearly a reduction in offensive systems is essential and that can be done right now. Those systems exist today. The defensive systems on the Soviet side exist today. SDI doesn't. So let's get on with what is a clear and present danger and that is reducing what exists and determining how these nonnuclear systems can help keep the world a safe place.

Your point about Star Wars, I mean, I guess we are stuck with this, but there is a perception -- a couple of people have made it in the past couple of weeks -- that these are systems which would be in space and are going to rain down destruction on human beings in the Soviet Union. And it's important to recognize how these things differ from other systems. And that is that they wouldn't do that at all.

We're talking about not threatening any people, but being able to prevent ballistic missiles from arriving in this country. And one can examine dealing with that problem and the boost-phase post-boost, mid-course and terminal stages of ballistic missile flight. But at no point are we talking about a system which attacks people.

Yes?

Q Some members of Congress figuratively have already conducted the last rites for MX. If Congress should decline to appropriate funds for the production of this missile, which you say would be -- have an adverse affect on our negotiating position, would it make it more or less likely that the administration would be willing to modify the pace and the program for SDI during these talks?

SENIOR ADMINISTRATION OFFICIAL: The United States Strategic Modernization Program was keyed to replacing obsolescent systems in each leg of the triad -- in land-based, sea-based, and bomber-delivered strategic systems. The MX is a key part of that and it makes an important contribution to deterrence and is the key ingredient in what has brought us to where we are today and that is the prospect of renewing talks with the Soviet Union.

So, it is both militarily essential and important to sustaining our arms control position, and it will remain so. And it is important that the success and it -- sustaining it these past four years, be carried on into the future. It is extremely essential.

Q What would --

MR. SIMS: -- one or two more --

SENIOR ADMINISTRATION OFFICIAL: -- back -- please.

Q If there were -- if you should fail in the larger objectives in these talks, is it possible that you could make

progress in some less significant area such as threshold test -- test ban treaty, or the other unratified treaties?

SENIOR ADMINISTRATION OFFICIAL: Well, we believe that it's important that we try to make progress on the big issues and we're hoping to try to make progress on the subordinate issues as well. We have made proposals, the President in his U.N. speech offering the invitation for Soviet technicians visiting our test site as a prelude to improving verification and making possible ratification of those treaties. So, we will continue to pursue every avenue we can to agreement on terms which make possible arms control, great or small.

MR SIMS: Last question, please?

Q Do you envision the follow up to these talks being further ministerial level or do you anticipate they would be at a lower level? Will there be a need for further ministerial level talks?

SENIOR ADMINISTRATION OFFICIAL: It's simply not possible to judge that. It depends upon the Soviet Union and however the United States is prepared -- flexible, hopeful, determined, patient. (Laughter.)

MR. SIMS: Thank you.

END

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20

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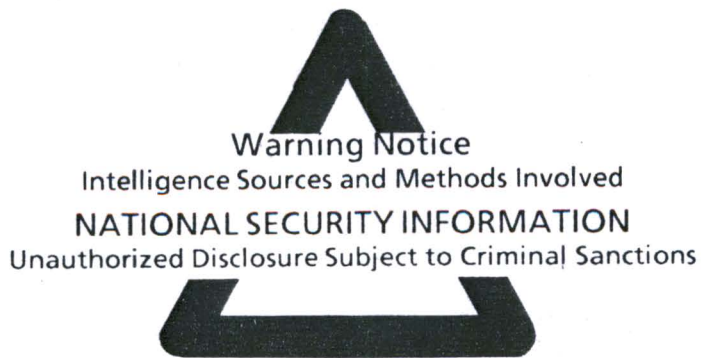
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# NSC INTELLIGENCE DOCUMENT



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 White House Guidelines, August 28, 1997  
 By aws NARA, Date 7/29/02

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National Security Council  
The White House

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21 December 1984

MEMORANDUM FOR: Assistant to the President  
for National Security Affairs

The attached as promised in our meeting today.  
There is a copy for you as well as the original  
for the President.



William J. Casey

Attachment:  
Letter to President  
from DCI, dtd 21 Dec 84

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(3)

~~TOP SECRET~~ [REDACTED]

On Verification

The Director of Central Intelligence

Washington, D. C. 20505

24

21 December 1984

The President  
The White House  
Washington, D. C. 20500

Dear Mr. President:

As you make decisions on the Shultz-Gromyko talks and the negotiations to follow, I want to share with you some observations and judgments I have reached in the past four years on arms control verification. Essentially I urge that now, at the beginning of a new chapter in your Administration's efforts to set US-Soviet relations on course of stability and security, an extra effort be made to integrate a realistic view of the verification problem into our arms control policy.

In INF and START, we deferred verification while asserting, both publicly and privately, in the Administration and the Congress that we will insist on arms control agreements that are fully verifiable and will accept nothing less.

If we expect an acceptable and ratifiable agreement, we must bridge the gap between rhetoric of fully verifiable treaties and the realities laid out in my 1983 National Intelligence Estimates on the Soviet approach to arms control and on US monitoring capabilities. You may want to browse through these and I attach them.

Failure to deal explicitly with the imperfections of monitoring and verification at the beginning of an arms control process sets us up for great political and diplomatic trouble nearer the end of negotiations and in ratification. I worry, further, that an excessively exacting standard of verification, out of tune with real capabilities, may lead to one or both of two errors: we may reject sensible arms control approaches because they are not susceptible to exact verification (but may not have to be); and we may embrace strategically useful but less than comprehensive arms control approaches because they seem easily verified.

Let me assure you, Mr. President, that this is not a case for weak verification. Past administrations have gotten into this position by arguing for "adequate" or "satisfactory" verification, as opposed to more exacting standards. You have rightly criticized this as rationalizing sloppy or irrelevant agreements. The fact is, however, that across the broad range of arms activity which valuable agreements would seek to constrain, this reasonable-sounding standard is hard to achieve in many areas, and in some virtually impossible.

US intelligence has never been, and is not likely to ever be, completely certain of being able to detect Soviet violations of each and every element of an agreement. We are not likely in many cases to be sufficiently confident that we can do more than detect Soviet activities indicating the kind of a violation that would give them major military advantages in terms of offensive forces, defensive countermeasures, or new capabilities.

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BY RW NARA DATE 3/16/11

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It is my preliminary view, although it needs careful and continuing study, that in fact it is unlikely in an initial agreement on offensive weapons that the Soviets can cheat enough, and not be detected soon enough, to make a big difference to our national security quickly. This is largely because of the size of current forces, for both us and the Soviets, and because we will not likely achieve deep reductions under an initial agreement.

A point of departure for our thinking about this question of Soviet gains from cheating is our 1983 NIE on capabilities to monitor Soviet offensive forces.

[REDACTED]

We need to formulate specific arms control objectives that are realistic and consistent from the standpoint of what the Soviets will be doing, what actions are militarily significant, and what we can monitor. In the past, we worked to get limitations on Soviet missile modernization into the Treaty-- such as limiting a missile's throw weight increase to 5 percent when realistically differences of 25 percent or so are more in tune with what we would want to be able to detect for national security purposes. The difference in the demands on intelligence system performance is enormous

[REDACTED]

Problems like these are likely to get worse, despite our budget growth and our considerable efforts to "work around" these problems and protect our secrets better.

[REDACTED]

There will be increasing blurring of distinctions between theater versus intercontinental weapons, between air defense versus ballistic missile defense, and between nuclear versus non-nuclear strategic systems.

In the face of this what do we really need to know? We must have the ability to track the progress of major new types of capabilities, qualitative changes, shifts in Soviet emphasis, and not be caught by surprise in ways that affect the military balance significantly. We must have early warning of rapid force expansion, and knowledge of the potential for such expansion. We will learn to live with, and can probably tolerate for broad national security purposes, significantly greater uncertainty in the number, characteristics, and locations of major strategic weapons, provided we have a reasonable approximation of these. The test of adequacy of our knowledge must ultimately be a determination of what we would seek to do differently in our strategic policies, in our weapon system development and deployment decisions, and in our employment and targeting policies if we had greater knowledge and less uncertainty in the estimates of Soviet strategic forces.

In the past, arms control and strategic force assessment needs used to more or less coincide. Now they appear to me to be diverging. That is, there is an increasing gap between what we need to know, and can reasonably expect to be able to know, for basic intelligence and threat assessment purposes, as opposed to what we think we need to know for fashioning arms control proposals and for dealing with current and prospective Soviet compliance.

[REDACTED]  
while recent arms control needs given current trends and proposed agreements, require more detail and precision, and a high degree of certainty.

In short, we will more frequently know enough about a Soviet system to make reasonable assumptions about its capabilities for defense and response

[REDACTED]  
In the light of budget realities and strategic needs this argues strongly for simpler agreements. They would be less satisfying to those who think arms control ought to impose stringent limits on Soviet strategic forces and modernization. But simpler agreements are likely to be more consistent with our current and projected capabilities to monitor, and if they satisfy our national security concerns they will be more publicly acceptable and more ratifiable in the Senate.

And beyond all that, while we have noted these problems and are working on them, we, as a government, have not actually analyzed in detail how militarily significant any undetected cheating could be and what we could do about it.

In the search for fully verifiable accords, there has been a tendency to equate monitoring, which is the intelligence capability to keep track of Soviet activities, with verification, which is supposed to include the evaluation of the significance of Soviet actions for our national security.

These other elements include:

[REDACTED]

-- The extent to which the US can take countervailing measures to limit damage from Soviet actions that are not in compliance with the accord and that this very fact--in and of itself--can act as a deterrent Soviet cheating. But the US has to act, not study issues forever.

-- An assessment as to whether US national interests, broadly defined, are served better with an accord than without an accord.

In the search for a fully verifiable agreement, we have also placed undue and unsustainable emphasis on monitoring that goes beyond the use of National Technical Means; for example, on-site inspection. On-site inspection can serve, in certain circumstances, to improve monitoring confidences and is a useful political precedent in itself as we seek to open the USSR to the greatest extent possible. Moreover, on-site inspection could also serve, to an extent, to complicate Soviet cheating efforts and, therefore, might have some small deterrent effect, but we cannot count on it. The Soviets are generally conservative in evaluating the risks of detection and might regard as too risky some forms of cheating activity for which we have low confidence in detecting.

hear/  
hear

[REDACTED] The value of any on-site inspection system is dependent on the rules governing the manner in which the inspections are to be conducted and the way the Soviets decide to implement the agreed-upon procedures. On-site inspection may range from random demand inspections, in which roving teams of inspectors travel around the USSR and have the right to demand inspections, to voluntary inspections which the Soviets have the right to reject. Soviet society and government are well suited to placing delays and frustrations in the path of foreign inspectors. Even if the Soviets were to agree to some of the more ambitious on-site inspection regimes that we have contemplated which would be implemented in both our countries, the net result would, at best, be modest improvements in monitoring confidences and a considerable worsening of the hostile foreign intelligence problem we already have.

The fact remains that the bedrock of our monitoring capabilities is now, and will in the future be, those unilateral US technical intelligence platforms that collect information on Soviet strategic weapon systems. And by that I mean satellites [REDACTED] airplanes, ships [REDACTED]

At bottom, the issue of effective verification is not in reality that of preventing any and all possible Soviet cheating but, rather, the detection of compliance problems, how to assess their significance, and our readiness to respond with self-protective measures. As a result, key policy decisions

which go beyond the narrow issue of monitoring confidences need to be made, based on the inputs of all members of the Executive Branch. These inputs would be included in the following assessments which have not been made but which need to be undertaken as quickly as possible:

-- Our ability to detect Soviet violations as a function of the size and significance of Soviet acts. For example, a covert deployment of a handful of missiles is of little military significance, given the size of the overall force likely to result from an agreement. We need to determine our threshold, in both size and time, for declaring such an action to be "significant," and hence, essential to detect at that level of activity.

-- We need to carefully lay out the types of US actions, in terms of military programs and operational procedures, that should be taken in response to Soviet violations, and especially those of military significance. (We commonly describe such programs as "safeguards.") We need to know whether US actions could be taken quickly enough to keep up with Soviet actions. The heart of the issue is whether the Soviets could get a significant jump on us by cheating and how long they could maintain any such advantage.

Safeguards--as a policy and in fact--can help us. Safeguards can keep R&D alive, maintain a production base, and support a monitoring program. They can help get Congressional support, through votes for programs and funds, and then help maintain it. Moreover, safeguards will help the public feel comfortable with any additional strategic arrangements with the USSR.

Actually, the necessity of having safeguards or hedges against major actions by the Soviets is independent of arms control. These actions are possible regardless of whether they are prohibited by agreements or not. The difference is that without arms control we have no possible illusions about Soviet propensities, but historically euphoria about arms control has caused us to drop our guard.

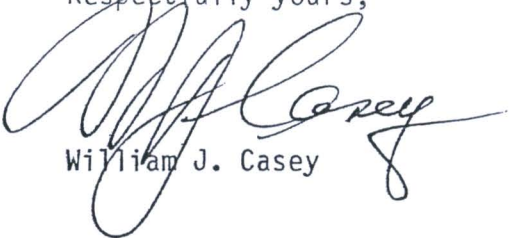
An issue, then, is how to remain vigilant against troublesome Soviet actions. But "safeguards," too, must be more than just rhetoric. Congress must be persuaded, early in the process of designing and negotiating arms control agreements, that US safeguard programs must be funded, so that we will not be caught short in the event of future violations.

In the final analysis, arms control agreements are negotiated with enemies and not friends. Consequently, we must be ready for the worst when it comes to Soviet intentions and, at the same time, must be ready for unilateral measures to assure our security. That prescription, however, does not require that for our military security we need be able to detect every possible type of Soviet violation. The realities of verification and monitoring must be a central element of our policy design and negotiating postures as we prepare for the next four years. As we consider what we want, we have to assess what will be tolerable to the US, attainable at acceptable political and military costs, and then temper those ideas with honest and prudent verification proposals before we make decisions and act.

The issue of verifiability is not in reality that of preventing any and all possible Soviet cheating as prevailing rhetoric would imply, but our ability to detect and measure the acts' significance and then protect against any Soviet violation which is strategically significant.

All this needs further study and evaluation, but especially in a period of more readily concealable missiles, a broader concept of verifiability is necessary to protect our national security now, keep alive the hope of subsequently achieving still larger reductions in nuclear weapons, maintain bipartisan support for our national security programs, and keep the NATO Alliance solid.

Respectfully yours,



William J. Casey

Attachments





Director of  
Central  
Intelligence

FOIA(b)(3)

~~Top Secret~~ 30



NSC/ICS CONTROL NO. 401275

# US Capabilities To Monitor Soviet Strategic Offensive Force Limitations

National Intelligence Estimate  
Volume I—Key Judgments

**WARNING:** The material in this document is sensitive. Distribution of this NIE should be strictly limited to those officials who require access to the subject matter for the performance of their duties.

~~Top Secret~~

NIE 4/11-83X

15 February 1983

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BY RW NARA DATE 3/16/11



Director of  
Central  
Intelligence

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RSC/ICS CONTROL NO. 401275

# US Capabilities To Monitor Soviet Strategic Offensive Force Limitations

National Intelligence Estimate  
Volume II—The Estimate

**WARNING:** The material in this document is sensitive. Distribution of this NIE should be strictly limited to those officials who require access to the subject matter for the performance of their duties.

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NSC/ICS CONTROL NO. 401275

THE SOVIET APPROACH TO ARMS CONTROL IN THE MID-TO-LATE 1980s

16 November 1984

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THE SOVIET APPROACH TO ARMS CONTROL IN THE MID-TO-LATE 1980s

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White House Guidelines, August 28, 1997  
By CWS NARA, Date 7/19/02

KEYWORDS: ARMS CONTROL

USSR

SHULTZ, G

GROMYKO, ANDREI A

SUBJECT: PROPOSED STRATEGY & POSITIONS FOR SHULTZ MTGS W/ GROMYKO

ACTION: PREPARE MEMO FOR PRES

DUE: 28 DEC 84 STATUS S FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

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UNITED STATES ARMS CONTROL AND DISARMAMENT AGENCY  
WASHINGTON

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OFFICE OF  
THE DIRECTOR

December 26, 1984

## MEMORANDUM FOR THE PRESIDENT

SUBJECT: Proposed Strategy and Positions for Secretary Shultz'  
Upcoming Meetings with Gromyko

We should make clear at Geneva that arms control is an important part of the US-Soviet relationship, but that we also want a more productive dialogue on other critical global, bilateral, regional, and human rights issues.

Our primary arms control objectives at Geneva are to resume formal negotiations on offensive nuclear arms and to initiate a serious dialogue on the offense-defense relationship.

~~A primary Soviet objective will be to limit US SDI and ASAT programs through negotiations on space arms -- perhaps linking "new" negotiations on offensive arms to some US commitment on space arms. They will use the negotiations and other means to influence public, Allied, and Congressional opinion to undercut support for our defense programs. As agreed in our meetings, we should not negotiate SDI away, nor give the Soviets an ASAT monopoly for longer than need be.~~

Fora

We would prefer to take the focus off space per se. Drawing on the Soviets' emphasizing "new negotiations" and "radical measures," I am inclined to think that we should seek two sets of new talks: one on offense (with separate working groups on START and INF) and one on defense. Space could be discussed in both, and we could stress nuclear systems in defense as well as in offense. "Coordination" of offense-defense issues would be through continued "umbrella" discussions (Secretary Shultz and Gromyko).

The major advantage of this is to take some of the spotlight off "space negotiations" as such, where the US has little to gain and a lot to protect. It would also enable us to stay on the high ground by stressing the need to move toward "a non-nuclear world" while reexamining the overall offense-defense relationship.

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BY Al NARA DATE 7/25/08~~SECRET/SENSITIVE~~ [REDACTED]

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At the same time, this approach will probably not appeal to the Soviets and could be criticized by some as "walking back" your Thanksgiving Day announcement, even though it really does not. (This perception could possibly be reduced by reiterating at the outset our willingness to begin serious negotiations on space in the "new" fora.) This approach might also be bothersome to our key Allies, but we have an Alliance management problem whatever approach we take.

On balance, I think we should try to get an offense forum and a defense forum. We would take up START and INF in the former with the thrust of our current proposals, and take up ASAT, SDI, ballistic missile and other defense issues in the latter.

If it becomes clear that the Soviets just will not accept this approach in any reasonable time, we could then go back to accepting three negotiating fora (INF, START, space) and if necessary reluctantly agree to two fora (nuclear and space with two working groups under nuclear). The charter for the space forum should not include any substantive restriction that would affect SDI. Still, this fallback arrangement might make it more difficult to manage the space issues.

Substance

We should not reveal any substantive movement in our positions if the Soviets do not take a serious approach. We should, however, make clear that we are ready to get into substance when they are.

If the Soviet approach seems serious, and if some movement could lead to a better outcome, we should consider the following:

- On START, we could express our willingness (a) to accept somewhat higher ceilings on ballistic missile warheads and ballistic missiles (but agreed levels must be below current levels), and (b) to trade off between the destructive capacity of heavy ballistic missiles and heavy bombers, so as to achieve an equitable balance on both sides (details at Appendix I). We would also reemphasize our concern about the destabilizing features of the Soviets' large ICBMs and the need to reduce warheads and the disparity in destructive capability.
- On INF, we could say that the US proposals of September 1983 and the Soviet suggestion about equal reductions could provide a basis for agreement if the Soviets are willing to accept (a) the US right to de jure global equality in LRINF missile warheads and (b) the right to missiles in Europe to offset SS-20s or successor systems targeted on Europe (details at Appendix II). We would also say that our five basic criteria for an agreement remain unchanged.

- On space, we could make clear our willingness to resume that part of the 1979 US-Soviet ASAT negotiations on establishing "rules of the road and conduct" in space when negotiations on nuclear forces are renewed (details at Appendix III).
- On mutual restraint in space, when asked what you meant in your UN speech that "we would consider what measures of restraint both sides might take while negotiations proceed," we could say that when negotiations are resumed we would consider (a) a test ban for high-altitude ASAT interceptors (this would not affect the ASAT balance or our SDI program plans) and/or (b) a moratorium on F-15 ASAT tests after making substantial progress with the Soviets on offensive nuclear arms control. (This would be after testing provided confidence in our ability to field an operational system and the technology counted on to support SDI.)

On the offense/defense relationship, we would suggest that the role of arms control in achieving a stable transition to more defense orientation in the long run is something which should interest both sides. We would also point out that it is unreasonable to press for constraints on SDI -- a research program permitted by and consistent with the ABM Treaty -- and that this consistency is in sharp contrast to Soviet activities which are ~~not in accordance with the letter or intent of that agreement~~ in at least two respects: (1) deployment of the Krasnoyarsk radar and other developments that appear to be steps toward a nationwide defense, and (2) lack of Soviet willingness to limit offensive nuclear forces. We would reaffirm our intention not to violate our ABM Treaty obligations while carrying out SDI research and our willingness to discuss US and Soviet SDI and ABM issues.



Kenneth L. Adelman

Attachments  
As stated

APPENDIX I - START

Consistent with the recommendations of the Scowcroft Commission, we should seek an equitable and effectively verifiable agreement that would improve stability at reduced force levels. It should exert pressure "to reduce the overall number and destructive power of nuclear weapons and at the same time give each side an incentive to move toward more stable and less vulnerable deployments." Conversely, it should not be biased against the development of more survivable deterrent forces such as Midgetman.

To this end, we seek to distinguish between the differing capability of missiles (e.g., numbers of weapons and their size), rather than have only a launcher limit. Our preferred framework would take account of the fact that Soviet heavy missiles, the SS-18s, have about seven times the destructive capability of our Minuteman IIIs, or that a Minuteman III would have about three times the destructive capability of a Midgetman. It would not equate such missiles.

Similarly, it would also measure the destructive capacity of bombers in a way that recognizes their differing payload capacity (numbers of weapons and their size). For example, the B-52 is almost twice as large and can deliver many more weapons of a given size to intercontinental ranges (not counting attrition by air defenses) than the Soviet Backfire.

Our preferred approach would also provide for explicit tradeoffs between missile and bomber destructive capability to allow greater force planning flexibility and offsetting advantages to ensure overall equality. This would result in a US advantage in heavy bomber destructive capability to offset a Soviet advantage in ballistic missile destructive capability.

Possible Near-Term Approach

We would prefer to adopt such an approach immediately. However, it may well not be acceptable in the near-term if at all. Thus, we should consider a near-term approach which could be a bridge. It could have the following main elements as the end result:

- o a ceiling on ballistic missile warheads of 7,000 (slightly below current levels and 50 percent below allowed levels under SALT II) and possibly\* a direct limit on ALCMs in either an unaggregated or aggregated framework (e.g., 9,000 ALCMs and warheads with the warhead subceiling of 7,000);

\* In the near-term and longer-term approaches, we would include a direct limit on ALCMs only if the Soviets want it and we can gain useful reductions in ballistic missile warheads in return. ALCM limits pose serious verification difficulties.

- o an aggregate ceiling on Strategic Nuclear Delivery Vehicles (SNDVs) of 1,800 (the Soviet proposed level), or preferably a higher level or no SNDV limit at all;
- o a ceiling on the sum of heavy missiles and heavy bombers of 400 with a sublimit on heavy missiles of 200 -- to limit Soviet throw-weight and provide the US with a heavy bomber advantage to offset the Soviet heavy missile advantage;
- o Soviet Backfires and any other "light bomber" would be included in some fashion;
- o a limit designed to verifiably restrict Soviet ballistic missile throw-weight and fractionation.

The above would result in 7,000 Soviet missile warheads and Soviet missile throw-weight of about 3.5 Mkg, roughly midway between the current US and Soviet proposals. It would also result in rough equality in missile throw-weight in "light" systems.

Longer-Term Approach

~~In the longer term we should seek to limit directly ballistic missile warheads, throw-weight and bomber destructive capacity by:~~

- o weighing the destructive potential of all missiles in proportion to throw-weight (expressing the total in terms of equivalent SS-18s);
- o weighing the destructive potential of all bombers in proportion to their takeoff gross weight (expressing the total in terms of equivalent B-52s); and
- o trading off equivalent B-52s for equivalent SS-18s at a ratio that takes into account asymmetries in air defense and the relative stability implications of fast-flying vs. slow-flying systems.

APPENDIX II - INF

We continue to seek an INF agreement consistent with the conditions inherent in the 1979 NATO INF decision:

- o Equal rights and limits for Soviet LRINF forces;
- o No compensation for British and French nuclear forces;
- o No export of the SS-20 threat from Europe to Asia;
- o No reduction in NATO conventional force capability; and
- o An effectively verifiable agreement.

Any specific discussion of a new INF proposal would be reserved for the resumption of concrete negotiations. To achieve our objectives, we have considered a build-up/draw-down approach, the Walk-in-the-Woods formula, and equal percentage reductions. In these three options our strategy would be as follows:

Build-up/Draw-down: Indicate willingness to halt our deployments at an agreed level "X", if the Soviets are willing to reduce their warheads within range of Europe to that same level and also reduce their global warhead numbers to an agreed level "Y". We might suggest this be done in parallel US and Soviet "statements of national policy," resulting in an informal understanding rather than a formal treaty.

Walk-in-the-Woods: State that, despite a number of defects, the Walk-in-the-Woods would be an acceptable outcome to the US if the USSR also accepted it as a final outcome to cut the Gordian knot in INF. The principal elements are:

-- The US would deploy 75 GLCM launchers in Europe (300 warheads), and would remove all Pershing-IIIs. The existing P-IIIs and remaining P-Is could be replaced by P-IBs.

-- The Soviets would reduce to 75 SS-20s (225 warheads) based west of [80°] [90°\*] east longitude and 90 SS-20s (270 warheads) based in the Eastern USSR. The Soviets would deploy no GLCMs.

\*90° east longitude would include the SS-20 complexes in the vicinity of Novosibirsk; 80° east longitude would exclude these complexes.

-- The US and USSR would each be limited to 150 LRINF aircraft in Europe (F-111 and FB-111, Badger, Blinder and Backfire).

Equal Percentage Launcher Reductions: The Soviet "Walk-in-the-Park" suggestion of equal warhead reductions in Europe was conditioned on US reductions to zero. This would have left the Soviets with a monopoly of 360 SS-20 warheads targeted on Europe, as well as their deployments in the Eastern USSR. While the equal reductions proposals as formulated by the Soviets was unacceptable, the equal reductions rationale might nevertheless serve as a useful negotiating tool.

In theory, one could construct a wide range of options, using the concept of equal reductions or equal percentage reductions of either launchers or warheads. In view of the existing Soviet superiority in both LRINF missile launchers and warheads over planned US levels, none of these approaches would result in de facto global equality. Depending, however, on the proportion of P-II to GLCM, and on how Soviet SS-20 deployments were allocated between East and West, certain variants could at least result in de facto warhead equality in Europe.

A simple proposal that would achieve this outcome is as follows: The US would be prepared to cut its planned number of LRINF missile launchers by half, if the Soviet Union would be prepared to cut its current number of SS-20s by half.

This approach would involve pocketing the dismantlement of SS-4s, which the Soviets are now deactivating -- an equal percentage reduction of 50 percent in the planned number of P-II/GLCM launchers (224) and the existing global level of SS-20 launchers (currently 396). The US would retain the right, outside Europe, to match the Soviet global warhead total. The Soviets would be free to allocate their SS-20s between West and East as they saw fit.

If each side reduced by 50 percent, the Soviets would be left with 198 launchers worldwide (594 warheads) and might keep around 140 launchers/garages (440 warheads) targeted on Europe. The US could deploy 112 launchers/garages in Europe; if these were all GLCMs, the US would have 448 warheads; if the US chose to keep some P-IIIs deployed, the warhead total would be reduced (e.g., 36 P-II launchers and 76 GLCM launchers would result in a total of 340 warheads in Europe).

APPENDIX III - SPACE

Background

The key results of the President's report to Congress on ASAT arms control and subsequent interagency studies were:

- o Hostile Soviet satellites create the need for a US ASAT capability to protect US and Allied forces and to improve deterrence of conflicts involving both space and terrestrial weapon systems.
- o A comprehensive ban on all ASAT capabilities is impossible, since many such capabilities are imbedded in systems developed primarily for other purposes, including ICBMs and space boosters as well as the Soviet Galosh system and ground based lasers. Such systems provide opportunity for surreptitious ASAT development and breakout.
- o ASAT/SDI technology overall is pervasive -- and effective limitations on ASAT capabilities would almost invariably restrict aspects of the SDI program. In fact, no verifiable, equitable, consequential limitation of ASAT capability that does not restrict SDI has been discovered.
- o Since satellites are few in number, cheating on even a small scale could pose a disproportionate risk to the US.

For the arms control options considered, compliance with limits on interceptor testing could be monitored with confidence ranging from low to high, depending on the scenario -- very low to moderate under plausible cheating scenarios. The only options studied to date that plausibly could avoid impacting SDI are:

- o An Incidents-in-Space agreement on ASAT use (which would clarify existing law, and add selected confidence building measures, but not inhibit ASAT development);
- o A high-altitude ASAT test ban (with no low-altitude collateral constraints) but it would not really inhibit developing a high-altitude ASAT capability.
- o Limited duration restraints (which would formally expire before planned SDI tests in the late '80s), that would halt near-term ASAT testing, but could be politically difficult to terminate.

Space Negotiations

In view of these facts, we could focus on the achievement of an "incidents in space" agreement which would ban attacks on satellites and regulate certain space activities. The Soviets can be expected to resist this approach, at least initially, asserting the US is only interested in legalizing an "arms race" in space, not stopping it. When they do, we should quote back to them their plenary statements from the 1978-79 ASAT talks expressing their skepticism about a "comprehensive" ASAT ban. In addition, we can point out that such an approach picks up where we left off in 1979. Furthermore, they have kept it in their proposals (along with many undesirable provisions) ever since.

An Incidents in Space proposal could:

- o ban damaging or destroying, or changing the trajectory of space objects of other Parties without authorization (applicable in peacetime only);
- o reinforce consultative provisions of the Outer Space Treaty by providing for: (a) consultation in case of accidents or possible collisions in space; and (b) consultation and exchange of data when a Party's space object would deorbit in an uncontrolled manner with significant risk;
- o formalize exchange of specified data on ASAT systems; and
- o require prior notification of ASAT tests.

Mutual Restraints

At some point we may decide that Soviet responsiveness and/or public/Allied/Congressional pressures require something more in the ASAT field. In such an event, we could consider offering an additional less formal commitment along the following lines:

- o A ban on testing high-altitude ASAT interceptors which would not prohibit high altitude point-in-space tests or deployments of ASAT systems at high or low altitude or on the ground.
- o Suspension of our F-15 and soviet interceptor ASAT tests after a time which would not prohibit other ASAT or SDI-relevant testing.

Matlock 44

THE WHITE HOUSE

Office of the Press Secretary

EMBARGOED FOR RELEASE UNTIL  
5:00 P.M. EST DECEMBER 28, 1984

THE PRESIDENT'S RESPONSES TO QUESTIONS  
FROM THE YOMIURI SHIMBUN

Q: The year 1985 marks the fortieth anniversary of the end of World War II. At this date, how do you perceive the present situation of the world, especially in regard to East-West relations?

THE PRESIDENT: Those forty years have seen some remarkable changes in the world. One of the most remarkable has been the reconciliation between former adversaries, including the United States and Japan. Today Japan and the United States are close partners and good friends. We share the common values of freedom and democracy. We are bound by a security treaty. Unfortunately, Japan, the United States and other democracies continue to be confronted by a system that stands for different values.

Q: Secretary of State Shultz will meet Soviet Foreign Minister Gromyko on January 7 and 8 in Geneva. Could you tell us something about your expectations of the meeting? What do you hope to agree to at this specific meeting? Six major items on the agenda of the U.S.-Soviet negotiations will be the status of space, strategic, intermediate range, conventional and chemical weaponry, as well as certain confidence-building measures. How could these items be interrelated with each other in the framework of an umbrella formula in the negotiations to follow up the Shultz-Gromyko meeting?

THE PRESIDENT: I was encouraged that the Soviets agreed to resume a dialogue on arms control issues and that we will have the meeting in Geneva to try to get the process moving again.

But we must temper our expectations with realism. A two-day meeting cannot solve the complicated issues before us. We hope it will be a constructive beginning for further detailed negotiations. But it isn't an easy job. Only time will tell how rapidly the process moves, or in which specific framework.

Meaningful progress on arms control has a high priority in this Administration. We have been working long hours to prepare for Secretary Shultz's meeting with Mr. Gromyko. The Secretary will enter those meetings with concrete suggestions on a full range of arms control issues. We hope the Soviets will show a similar constructive spirit.

The fundamental objective of our talks with the Soviets has to be kept in mind. We are not looking for an agreement for its own sake. We are striving to improve stability, reduce the risk of war, and to lower the levels of nuclear arms. That involves hard bargaining on issues of great mutual concern. The U.S. is committed to conduct that process seriously, and creatively.

Q: Would you consider a summit meeting with General Secretary Chernenko before the completion of arms control talks? If so, what preconditions are necessary?

THE PRESIDENT: As long ago as last June, I said that I was willing to meet at any time. Since then, I've met with Foreign Minister Gromyko, and our discussions were useful. The Soviets say they would want a very carefully prepared agenda for any

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summit meeting. That makes sense to me. In the past, meetings that were not carefully prepared often led to great expectations and great disappointments, and I don't think we ought to go into something of that kind.

Q: In what way may the Western Allies, including Japan, support successful U.S.-Soviet negotiations? Do you support independent action on the part of the allies for relaxation of tensions with the USSR and the Eastern European nations?

THE PRESIDENT: The United States is fully committed to reducing the threat of war. At the Williamsburg Summit the Western leaders were united in their commitment to arms reductions and continued thorough and intensive consultations. Further, we noted that security is indivisible and must be approached on a global basis. Prime Minister Nakasone was a key participant in the discussions that led up to this united commitment.

Alliance solidarity behind NATO's 1979 dual track decision on INF modernization has prevented the Soviets from unilaterally dictating Western security policy. This solidarity stems from the extensive consultations which the U.S. conducts with its European and Japanese allies on arms control issues. These consultations have assured a consensus among the allies which is essential in dealing with the Soviets on these vital issues.

Q: How do you view the development of current Sino-Soviet relations? What will be the impact of the forthcoming U.S.-Soviet arms control talks on the tripartite relations between the U.S., USSR and China?

THE PRESIDENT: We welcome recent efforts by the Chinese and the Soviets to put their relations on a more normal footing. Differences between the Soviet Union and China run very deep, however, and center on three major problems: massive Soviet troop deployments along the Chinese border with the Soviet Union and Mongolia; Soviet support for the Vietnamese invasion of Cambodia; and the Soviet invasion of Afghanistan. These are serious impediments, it seems to me. The Chinese are very positive about our forthcoming arms talks with the Soviets. They want these discussions to bring a genuine reduction of nuclear weapons. They don't want the Soviets merely to redeploy their missiles, from West to East. We agree.

Q: As you prepare to receive Prime Minister Nakasone in Los Angeles in early January, we would like to ask about your fundamental assessment of U.S.-Japan relations today. For the promotion of friendly and constructive relations, what do you expect of Japanese policy in economic matters, defense and foreign affairs?

THE PRESIDENT: I'm looking forward to meeting again with my friend and your Prime Minister. We've had excellent meetings before. My visit to your country when he was my host was just wonderful. I think U.S.-Japanese relations are as good as they have ever been. When I meet with the Prime Minister on January 2, I know that we will begin our talks on the basis of our common desire to make the U.S.-Japan relationship even closer. I don't think there's any confusion about what it will take to succeed. Economically, we need to work hard to continue and enhance the progress made after our talks in Tokyo in November 1983. We have made progress in our security relationship, which will continue to develop to the benefit of both sides. But it is in foreign affairs that the real pay-off of close U.S.-Japan relations can increasingly be found. As our ability to cooperate and coordinate our policies increases, so does the scope of what we can accomplish together. Our

international cooperation will reflect our ability to handle problems in our bilateral relationship, including trade issues. It is my hope that as leading democracies and as the leading free world economies, Japan and America will be able to provide solutions by putting our heads -- and our hearts -- together in a partnership for the cause of good.

Q: Cooperation between the U.S. and Japan in a Pacific Basin Initiative is said to be a leading topic of discussion in the upcoming Los Angeles meeting. Could you elaborate on your ideas about its realization?

THE PRESIDENT: Although the United States has long been a two ocean nation, in the past we focused most of our attention on our Atlantic coast because of our historic relationship with Europe. But during the past decade or so, the growth of democracy and the dynamic economic development of the Pacific region also have earned our admiration and our very close attention. As a result, while Europe certainly remains as vital as ever to us, a new perspective has emerged toward the Pacific. Japan, of course, plays a key role in this new American perspective. Both our countries are prepared to devote our resources and energies to seeking ways to cooperate with our neighbors in the Pacific. But it is important that we not be rushed in our eagerness to get started. Pacific Basin cooperation, in whatever form it eventually emerges, will not be successful and will not last unless it has the full support of all our Pacific neighbors, and unless there is benefit for all. The Pacific Basin will be a topic of conversation between the Prime Minister and myself in Los Angeles, but it is too soon to talk about or expect any specific announcements or agreements.

Q: The United States trade deficit with Japan may reach \$35 billion this year. Renewed calls for import surcharges are coming from Capitol Hill and industry circles. Will your present position on free trade change in response to calls for the protection of U.S. industries? And what are your expectations on Japan in light of the current deficit? For instance, as yet there are several unsettled matters concerning trade and the opening of the Japanese market: 1) the expansion of voluntary export restraints on '85 automobiles, 2) reduction of tariff rates on wood products and 3) total liberalization of agricultural products. We would appreciate any thoughts you might give us about specific approaches to settling these and other trade issues.

THE PRESIDENT: I believe that free trade is a powerful force for progress and peace. The winds of commerce carry opportunities that help nations grow and bring citizens of the world closer together. Increased trade spells more jobs, higher earnings, better products, less inflation and more cooperation. The freer the flow of world trade, the wider the benefits of economic progress.

Nowhere is free trade more important than in America's commercial ties with Japan -- our largest overseas trading partner. And we are Japan's most important market. This year \$85 billion in goods and services is flowing across the Pacific between our two nations. But the potential would be even greater if it were not for some trade barriers Japan still maintains which reduce competitive foreign imports.

We've worked hard to encourage Japan to open its domestic market fully to foreign products. We want American companies to have the same opportunity to sell their goods and services and to invest in Japan that your companies already enjoy in our market. You have responded by reducing some trade barriers and we

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appreciate these measures. The efforts by the Japanese Government to open capital markets for foreign participation and to liberalize the yen are also important steps in the right direction.

But many U.S. companies still cannot compete in Japan on an equal basis. High tariffs stymie our efforts to sell competitive U.S. exports like processed forest products. While there has been some liberalization of agricultural quotas, these should be eventually eliminated so that Japanese consumers have the chance to buy U.S. beef, citrus and other farm products in quantities and at prices freely set in the marketplace. And I hope that the transformation of Japan's government telecommunications monopoly into a private company will allow U.S. suppliers of these products a fair shot at your market, just as Japanese companies already have here. Your question also refers to Japan's voluntary export restraints on automobiles which expires at the end of March. I think that it is premature for me to make any comment on this and, in any case, this is a decision for the Japanese government to make.

On the trade deficit with Japan -- it will approach \$35 billion by the end of the year -- I realize there is no easy answer to this problem, but the sheer size of the deficit has generated growing protectionist sentiment in this country. Therefore, I urge the Japanese government and people to move even more quickly to open Japan's market to competitive foreign products. If this is done, our trans-Pacific trade relations can continue to expand and flourish to the mutual benefit of our two countries.

Q: With the Olympic Games scheduled in Seoul in 1988, the Korean peninsula may become a focus of international attention. What is your evaluation of the current state of affairs on the peninsula as the date approaches? Do you have any initiatives in mind to maintain peace there? What role do you expect the neighboring nations of China, the USSR, and Japan to play in order to reduce tension on the peninsula?

THE PRESIDENT: There has been considerable tension on the Korean peninsula since the North Korean invasion of the South in 1950. Such tension has at times grown even more serious, as, for example, after the North Korean bombing in Rangoon in October of 1983, which almost killed President Chun and did kill several of his key advisors. However, we have seen welcome signs of tension reduction between the two Korean states recently. Talks on economic cooperation and Red Cross talks on such matters as family unification have taken place, and representatives of both Korean governments will meet again in January to discuss these topics. I think that peace initiatives or tension reduction measures, like the economic and Red Cross talks, must properly come from the two Korean governments themselves. They must be the major interlocutors in any inter-Korean dialogue, but Japan, China, the USSR and the U.S. all have an interest in seeing that peace is preserved and that tension on the peninsula is reduced.

Q: Are you planning any initiatives in your second term for the solution of problems in these specific areas of the world? What contribution do you expect from the allied nations, including Japan, to help solve regional conflicts?

THE PRESIDENT: One way to solve regional conflicts is to convince the parties to the conflict that they have more to gain by seeking peace. The United States is committed to the peace process in the Middle East, Central America, Southern Africa and elsewhere.

Another way to deal with regional tensions is to create an environment of political stability and economic development that deals with the source of the problem. Japan has increasingly

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contributed to this process throughout the world through its growing aid programs. I hope Japan will continue to exercise a positive and increasingly visible diplomatic and economic role in the Asian region and throughout the world.

Q: Could you elaborate on your principal ideas about reducing the United States budgetary deficit and the high interest rates which are also matters of concern to your allies? Please comment on your position during the coming term.

THE PRESIDENT: As a result of our economic policies, millions of jobs have been created, inflation has been cut sharply, interest rates reduced, and in general the U.S. economy has enjoyed a strong sustained recovery. In turn, America's economic return has helped the economies of our trading partners, including Japan.

Let's look at the record. The U.S. should enjoy a 4 percent growth rate next year. Consumer incomes are rising at a steady pace and consumer confidence is strong. Robust business spending, spurred by our 1981 tax cuts, helped propel the current expansion, and prospects for continued strength in capital spending remain favorable. Inflation will remain low and under control in 1985. This news is good for the U.S. as well as its trading partners like Japan.

To ensure the strength and durability of economic expansion for the longer term, we need to get the Federal deficit and the growth in Federal outlays under better control. With the help of the Congress, we are determined to do so. My goal is to reduce the deficit to \$100 billion by FY 1988.

There has been much criticism of the strength of the dollar by many of our allies. Critics have charged that the dollar is substantially overvalued because of high U.S. interest rates resulting from large budget deficits. They contend that the high dollar threatens the global recovery and the U.S. must "correct" its value.

These arguments are not supported by the facts. While the levels of interest rates have periodically played an important role in determining exchange rates, this has not been generally the case during this Administration. The improved U.S. business climate and the sharp drop in our inflation are probably the key to the dollar's performance. I am sympathetic to the view that the value of the dollar is high, but I disagree that it is "overvalued". Such a view implies that we can calculate the "right" rate independent of market forces. I believe that we cannot do so.

Q: The forthcoming Bonn Summit marks the 40th anniversary of the end of World War II. What are your thoughts on the development of this organization as it convenes for the eleventh time? What will be your basic position in the forthcoming talks?

THE PRESIDENT: The annual Economic Summits are a very useful opportunity for the leaders of the seven main industrialized countries to explain to each other their perspectives and plans for their own economies and their participation in the world economy. In addition, it is an occasion to review the year ahead. Summits are not, and cannot be, meetings at which we draw up detailed blueprints for solving the world's problems. Whenever that was tried in the past, it failed. But a summit can, and does, give each participant a clearer understanding of how others see current problems and the tasks before us, so that we can better determine how we should be moving, both separately and together, to deal most effectively with our common agenda.

It is too early to say what will be the main themes of the Bonn Summit. However, we have much unfinished business still before us. We need to reaffirm our determination to promote sustainable non-inflationary growth in each of our economies. We need to move rapidly to begin a new round of trade negotiations as the best assurance against resurgent protectionist pressures. We need to continue the policies we outlined at the Williamsburg and London meetings to deal in the longer term with the debt problem and the need to integrate the developing countries more effectively into the open world trade and finance systems. As with previous economic summits, the Bonn Summit will provide an opportunity for us to discuss informally the more important international political issues facing all our countries, of which the search for meaningful arms reduction is one of the most pressing. In this search, I'm proud to know that Japan is our ally and friend.

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