NATIONAL SECURITY STRATEGY OF THE UNITED STATES

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United States. President
(1981-1989 : Reagan)

"Freedom, peace and prosperity... that's what America is all about...for ourselves, our friends, and those people across the globe struggling for democracy."

Ronald Reagan

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I. An American Perspective

In the early days of this Administration we laid the foundation for a more constructive and positive American role in world affairs by clarifying the essential elements of U.S. foreign and defense policy.

Over the intervening years, we have looked objectively at our policies and performance on the world scene to ensure they reflect the dynamics of a complex and ever-changing world. Where course adjustments have been required, I have directed changes. But we have not veered and will not veer from the broad aims that guide America's leadership role in today's world:

- Commitment to the goals of world freedom, peace and prosperity;
- Strong and close relationships with our Alliance partners around the world;
- Active assistance to those who are struggling for their own self-determination, freedom, and a reasonable standard of living and development;
- Willingness to be realistic about the Soviet Union, to define publicly the crucial moral distinctions between totalitarianism and democracy; and
- Seeking meaningful ways of working with the Soviet leaders to prevent war and make the world a more peaceful place.

The foundation of a sound National Security Strategy, laid in the early days of this Administration, has held firm and served us well. Our economic, political and military power is resurgent. The Western democracies are revitalized, and across the world nations are turning to democratic ideas and the principles of the free market. In all of this, the United States continues to encourage those who seek the benefits of our democratic way of life.

While the United States has been the leader of the free world since the end of the Second World War, we have not acted alone. During that war and in the succeeding four decades, our strategy has been based on partnership with those nations that share our common goals.

As the world has changed over the years, the differences between nations striving to develop democratic institutions and those following the totalitarian banner have come into sharp focus. As future changes take place in human rights, advanced technology, quality of life, and the global economy, our example will continue to exert tremendous influence on mankind. The United States is on the right side of this historic struggle and we have tried to build a lasting framework for promoting this positive change.

This National Security Strategy Report builds on the efforts of the Administration, Congress, and the American people over the past six years. But any strategy document is only a guide. To be effective, it must be firmly rooted in broad national interests and objectives, supported by an adequate commitment of resources, and integrate all relevant facets of national power to achieve our national objectives. It must provide a framework within which more specific and detailed objectives can be identified by those executive branch agencies charged with stewardship over various elements of the nation's power. And it must guide the creation of specific plans for attainment of those more detailed objectives.

For this reason, the annual presentations to the Congress by the Secretary of State and Secretary of Defense play a key role in supporting the objectives outlined in this report. In their respective areas of Foreign and Defense Policy, they develop detailed plans of action to sustain our National Strategy, advance U.S. interests and most importantly, reduce the risk to our nation and our allies.

What follows is this Administration's effort to articulate the National Security Strategy of the United States—a blueprint for future freedom, peace, and prosperity.

II. Fundamentals of U.S. National Security Strategy

U.S. SECURITY IN A COMPLEX AND CHANGING WORLD

In the years following World War II, the United States faced, for the first time, an inescapable responsibility for world affairs. No longer protected by nearly perfect fortresses of oceans, allied with countries devastated by war, and presented with irrefutable evidence of Soviet expansionist aspirations, the United States shouldered the dual burden of facilitating the restoration of a world economic order and arresting the spread of the Soviet Union's peculiar brand of totalitarianism and communism.

The United States responded to the threats posed by Moscow with a policy of containment. Containment, as a strategy for world peace, entailed three distinct elements.

The first element, U.S. defense policy, involved forward deployment of military forces as necessary to deter and contain Soviet military expansion. In practice, this meant keeping, for the first time in our history, large military formations on the soil of allies in Western Europe and East Asia. As Soviet nuclear weapons delivery systems grew, it also required a large strategic force, to augment the deterrence provided by the conventional forces of the United States and its allies. Thus our military security system rested primarily on two strategic zones, Europe and East Asia, backed by our nuclear deterrent forces.

The second element, U.S. international economic policy, involved economic recovery programs for Western Europe and Japan. It also required U.S. leadership in establishing and managing the international monetary system, and encouraging regional and global free-trade agreements.

The third element, U.S. policy toward the Third World, included both economic and security assistance. It also had a profound political component: decolonization, self-determination, and support for the evolution toward democracy. The Soviet Union opposed us in the Third World with a policy of "wars of national liberation," through which they sought to exploit the instability of emerging nations to establish Marxist-Leninist regimes based on the Soviet model.

The three postwar decades witnessed important successes for our National Strategy. World war was avoided. Europe and Japan regained their prosperity, with the help of massive U.S. assistance, and most of the Third World was decolonized. Containment, however, was an expensive policy. But because the United States had the lion's share of the developed world's economic power, we could carry the burden.

The postwar era came to an end during the 1970s. The causes of its demise were threefold. First, the success of U.S. economic policies in Europe and East Asia dramatically changed the distribution of wealth and power within our alliance systems. The United States no longer had an overwhelming economic position vis-a-vis Western Europe and the East Asia rimland. And our success in deterring Soviet military aggression in these two strategic zones created growing public belief that direct Soviet aggression in these two regions had become less likely.

Second, the Soviet military buildup and the projection of Soviet power into Cuba, Nicaragua, the Middle East,

Southeast and Southwest Asia, and Africa required changes in strategy for implementing our containment policy. Particularly significant was the Soviet Union's attainment of strategic nuclear parity with the United States.

Third, the political awakening in the Third World created civil wars and regional conflicts that threatened to draw the United States and the Soviet Union into direct military confrontations. And economic developments, particularly in the energy area, contributed to political instability and caused destabilizing effects in the international monetary system.

In such a significantly different world, the foundations of strategic planning had to be reconsidered. U.S. military superiority in strategic forces no longer exists and the continued growth of Soviet military capabilities applicable to Europe, the Persian Gulf, and other important areas, pose a continuing threat to regional security.

Today it is more important than ever before that our National Security Strategy be based on a solid understanding of U.S. interests and objectives and a realistic approach to dealing with the Soviet Union and other threats to U.S. security.

U.S. INTERESTS

U.S. National Security Strategy reflects our national interests and presents a broad plan for achieving the national objectives that support those interests. The key national interests which our strategy seeks to assure and protect include:

1. The survival of the United States as a free and independent nation, with its fundamental values and institutions intact.

2. A healthy and growing U.S. economy.

3. The growth of freedom, democratic institutions, and free market economies throughout the world, linked by a fair and open international trading system.

4. A stable and secure world, free of major threats to U.S. interests.

5. The health and vigor of U.S. alliance relationships.

MAJOR OBJECTIVES IN SUPPORT OF U.S. INTERESTS

U.S. national security objectives are statements of broad goals which support and advance national interests. As such, they are not intended to be applied mechanically or automatically, but constitute a general guide for policy development in specific situations which call for the coordinated use of national power. The principal objectives which support our national interests are:

1. To maintain the security of our nation and our allies. The United States, in cooperation with its allies, must seek to deter any aggression that could threaten that security, and, should deterrence fail, must be prepared to repel or defeat any military attack and end the conflict on terms favorable to the United States, its interests, and its allies.

Specifically:

- To deter hostile attack of the United States, its citizens, military forces, or allies and to defeat attack if deterrence fails.
- To maintain the strength and vitality of U.S. alliance relationships.
- To deal effectively with threats to the security of the United States and its citizens short of armed conflict, including the threat of international terrorism.
- To prevent the spread of nuclear weapons.
- To reduce over the long term our reliance on nuclear weapons by strengthening our conventional forces, pursuing equitable and verifiable arms control agreements, and developing technologies for strategic defense.
- To assure unimpeded U.S. access to the oceans and space.
- To prevent the domination of the Eurasian landmass by the USSR (or any other hostile power, or coalition of powers).
- To force the Soviet Union to bear the brunt of its domestic economic shortcomings in order to discourage excessive Soviet military expenditures and global adventurism.
- To foster closer relations with the People's Republic of China.

2. To respond to the challenges of the global economy. Economic interdependence has brought tremendous benefits to the United States, but also presents new policy problems which must be resolved. Since our resource dependence has grown, the potential vulnerability of our supply lines is an issue of concern. Although continuing U.S. economic growth is helping lift the world out of recession, economic slowdown continues in many countries. We must devote attention to critical global problems, which if unresolved or unattended, may affect U.S. interests in the future. Many of these problems such as Third World debt, the international narcotics trade, and growing protectionism are currently having an impact on U.S. interests.

Specifically:

- To promote a strong, prosperous and competitive U.S. economy, in the context of a stable and growing world economy.
- To ensure U.S. access to foreign markets, and to ensure the United States and its allies and friends access to foreign energy and mineral resources.
- To promote a well-functioning international economic system with minimal distortions to trade and investment, stable currencies, and broadly agreed and respected rules for managing and resolving differences.

3. To defend and advance the cause of democracy, freedom, and human rights throughout the world. A foreign policy that ignored the fate of millions around the world who seek freedom would be a betrayal of our national heritage. Our own freedom, and that of our allies, could never be secure in a world where freedom was threatened everywhere else.

Specifically:

- To promote the growth of national independence and free institutions throughout the world.
- To encourage and support aid, trade, and investment programs that promote economic development and the growth of free and humane social and political orders in the Third World.
- To encourage liberalizing tendencies within the Soviet Union and its client states.

4. To resolve peacefully disputes which affect U.S. interests in troubled regions of the world. Regional conflicts which involve allies or friends of the United States may threaten U.S. interests, and frequently carry the risk of escalation to a wider conflict. Conflicts, or attempts to subvert friendly governments, which are instigated or supported by the Soviets and their client states, represent a particularly serious threat to U.S. interests.

Specifically:

- To maintain stable global and regional military balances vis-a-vis the USSR and states aligned with it.
- To aid threatened states in resisting Soviet or Soviet-sponsored subversion or aggression.
- To eliminate, where possible, the root causes of regional instabilities which create the risk of major war.
- To neutralize the efforts of the Soviet Union to increase its influence in the world and weaken the links between the USSR and its client states in the Third World.
- To aid in combatting threats to the stability of friendly governments and institutions from insurgencies, state-sponsored terrorism and the international trafficking of illicit drugs.

5. To build effective and favorable relationships with all nations with whom there is a basis of shared concern. In the world today, there are over 150 nations. Not one of them is the equal of the United States in total power or wealth, but each is sovereign, and most, if not all, touch U.S. interests directly or indirectly.

Specifically:

- To support the formation of associations of states friendly to U.S. interests using the full range of diplomatic, political, economic, and informational efforts.
- To make major international institutions more effective in promoting peace, world order and political, economic and social progress.
- To explore the possibility of improved relations with those nations hostile to us in order to reduce the chance of future conflict.
- To strengthen U.S. influence throughout the world.

Our National Security Strategy must be resolute in supporting U.S. interests and objectives. It must also take into account the many threats and instabilities of today's complex and changing world.

PRINCIPAL THREATS TO U.S. INTERESTS

The most significant threat to U.S. security and national interests is the global challenge posed by the Soviet Union. While only a handful of people in the Politburo can claim with any confidence to know the Kremlin's precise near-term, tactical plans, the long-term strategic direction of Soviet foreign policy is clearer. Motivated by the demands of a political system held together and dominated by Marxist-Leninist ideology and the political party which represents it, Moscow seeks to alter the existing international system and establish Soviet global hegemony. These long-range Soviet objectives constitute the overall conceptual framework of Soviet foreign and defense policy.

Fundamental differences in economic, social, and political beliefs and objectives lead to an essentially adversarial relationship between the United States and the Soviet Union. The two sides nevertheless share the common goal of avoiding direct confrontation and reducing the threat of nuclear war. The real challenge for American statecraft is how best to realize this commonality of interests, so as to preserve peace, without jeopardizing our national security or abandoning our commitment to the cause of freedom and justice.

To execute its expansionist policies, the USSR has perpetuated a domestic political system of centralized totalitarian control and mobilized and organized this system to support its international objectives. Internationally, the Soviets have continued to assist groups waging so-called wars of "national liberation," sponsor with arms and military training international terrorist groups, promote and exploit regional instabilities and conduct an aggressive and illegal war in Afghanistan. In numerous other places around the globe, Soviet advisors and combat troops have also engaged in conduct in violation of international agreements.

The Soviets have undertaken an unprecedented military buildup that poses a continuing threat to the United States and our allies. The Soviet leadership clearly attaches the greatest importance to its military strength, which has been the most significant source of the USSR's influence on the international scene. For decades the Soviet Union has allocated a disproportionate percentage of national income to the buildup of its military forces. It now has a uniformed military of more than five million (excluding more than one million border guards and other security forces). It is estimated that military expenditures currently absorb 15-17 percent of the total Soviet GNP.

Soviet military power permits Moscow to provide a strong defense of the homeland while facilitating direct and indirect participation in regional conflicts beyond Soviet borders. Furthermore, Soviet military resources increasingly are used to influence and broker the policies of other countries and to promote instability.

The evidence of the relationship between the Soviet Union and the growth of worldwide terrorism is now conclusive. Even though the Soviet Union does not have direct control over most of the terrorist groups, it supplies massive amounts of arms, money, and advisory assistance to revolutionary forces engaged in terrorist activities. The Soviets attempt to disguise such support by using middle men—radical governments such as Cuba, North Korea, Nicaragua, Syria, and Libya, which deal directly with radical terrorists and insurgents. Whether Moscow is providing support directly or indirectly, the ultimate targets of radical terrorism are the United States, Western Europe, Japan, and other moderate, pro-Western governments.

The Soviet Union in recent years has become much more sophisticated in wielding the instruments of national power. Despite significant weaknesses in the Soviet economy, the Politburo actively employs economic instruments in its global strategy. It uses trade with the West to obtain economic leverage, technology, and foreign exchange. The acquisition of military-related advanced technology through legal and

illegal means, is especially important to the Soviets, to shorten weapon development times, reduce costs, and to compensate for the weakness of the Soviet economy. Acquisition of production technology is equally important to the Soviets, to improve the efficiency of their defense industry. Access to Western manufacturing equipment, processes, and know-how has enabled Soviet defense plants to introduce some advanced weapons into production up to five years earlier than would have been otherwise possible. The Soviets also attempt to obtain long-term economic agreements which build relationships of dependency on the USSR (e.g., those relating to the supply of energy resources to Western Europe).

In addition, the Soviets have established a massive political influence apparatus. This apparatus includes the world's largest propaganda machine, incorporating overt and clandestine activities in all types of media; funding and support of foreign communist parties and front organizations; political and ideological indoctrination of foreign students, government officials, terrorists, and military personnel; and perceptions management of foreign visitors to the USSR. It includes separate efforts to conduct "active measures," including disinformation, forgeries, the use of political agents of influence, and other deceptive operations.

While the Soviets cannot be branded as instigators of all revolutionary movements, their strategy clearly is to exploit domestic vulnerabilities in foreign countries to promote the emergence of regimes under Soviet influence or control. All this is accomplished under the rubric of "peaceful coexistence" with the United States and the West, defined as a continuing contest in which all forms of struggle are permissible short of all-out war.

While we remain properly concerned with the Soviet threat, we must not neglect other destabilizing international threats and problems which can seriously damage U.S. interests if not properly addressed. These include non-communist nations with oppressive governments and ideologies opposed to ours; international economic concerns of massive world debt, trade imbalances, and shifts in comparative advantage in our interdependent global economic system; the global population explosion and related food, water, and poverty problems; the proliferation of nuclear weapons; drug trafficking; and human rights violations, to name only a few.

An additional threat, which is particularly insidious in nature and growing in scope, is international terrorism—a worldwide phenomenon that is becoming increasingly frequent, indiscriminate, and state-supported. Terrorism is likely to be a prominent feature of the international landscape for the remainder of this century. It directly attacks our democratic values, undermines our diplomatic efforts for peaceful solutions to conflicts, and erodes the foundations of civilized societies. Effectively countering terrorism is a major national security objective of the United States.

A solid understanding of our national interests and objectives, against the backdrop of major threats to those interests, is essential to devising sound strategies. The next two chapters will discuss the principal elements of our foreign and defense policies, and the ways in which they contribute to the achievement of national security objectives. The effective integration of our foreign and defense policies provides the foundation for our National Security Strategy.

III. U.S. Foreign Policy

CONTINUITY OF BASIC GOALS

Our foreign policy reflects the basic thrust of our National Security Strategy—the promotion of our democratic way of life. History has shown us repeatedly that only in democracies is there inherent respect for individual liberties and rights. In the postwar world, democracies have also exhibited extraordinary economic vitality. With their more flexible economies, democracies have continued to demonstrate the efficiency and dynamism necessary to maintain strength in a complex and difficult international economic environment.

If we are to achieve the kind of world we all hope to see, democracy must continue to prosper and expand. Today, in a number of countries in varying stages of economic development, democracy is growing stronger. The United States must be a beacon for democracy. Unfortunately, many in the world are prevented from seeing our beacon. For many more, it has been distorted; and still others, who are able to see it and are inspired by it, need help in the form of practical assistance.

We have provided assistance before—in postwar Western Europe and Asia—and we must again. What we helped achieve in those areas constitutes one of the most remarkable, positive chapters of recent history. Our support for democracy should not be hidden; it must be active and visible. Active support of democratic forces in the past two decades has demonstrated the value of this legitimate and important activity. The substantial support provided by West European democratic parties significantly aided the successful drives of democratic movements in Spain and Portugal.

We are interested in assisting constructive change which can lead to greater political stability, social justice, and economic progress. Change must come from within, following a path dictated by national and local traditions. In some instances, assistance and guidance is better provided by other democracies or multilaterally. Patience, respect for different cultures and recognition of our own limitations must guide our effort.

INSTRUMENTS OF FOREIGN POLICY

The United States has an exceptionally diverse array of tools for protecting its international interests and for supporting the drive toward democracy across the globe. It is possible that no other nation has ever been comparably endowed. These instruments are normally most effective when used in concert with others. All of them must be adapted to changing situations. The resurgence of our national strength in this decade has been broadly based. It will endure into the next decade only if we protect this base and ensure that the tools available to us are properly sustained and effectively used. The separate, but interrelated tools on which the success of our foreign policy depends are:

Moral and political example. American spirit and prosperity represents a critical challenge to the

ideology and the practical record of our adversaries: free, pluralist societies *work*. This power of example represents a potent advantage of American society, but we should not leave its expression to chance. It is in our interest to spread this message in an organized way.

Military strength and economic vitality. A strong U.S. military capability is essential to maintaining the stable, secure environment in which diplomacy can be effective and our adversaries are deterred. America's economic power sustains this strength and fortifies our relations with the other countries that share our interest in a free and open international order.

Alliance relationships. The pursuit of American goals depends on cooperation with like-minded international partners. This relationship enhances our strength and mitigates the understandable reluctance of the American people to shoulder security burdens alone. The predictable difficulties that arise from time to time in all alliance relationships must be measured against the enormous value that these ties bring us and our friends.

Security assistance. By helping friends, allies, and those targeted by our adversaries acquire the means to defend themselves, we limit the potential of our own involvement in dangerous conflicts. Security assistance abroad is productive investment in our own security. It aids deterrence, promotes regional stability, helps to ensure access to vital overseas military facilities, and lessens our own military requirements. Resolute use of this valuable foreign policy tool directly promotes our security interests.

Economic assistance. In the decades since World War II, America has contributed nearly $200 billion to the economic development of other countries. These financial resources have played a vital role in ensuring critical U.S. objectives are met. A well structured economic assistance program provides essential support for our world leadership position.

Trade policy. The impact of economic assistance is maximized when it is matched by a sound trade policy that facilitates the best use of our assistance. Moreover, a trade policy that aggravates the economic difficulties of others may only increase the need for future American assistance. Adherence to the principles of an open and fair world trading order ensures that countries acquire the economic strength to stand on their own feet, and contributes to our own well-being through mutually beneficial trade. Security considerations will sometimes require restrained trade and allied cooperation to prevent enhancing the military capabilities of our adversaries.

Science and Technology Cooperation. For most countries, access to advanced scientific and technological resources is critical to prosperity and long-term economic growth. U.S. world leadership and vast resources in science and technology constitute important strategic assets to strengthen existing ties with friends and allies, and promote positive relationships with emerging nations.

Private investment in developing economies. The free flow of international investment is as central to global economic growth as an open trading order. U.S. private investment in less developed countries contributes significantly to their economic growth and promotes social stability. At a time when developing countries are striving to meet their debt-servicing obligations and the resources of our national budget are under pressure, the contribution of private-sector investment assumes increased importance.

Diplomatic mediation. In regions where conflict threatens our interests and those of our friends, political efforts are essential to ending violence, promoting freedom and national self-determination, and laying the foundations for future stability. The initiatives of American diplomacy take their strength from effective and integrated use of the other tools already discussed, and from the ability of U.S. representatives to act credibly as mediators of disputes. Making clear the firmness of our commitments to friends and allies will, in fact, increase the incentives of their adversaries to negotiate seriously.

International Organizations. Multilateral diplomacy and participation in international organizations provide an opportunity to address common global problems and share the task of solving them. Skillful U.S. diplomacy within these organizations has served to enhance our overall goals on issues such as

peacekeeping, promotion of human rights, and encouraging the development of free economic and political systems.

Support for Freedom Fighters. The tools of foreign policy must encompass the special needs of those who resist the Soviet-style regimes implanted in Third World countries in the 1970's and 1980's. America has a long history of private and government support to groups seeking national independence and freedom. This is a vital and important effort, as aggressive Marxist-Leninist regimes clearly threaten international peace and stability. We seek to advance the cause of freedom and democracy, and to demonstrate to the Soviets that their actions aimed at spreading Marxist-Leninist totalitarianism will bring them no enduring gain.

INTERNATIONAL ECONOMIC POLICY

The United States supports market-oriented policies that foster economic growth, both domestically and internationally. The economic growth of the United States is the cornerstone that ensures our strength and permits human potential to flourish. Our policies of economic growth have provided the underlying base of support for the most important element in our National Security Strategy in the past six years—the revitalization of U.S. military power. The dynamic growth of the U.S. economy is the envy of much of the world. We are now working in this country to rebuild American productivity, sustain our scientific and technological leadership, make the most of our human potential, and move into the 21st century with an even more efficient, capable and competitive American economy. Our nation will achieve these goals with hard work, determination, and a commitment to the revitalization of American industry.

The United States places reliance on private enterprise and initiative. This philosophy leads to higher living standards and concern for the economic advancement of the individual. Our National Security Strategy in the international economic area seeks to support and promote market-oriented economic policies which will maximize economic opportunity and individual welfare.

It is important to understand why we stress private enterprise as the basis of our international economic policy. This is one of the prime areas in which the United States—and the free world generally—differ in all respects from the communist world. The Soviet economic model is characterized by the ineffectiveness of the centralized command economy, the failure of collective enterprises, and the inability to provide adequate standards of living for the mass of Soviet citizens. The Soviet model of economic organization *does not work* and *will not work.*

Under the leadership of General Secretary Gorbachev, the Soviet Union has announced that it is attempting fundamental reforms in the management of economic policy. Recently, Gorbachev invited the Western private sector, and U.S. business leaders in particular, to develop a long-term stake in the future of the Soviet economy. In light of this Soviet initiative, we need to ask ourselves what kind of Soviet Union we wish to see in the next twenty or thirty years. Clearly, we can affect the outcome only at the margin. But we should not ignore new opportunities for increasing economic interaction between our two societies. Greater economic freedom for the Soviet people is in the interest of the West as long as it does not foster greater Soviet investment in military capability.

But we must approach such interaction with a sense of realism. There are some areas where it would clearly not serve constructive purposes. Soviet membership in the General Agreement on Tariffs and Trade (GATT), for example, would not be in the best interests of the West at present. In addition to the danger of GATT politicization, the USSR's state-directed trading system is fundamentally incompatible with the free-market orientation of the GATT international trading system. Suggestions by Soviet officials about possible USSR membership in the World Bank or International Monetary Fund should be treated with caution for similar reasons. We would oppose such membership under present circumstances.

The USSR's effort to broaden its foreign economic relations forms an integral part of Soviet national security strategy. In addition to aiding the Soviet economy, it is designed to exploit dependence of trading partners and enhance Soviet power and

influence generally. Trade with the West can also provide access to advanced technology which facilitates the Soviet military buildup. Non-communist governments need to display greater discipline in weaving security considerations into the fabric of East-West commercial relations.

Specifically:

- As recognized in the Helsinki Accords, government-to-government cooperation in the economic sphere should be dependent on progress in other areas of East-West relations, including Eastern observance of human rights.
- COCOM controls on strategic technologies should be maintained, streamlined and enforced to restrain the ability of the Soviet Union and its allies to match or overtake Western defense capabilities.
- The International Energy Agency (IEA) should continue its efforts to reduce dependence among member countries on insecure energy supplies.

Early in our Administration, we laid the international economic groundwork for greater cooperation with our allies. We have attempted to foster the view that the future belongs to those who allow free enterprise to guide economic decisions and not to those regimes which allow bureaucratic functionaries to set the course of economic development. Throughout these six years, we have witnessed these principles move from concept into reality. In France, economic liberalization is steadily progressing. In Japan, slowly but surely, trade and capital markets are being opened. In Germany and the United Kingdom, new economic courses are being set to sustain growth with low inflation.

We believe that market-oriented policies are key to greater growth in America and throughout the world over the long-term. We have worked diligently to resist protectionist tendencies both at home and abroad, since protectionism will harm all free nations. Immediate as well as long term costs would more than offset any short-term benefits which might be gained.

We have encouraged market-based energy policies and more open energy trade within the International Energy Agency. We have been the prime movers in laying the groundwork for a new round of negotiations in the GATT that will open markets for our exports of goods and services and stimulate greater growth, efficiency and worldwide job opportunities. We have forged stronger ties with our Asian partners by emphasizing the future role of U.S.-Pacific economic relations.

The industrial nations of the West have become increasingly interdependent. None of these countries acting alone can effectively resolve long-term economic problems. The United States and its allies must work together if we, and the rest of the world, are to prosper and grow.

Enhancing world economic growth, opening markets, and ameliorating the developing country debt situation are long-term goals that can be met only through sound economic policies, prudent lending, and direct investment and aid strategies that will elicit the broad economic development and growing markets needed to sustain long-term prosperity. Significant contributions of capital and know-how through aid, investment, technology transfer and training are as much an ingredient of regional peace and collective security as are deterrent forces and defense alliances. This redefinition of the traditional concept of "burdensharing" is in keeping with the capabilities of the United States and our allies and the evolving responsibilities of shared leadership.

In short, our international economic policy is built around the belief that economic freedom is not the sole possession of a chosen few, but the universal right of all people. We will use our economic power and political will to preserve and nurture our vision of the world's economic future, which belongs to free people, free governments and free economic enterprises.

POLITICAL AND INFORMATIONAL ELEMENTS OF NATIONAL POWER

We are faced with a profound challenge to our national security in the political field. This challenge is to fight the war of ideas and to help support the political infrastructure of world democracies. To accomplish this we must be as committed to the maintenance of our political defense as we are to our military defense.

Public opinion polls consistently find that two-thirds of the American electorate normally take no interest in foreign policy. Moreover, only a bare majority today believes that this country needs to play an active part in world affairs—and that majority is eroding. There is no natural domestic constituency for foreign policy—*we must build one.*

The instruments to implement such an approach include a number of traditional foreign policy agencies such as the Departments of State and Defense, Agency for International Development (AID), and U.S. Information Agency (USIA), plus several less traditional participants including the Departments of Commerce and Treasury, and the U.S. Trade Representative (USTR).

Another actor in the field of political, informational and communications activity is the private sector. During the past six years, the private sector has been energized as a key element in the projection of U.S. foreign policy goals. Leading private citizens and groups are taking steps to identify and organize the many local forces throughout the United States that have a direct stake in the nation's relations with the rest of the world. The private voluntary organizations in world affairs are doing an indispensible job of public education. They have our strongest encouragement and support.

While we focus on the needs of an effective political and informational policy, we must keep in mind that the Soviet Union has a most aggressive public deception and propaganda program, using a wide range of techniques aimed not only at the Third World, but also at our alliance partners. The current Soviet regime has increased the range and intensity of Soviet public diplomacy and propaganda efforts. We must actively counter Soviet propaganda and active measures using the full range of U.S. informational programs.

Our political and informational strategy must also reach to the peoples of denied areas, particularly the USSR and Eastern Europe—to encourage hope for change and to educate publics on the benefits of free institutions. This is achieved through the electronic media, written materials, and the increased contact and exchange of ideas that come from such contact. The process of gradual change will take place inside, but the stimulant and the vision of "how things could be" must come from outside in a closed society. This is the vision of a nation which believes that a world of democracies is a safer world, and one where the respect for the dignity of all men has a better chance to be realized.

REGIONAL POLICIES

Western Hemisphere. The defense of North America is the nation's most fundamental security concern. Since the Second World War this has entailed a hemispheric security system, composed of a strong U.S. nuclear deterrent, greater cooperation with Canada, and the promotion of collective security arrangements with Latin America. New threats and new opportunities for democracy in the Western Hemisphere require that this traditional approach be revitalized by building on the interests we share with our democratic Caribbean, North, Central and South American neighbors.

Aggressive Marxist regimes in Cuba and Nicaragua have made the Western Hemisphere, once considered indisputably secure for the United States, an area of strategic opportunity for the Soviet Union. The fragility of social and political arrangements in Latin America and the presence of these two Soviet client states, with their support for guerrilla movements in other Latin nations and their ties to international terrorism,

promise continued instability and conflict in the region. This situation is compounded by continuing economic and debt-servicing problems, the ongoing problem of the drug trade and the growing political strength of the drug traffickers who—often in collusion with local guerrilla groups—have begun to pose serious challenges for the reborn Latin democracies.

U.S. national security policy for the Western Hemisphere seeks to address these problems within the broader framework of the promotion of democracy, fostering economic development, strengthening dialogue and diplomacy within and among area countries, and contributing to defensive capabilities that allow progress without debilitating external interference. Many of the current challenges for the United States fall outside of the formal collective security arrangements created in previous decades. Our national security requires an emphasis on political and economic support for the hemisphere's democracies and diplomatic initiatives to strengthen alliances.

Western Europe. The security of Western Europe constitutes a vital interest of the United States. Shared values, the Soviet threat, and U.S.-European economic interdependence underscore the importance of collective defense epitomized by NATO.

The two greatest dangers to Western Europe's security today are the proximity of massive Soviet conventional and nuclear forces, and the vulnerability of Western Europe's oil supply, some 60 percent of which moves by sea from the Persian Gulf.

The cohesion of the NATO Alliance remains strong in the face of these challenges, and is reinforced by an intensive process of consultation on the full range of security issues. Over the past twelve months, there have been almost thirty high-level consultations at NATO. This intense process, to which we remain fully committed, has contributed to the fundament. Alliance consensus on its approach to East-West relations on issues ranging from arms control to human rights. The common Alliance approach, set forth in recent NATO Ministerial communiques, combines a commitment to preserving the strength necessary to defend our vital interests with a readiness to work toward improved relations through a realistic dialogue with the Soviet Union.

The Alliance has been measurably strengthened in recent years. The United States has devoted special attention to rebuilding its Alliance relationships, and our efforts to reinvigorate the American economy have provided a major impetus for growth in Western Europe. Other milestones include the Spanish entry into NATO in 1982 and last year's Spanish referendum in support of continued membership. Through its 1983 and subsequent Intermediate-range Nuclear Force (INF) deployments, the Alliance demonstrated its resolve to protect its basic interests in the face of Soviet intimidation. In 1984, the Allies launched a program to improve conventional defense capabilities, and more recently have focused increased attention on armaments cooperation. In 1985-86, Allied firmness and solidarity helped to bring the Soviets back to the negotiating table in Geneva and to promote progress in the talks themselves.

Despite the basic vigor and strength of the Atlantic Alliance, NATO relationships have come under strain from several quarters. The challenges include, for example, protectionism and trade deficits, different methods of dealing with terrorism, burdensharing, and at times, differing assessments of the Soviet threat. Moreover, the foreign policy priorities of Western European governments with respect to developments in Asia, Africa, the Middle East and Latin America do not always coincide with U.S. priorities, in part because the United States must adopt a global outlook.

Doubts have sometimes been expressed, especially in the late 1970's, over the continued validity of the U.S. commitment to Europe's defense. The successful implementation of NATO's 1979 INF dual-track decision thwarted the most recent Soviet attempt to decouple the U.S. security guarantee from the defense of Europe, and has served as a major incentive for the Soviets to engage in serious negotiations for real reductions in intermediate-range nuclear forces. Whatever the outcome of the INF negotiations, flexible response will require the continuing presence of U.S. nuclear weapons in Europe. Nonetheless, NATO has

consistently worked to keep its nuclear arsenal at the minimum level necessary for deterrence and is proceeding with the reductions in its stockpile mandated by the 1983 Montebello decision.

The challenge before us is to maintain the momentum we have achieved and continue to manage the inevitable strains in our Alliance relationships. With a common commitment to the values and interests which constitute the bedrock of the Alliance, imagination, and political courage, the United States and its Allies will succeed in building an even stronger bulwark against Soviet aggression and intimidation.

East Asia and Pacific. The United States is a Pacific power and a proud member of the area of the globe that has led the world's economies in growth. Soviet military power in Asia and the Pacific has grown dramatically, but the U.S. response goes far beyond technical issues of relative military power. The goal is to strengthen our natural political and economic associations, while proceeding steadily with necessary modernization of our military forces deployed in the area.

Cooperation with Japan is basic to U.S. relationships in the region. The U.S.-Japan Mutual Security Treaty formalizes our defense ties, providing a security foundation for the broad spectrum of economic, social and political associations which join us.

In the security area, Japan's recent redefinition of its self-defense goals—especially as they relate to sea lane protection—is of particular importance. Japanese forces are developing capabilities that can make a significant contribution to deterrence. At the same time, Japan's defense spending remains small as a share of its huge economy, and more rapid progress is needed toward Japan's defense goals. But the constant and substantial growth of that spending over the last fifteen years, and particularly over the last five years, is significant. Japan's recent decision to spend more than one percent of its GNP on defense is especially noteworthy.

Japan is now the world's second greatest economic power. This development is reflected in increased Japanese expenditures on foreign assistance, which it continues to target on key strategic countries. At the same time, Japanese economic relations have become a source of political tension. The Japanese trade surplus is the biggest in history. This surplus cannot be sustained and must be brought into better balance. We are working together on many fronts to do this.

Our alliance with the Republic of Korea remains of exceptional importance. North Korea still has armed forces that far exceed those of the South in quantity, are newly strengthened by additional Soviet weapons, and are in the hands of a government whose aggressive demeanor and tendency to act unexpectedly is well known. Our own military presence in the Republic of Korea is of importance, both for regional stability and for local security, which is essential to that country's remarkable economic development. It now faces a critical period of political development as well, as it moves toward a first-ever peaceful change of government when President Chun's term will be completed in 1988. In this process, the United States hopes to use its influence to encourage Koreans in this democratic change. We do so, however, in careful ways that respect Korean traditions and political realities, and are mindful of the constant security threat.

China's importance speaks for itself. Its attainment of rapid economic growth, while simultaneously making basic economic, social and political changes, is another great achievement in its remarkable history. The United States seeks a close, friendly, and cooperative relationship with the People's Republic of China, outside any alliance, and without any illusions that one is a political or strategic "card" for the other. Simply put, both of us recognize the importance of each to the other in the many shared areas of agreement, even as we appreciate the diversity of our political systems.

In the Philippines, the new government faces major and inherited political, security and economic challenges. Through all of the tools available to us, we are determined to help this key Pacific ally to overcome these problems so it can once again achieve economic growth, counter the threat of a serious insurgency and strengthen democratic government.

Our second treaty ally in Southeast Asia, Thailand, is the ASEAN frontline state bordering Cambodia, now

occupied by the Vietnamese and the site of an active Cambodian resistance coalition struggling to gain self-determination for the Khmer people. In support of Thailand, which also shoulders the major refugee burden in Southeast Asia, we will continue our close security cooperation to deter any potential aggression and maintain our support of eligible refugees. We will also continue our cooperative effort with Thailand to suppress narcotic trafficking.

The United States views the continued occupation of Cambodia by Vietnamese forces as unacceptable as it undermines regional efforts towards development, peace and stability. We also oppose the return of the Khmer Rouge to power in Cambodia. We will continue our strong support of ASEAN's quest for a peaceful political solution and for the non-Communist elements of the resistance coalition. Under our initiative on regional problems at the United Nations, we are prepared to play a constructive role in the context of a Cambodian settlement.

Despite acute and serious differences with Vietnam, through bilateral discussions we have made more progress in accounting for our missing servicemen in the past two years than at any time since the end of the war. Similarly, our bilateral discussions on the humanitarian question of refugees, reeducation of internees and Amerasians will continue with the objective of a humane solution to these complex questions. We will not, however, resume normalization of relations with Vietnam until Hanoi agrees to a Cambodian settlement involving withdrawal of its occupation forces.

We have seen a modest but welcome improvement in relations between Laos and the United States. Our primary measure of their sincerity to improve relations is further, accelerated, cooperative efforts to account for our servicemen still missing.

In the South Pacific, our longstanding alliance with Australia under the ANZUS Treaty remains the keystone of our foreign policy in the area. The United States has been especially aware of the needs of the South Pacific independent states. We recently reached agreement on the key elements of an historic fisheries treaty. We are pleased with this agreement which creates a solid foundation for future friendship and cooperation. We believe that the package of U.S. assistance that is linked to the treaty will encourage development of the island economies. We also were recently able to celebrate the creation of a new U.S. Commonwealth—The Northern Marianas—and two new freely associated states, the Federated States of Micronesia and the Republic of the Marshalls. We welcome these new participants to the Pacific Ocean community.

The Soviet Union and Eastern Europe. As mentioned earlier, the most significant threat to U.S. security and national interests is the global challenge posed by the Soviet Union. There is no doubt that Moscow aspires to alter the existing international system and establish Soviet global hegemony. These Soviet long-range objectives are underwritten by Soviet concepts of foreign and defense policy. Our policy for dealing with the Soviets rests on three guiding principles:

- **Realism,** which means that we must recognize the nature of the Soviet system and deal frankly and forthrightly with problems in our relationship.
- **Strength,** which is more than military power, but includes political determination, the strength of alliances, and economic health as well. The Soviet Union respects strength and takes advantage of weakness.
- **Dialogue,** which means that we are prepared to discuss all the issues that divide us, and are ready to work for practical and fair solutions on a basis compatible with our own fundamental interests.

Consistent with this approach, we are engaged in dialogues with the Soviets on four basic elements of our relationship: human rights; the reduction of regional conflicts; areas of mutually beneficial cooperation; and arms control. In all areas, progress is slow.

At the same time, through coordinated employment of many elements of our national power, we seek to deter further Soviet direct and indirect aggression, and achieve a lessened Soviet reliance on the use or threat of force. We will continue to counter Soviet expansionism worldwide. No additional country has fallen to Soviet aggression since 1981, and the Soviets

have been more cautious in undertaking new military adventures in recent years, though they and their proxies remain active in such areas as Afghanistan, Angola, Cambodia, and Nicaragua.

In short, we have put in place a policy designed for long-term management of U.S.-Soviet relations in order to pursue our interests without the rapid fluctuations or unrealistic illusions which characterized some periods in the past. The fundamental fact is that the U.S.-Soviet relationship is essentially adversarial, and will remain so for the foreseeable future. But both sides agree that we have a responsibility to ensure that this relationship remains peaceful. We are ready for the long effort and steady course required to pursue our national interests in this fashion.

The United States has important political and economic interests in Eastern Europe. We have never recognized the division of Europe as either lawful or permanent. There was no agreement at Yalta to divide Europe into "spheres of influence." Rather, the Soviet Union pledged itself to grant full independence to Poland and to other states in Eastern Europe and to hold free elections. Soviet failure to honor these commitments is one of the primary causes of East-West tensions today. Our policy toward Eastern Europe seeks to promote a positive role for Eastern European states in preserving European stability and exercising a moderating influence on the Soviet Union.

We believe the United States should deal with the East European countries on an individual basis and vary our policies depending upon our assessment of the conditions in each nation. In keeping with this principle, we differentiate our policies toward Eastern Europe to achieve a variety of objectives. These include the encouragement of domestic liberalization and more autonomous foreign policies; promotion of security through enhanced economic and political cooperation; and the fostering of genuine and long-lasting improvement in human rights. Concurrently, we seek to promote increased dialogue through cultural and scientific exchanges, international forums, high-level visits, bilateral councils and people-to-people contacts.

The Middle East and South Asia. Our principal interests in the Middle East include maintaining regional stability, containing and reducing Soviet influence, preserving the security of Israel and our other friends in the area, retaining access to oil on reasonable terms for ourselves and our allies, and curbing state-sponsored terrorism. Those interests are threatened by the continuation of the Iran-Iraq conflict, the existence of deep-seated Arab-Israeli tensions, the growth of anti-Western political movements in the region, and the use of terrorism as an instrument of state policy, particularly by Libya, Syria, and Iran. Our strategy in the region aims to safeguard our interests from those threats; to hasten negotiated settlements of the Palestinian problem and the Iran-Iraq war; to bolster the security and economic well-being of Israel and moderate Arab regimes; to help our friends in the Gulf protect themselves and international shipping lanes; and to isolate and deter state sponsors of terrorism.

The U.S. Initiative of September 1982 remains the cornerstone of our approach to the Arab-Israeli peace process. Our immediate goal is direct negotiations between Israel and a Jordanian-Palestinian delegation, as part of a general effort to broaden the Egyptian-Israeli peace and bring about a just and lasting resolution of the Palestinian problem. We remain firmly committed to a prompt and honorable negotiated settlement of the Iran-Iraq war. Current Iranian behavior poses a serious threat to our interests and those of our friends in the region. Until Iran ceases its efforts to prolong the senseless war with Iraq, we will work actively to block the flow of arms and military material to Iran.

Despite severe budgetary constraints, economic and security assistance, together with a prudent but responsive policy of arms sales within the region, remains an essential part of our efforts to strengthen Israel and moderate Arab regimes. We cannot afford to neglect the real needs of our friends. At the same time, we will continue to try to isolate and build international pressure against state sponsors of terrorism. Our recent actions against Libya were designed to demonstrate the political, military and economic

costs of supporting terrorism. While we have no illusions about eradicating this menace easily or quickly, we remain determined to combat it vigorously in close cooperation with our friends and allies.

U.S. objectives in South Asia include reduction of regional tensions; development of cooperative relationships between South Asian countries; prevention of nuclear proliferation; and restoration of the freedom of the Afghan people.

U.S. policy also seeks a general improvement in bilateral relations with all countries of the subcontinent. Important elements have been improved India-U.S. relations and U.S. encouragement of better relations between India and Pakistan. A new six-year assistance plan of $4 billion for Pakistan has been proposed by this Administration and is vital to that country's ability to withstand strong pressures generated by the Soviet invasion of Afghanistan. Pakistan is hosting nearly three million Afghan refugees on its soil. The United States remains the largest donor of humanitarian assistance to the refugees.

For the first time, the United States has established substantially improved relations with both India and Pakistan. This enables us to help support the regional desire for peace, despite periodic crises in Indo-Pakistani relations.

Africa. African issues demand increasing attention because of the continent's extensive natural resources; its growing role in international forums; the threat posed to regional security by the escalating racial conflict in South Africa; and Soviet, Libyan, East European and Cuban adventurism throughout the region. The challenges to democracy are especially strong in Africa, and we remain concerned about the widespread denial of basic human rights, whether by Marxist-Leninst clients of the Soviet Union or through apartheid in South Africa. The sources of conflict within Africa are many: extreme poverty, great disparities of wealth, ethnic frictions, unsettled borders, and religion.

U.S. policy must strive to encourage economic development and political stability in Africa. African leaders have started to recognize that statist solutions are not the answer and are beginning to reform their economies. We must work with other donor countries and the multilateral institutions to reinforce this trend toward economic policy reform and private sector development.

Economic growth will contribute to, but also requires, political stability. We must continue to encourage the peaceful resolution of conflicts without foreign intervention. Deteriorating economic conditions and political instability have encouraged intervention by the Soviets, their surrogates, the Cubans, and maverick troublemakers like Libya.

IV. U.S. Defense Policy

INTRODUCTION

The Defense Policy of the United States requires military forces that are organized, manned, trained, and equipped to deter and, if necessary, defeat aggression across the entire spectrum of potential conflict. Our National Security Strategy, global objectives, and the nature of the threat require that we be prepared to defend our interests as far from North America as possible. Accordingly, our strategy relies heavily on forward deployment of combat-ready forces, reinforced by strong alliance relationships. In support of those relationships, we will continue to maintain in peacetime major forward deployments of land, naval, and air forces in Europe, the Atlantic and the Pacific; and other deployments in the Western Hemisphere and Indian Ocean. The overall size and composition of our armed forces are strongly influenced by these requirements.

The challenge we face is dynamic and complex. There remains a significant imbalance of forces favoring the Soviet Union in several important contingencies. In addition, Third World states are increasingly armed with modern and sophisticated military equipment.

Comprehensive and imaginative integration of U.S. and allied military capabilities is required to reduce risks to our national security. Since our political and social heritage militates against raising and supporting large forces in peacetime, we are impelled to seek security in America's national genius for technological innovation; the breadth and diversity of our national economy; and alliance cooperation. The United States must pursue strategies for competition with the Soviets which emphasize our comparative advantages in these areas.

The full range of U.S. military capabilities must be suitably balanced among combat and support elements, and contain an appropriate mix of active duty and reserve components. The United States must have specialized forces—ranging from those required for nuclear deterrence to forces configured to deal with terrorism; and must also have general purpose forces capable of sustaining high intensity conflict, while maintaining an effective capability for lesser contingencies and special operations. At the same time, we must balance defense priorities among the competing needs of readiness, sustainability, modernization, and force expansion.

U.S. military forces also must be supported by plans, doctrines, and command relationships which provide for effective integration and employment of all facets of our military power. While the possible use of nuclear weapons must remain an element in our overall military strategy, nuclear forces should never be viewed as simply a lower-cost alternative to conventional forces. U.S. forces must be capable of rapid deployment to deter wider crises or conflicts. They must also possess the capability, should deterrence fail, to expand the scope and intensity of combat operations, as necessary, to terminate the conflict on terms favorable to the United States and its allies.

The United States must maintain effective and robust Reserve and National Guard forces, trained and equipped at levels commensurate with their wartime missions, as well as Coast Guard and other capabilities which support the national security establishment. The United States must also continue to enhance its capabilities to surge or mobilize manpower and key industrial resources, planning for the most effective use of available strategic warning in the event of crisis or war.

TAKING ADVANTAGE OF U.S. STRENGTHS AND SOVIET WEAKNESSES

One of the central tenets of our defense policy is that the United States will not seek to match the Soviet Union weapon for weapon. Rather, we will work to overcome Soviet numerical superiority by taking maximum advantage of the inherent strengths of alliances composed of democratic, industrialized, free economy nations.

Technology. The United States and its allies continue to enjoy technological superiority over the Soviet Bloc in most areas of military application. This technological advantage derives from the fundamental nature of the two societies. The spirit of inquiry and the free flow of information which characterize the West will inevitably permit technology and innovation to flourish to a greater degree than it will in a closed society. The United States and its allies enjoy an intrinsic advantage not only in the creation, but in the practical exploitation of advanced technologies. Competitive, free-enterprise societies consistently out-perform centrally planned economies in fostering innovation, growth, and the application of new technology to a wide variety of fields.

Technology affects our national security in two ways. First, the ability to exploit and adapt technology contributes to the overall economic health of the United States and its allies, which is a key element of national power. Second, the exploitation of a technological advantage directly enhances defense. Precision guided munitions, for example, help offset the large Soviet edge in tank forces. Stealth technology helps counter the massive Soviet investment in air defense. Advances in anti-submarine warfare technologies and in submarine quieting help preserve maritime superiority despite the Soviet Navy's numerical advantages. Perhaps most significantly, the U.S. edge in computer technology and software has military relevance across the entire spectrum of warfare.

The Soviets are, of course, conscious of the Western technological advantage and have undertaken a massive effort to acquire and exploit Western technology. Thus a vital element of our defense policy is to control technology transfer and protect classified information relating to military technologies. With this in mind, we have undertaken a major effort to enhance our National Counter-intelligence and Security Countermeasures plans and capabilities, as I outlined in my November 1986 report to Congress.

Competitive Strategies. Competitive strategies are aimed at exploiting our technological advantages in thoughtful and systematic ways to cause the Soviets to compete less efficiently or less effectively in areas of military application. Such strategies seek to make portions of the tremendous Soviet military machine obsolete and force the Soviets to divert resources in ways they may not prefer, and in a manner that may not necessarily threaten our own forces. Low observable (stealth) technology, for example, can render much of the Soviet investment in air defense obsolete and requires the Soviets to divert resources from offensive forces to defensive forces. The contribution which new technologies can make to our competitive strategies is an explicit consideration in making defense procurement decisions.

Alliances. A third area of U.S. strength and Soviet weakness is alliance relationships. While the Soviet Union presides over an empire that has seen several armed rebellions in the past forty years, the United States is the leader of a voluntary coalition of equal nations. U.S. allies, particularly our NATO partners, contribute a major share of the West's total military strength. Recognizing this contribution, our defense policy is based on the fundamental premise that we will not seek to offset Soviet power alone, but in conjunction with our allies throughout the globe, on a basis of equitable burdensharing.

In NATO, this means continuing our strong support for Alliance efforts to improve the overall Western conventional balance, including appropriate economic and military assistance to allies on NATO's critical southern flank. It means integrating the contribution of our NATO partners into our strategy—indeed, the United States has no separate military strategy for the defense of Europe, but is a partner in the NATO alliance strategy of deterrence and defense. Outside of Europe, the United States seeks strong ties with nations

throughout the globe, assisting friendly and allied countries in improving their military capabilities while encouraging them to assume a greater role in their own defense.

The Strength of the Individual. One of our greatest advantages in competing with the Soviet Union is the character of our people. Western societies, with their stress on the importance of the individual, stand in sharp contrast to the repressive nature of the Soviet state. The initiative, enterprise, and motivation of free people is a source of great strength when individuals are put to the supreme test of combat. While intangible, these qualities are an important asset, which the Soviets cannot match. Defense policy recognizes this by stressing unit integrity and leadership, while our training and tactics place great value on individual initiative, and aggressive exploitation of opportunities.

MAINTENANCE OF A STRATEGIC DETERRENT

Deterrence is the most fundamental element of our defense policy and the cornerstone of our alliance relationships. Deterrence must not only prevent conventional and nuclear attack on the United States, but must extend such protection to our allies. Deterrence can best be achieved if our defense posture makes the assessment of war outcome by the Soviets, or any other adversary, so dangerous and uncertain as to remove any possible incentive for initiating conflict. Deterrence depends both on nuclear and conventional capabilities, and on evidence of a strong will to use military force, if necessary, to defend our vital interests.

While deterrence requires capabilities across the entire spectrum of conflict, its essential foundation is provided by our strategic nuclear forces and the doctrine which supports them. Nuclear deterrence, like any form of deterrence, requires us to consider not what would deter *us,* but what would deter the *Soviets,* whose perceptions of the world and value system are substantially different from our own. Since we can never be entirely certain of Soviet perceptions, it is of the utmost importance that the effectiveness of our strategic capabilities—and our will to use them, if necessary—never be in doubt.

In the interest of ensuring deterrence, the United States maintains diversified strategic forces to hedge against a disarming first strike, complicate Soviet attack plans, and guard against technological surprise which might threaten one element of our strategic forces. To this end, we maintain a variety of basing modes, launch platforms, and attack vehicles, achieving diversity through a triad of SLBMs, ICBMs and bombers. Adequate and survivable command and control is an essential element of strategic force structure, and is critical to the credibility of our strategic deterrent.

Our strategic forces and the associated targeting policy must, by any calculation, be perceived as making nuclear warfare a totally unacceptable and unrewarding proposition for the Soviet leadership. Accordingly, our strategy:

- Denies the Soviets the ability to achieve essential military objectives by holding at risk Soviet warmaking capabilities. This includes the entire range of Soviet military forces, as well as the war supporting industry which provides the foundation for Soviet military power, and supports its capability to conduct a protracted conflict.

- Places at risk those political entities the Soviet leadership values most: the mechanisms for ensuring survival of the Communist Party and its leadership cadres, and for retention of the Party's control over the Soviet and Soviet Bloc peoples.

This basic strategy of targeting those assets which are essential to Soviet warmaking capability and political control has been U.S. policy for many years. In implementing this strategy, the United States does not target population as an objective in itself and seeks to minimize collateral damage through more accurate, lower yield weapons.

We cannot permit any President to be faced with a situation in which the only available responses to aggression are capitulation or massive destruction.

Thus, in addition to holding at risk the full range of assets important to the Soviet leadership, the United States also requires flexibility in the employment of its strategic forces. It is essential that we have response options appropriate to the broad range of plausible situations. This flexible response capability bolsters the credibility of our deterrent by making clear to the Soviets that the United States has a variety of military options with which to respond to aggression.

Finally, the United States also requires sufficient residual capability to provide leverage for early war termination, and to avoid coercion in a post-conflict world. For this reason, we maintain a nuclear reserve force as an integral part of our strategic forces. We also maintain Continuity of Government programs as an essential element of deterrence to assure the Soviets they cannot escape retaliation by a quick, "decapitating" attack aimed at incapacitating U.S. political and military leadership.

These capabilities do not imply the United States seeks to fight a nuclear war. I have repeatedly emphasized that a nuclear war cannot be won and must never be fought. But we seek to deter an adversary with a very different strategic outlook from our own—an outlook which places great stress on nuclear warfighting capability. It is essential the Soviets understand that they cannot gain their objectives through nuclear warfare under *any* conceivable circumstances. To achieve this we must ensure that they clearly perceive that the United States has the capability to respond appropriately to any Soviet attempt to wage a nuclear war, and that we have the means to do this in ways which will defeat Soviet military objectives without necessarily triggering a massive nuclear exchange.

Strategic Defenses. Our policy of flexible response and deterrence through the threat of offensive retaliation has preserved the security of the United States and its allies for decades. At the same time, the Soviet strategic force buildup has threatened the foundation on which deterrence has long rested. Looking to the future, the U.S. Strategic Defense Initiative offers an opportunity to shift deterrence to a safer and more stable basis through greater reliance on strategic defenses. Such defenses, which threaten no one, could substantially enhance deterrence by injecting great uncertainties into Soviet estimates of their ability to achieve their essential military objectives in a first strike. "Leak proof" defenses would not be required initially in order to deny the Soviets confidence that they could achieve meaningful military goals. Even less than perfect defenses could significantly increase stability by eliminating plausible incentives for a Soviet first strike. In judging the suitability of systems for possible deployment, we will continue to be guided by the criteria of military effectiveness, survivability, and cost-effectiveness at the margin.

By reducing the military value of ballistic missiles, and ultimately rendering them obsolete, strategic defenses would also provide incentives for Soviet acceptance of significant arms reduction agreements. In a world with fewer ballistic missiles, however, Soviet incentives to cheat would be greater. Strategic defenses can effectively negate these incentives by eliminating the military utility of covertly stockpiled missiles. Thus, they offer the prospect of a safer, more stable world in which deep reductions in strategic offensive arms are both negotiable and enforceable.

In short, the pursuit of strategic defenses has the potential to bring about the most significant change in U.S. National Security Strategy since the end of World War II. By allowing us to move away from reliance on the threat of massive destruction to deter aggression, strategic defenses would change the entire U.S.-Soviet strategic relationship in a positive way, increasing the safety and security of the peoples of both nations and their allies. We will continue to try to persuade the Soviets to join with us in working out a stable transition to this sensible and attainable goal.

U.S. Strategic Modernization Program. Continuing U.S. strategic modernization is essential to assure reliable deterrence, enhance stability, and provide motivation for the Soviets to negotiate broad, deep, equitable and verifiable reductions in strategic offensive arms. While we are firmly committed to using arms control as one component of our policy for enhancing U.S. and allied security, it would be exceptionally dangerous to *anticipate* success in arms control. Indeed, neglecting strategic modernization in expectation of arms reduction agreements would have the perverse effect of decreasing the likelihood of such agreements by

reducing one of the principal Soviet incentives to agreement.

History shows that a demonstrated will to maintain a military balance with the Soviets and not allow them to gain a significant strategic advantage is an essential foundation for serious arms control negotiations. It was U.S. action to rectify imbalances which brought the Soviets to consider the major force reductions discussed at Reykjavik. Even if we are successful in achieving the agreements we seek, however, the United States will continue to require modernized, mission-effective, and survivable nuclear forces to provide deterrence, promote stability, and hedge against Soviet cheating or abrogation during the transition to new, lower force levels.

For their part, the Soviets continue to invest heavily in strategic modernization, with emphasis on accurate, fast-flying ballistic missiles which can destroy hard targets. Their goal has been, and remains, attainment of an effective disarming first-strike capability. They have always sought to enhance their ICBM survivability through silo hardening. Recently they have also sought to do so through mobility, including continued deployment of the road-mobile SS-25, and preparation for deployment of the rail-based SS-X-24.

At the same time, the Soviets continue to invest roughly the same amount in their strategic defense programs as in their offensive force modernization. They are expanding and improving the world's only deployed ABM system. They continue to violate the ABM Treaty with their radar at Krasnoyarsk, enhancing their ability to break out of the Treaty through rapid deployment of a nation-wide ABM system. Their extensive civil defense program includes a vast and growing network of deep underground leadership shelters aimed at ensuring the survival of Communist Party control over the Soviet nation, economy, and military forces in war. Their strategic communications are highly redundant, survivable, and hardened against nuclear effects. Their active and passive defenses, their unrelenting buildup of offensive forces, and their published doctrine all provide evidence of the Soviet nuclear warfighting mentality, and underline the absolute essentiality of maintaining the effectiveness of the U.S. strategic deterrent.

To this end, in 1981 we undertook the Strategic Modernization Program in order to maintain the essential survivability and effectiveness of our own forces in the face of the continuing qualitative and quantitative upgrade in the Soviet threat. Current elements of that program, which remains our highest defense priority, include:

- Improved strategic command, control and communications, to ensure timely warning of attack and an assured means of passing retaliatory orders to our strategic forces.
- ICBM modernization, centered on the PEACEKEEPER (MX) and Small ICBM, both of which will have enhanced survivability through mobility.
- SLBM modernization, including deployment of the TRIDENT submarine and development and deployment of the TRIDENT II missile.
- Bomber and cruise missile upgrades, including deployment of the B-1B, and the exploitation of the important U.S. lead in low-observable technology by development of the Advanced Technology Bomber and the Advanced Cruise Missile.
- Strategic Defense programs, including SDI and the Air Defense Initiative, to redress the long-standing neglect of defensive programs generally, and to capitalize on the potential which modern technology offers for radically transforming the basis for deterrence and laying the foundation for a far more safe and stable strategic relationship with the Soviet Union.

ARMS CONTROL

Arms control is not an end in itself but an integral part of our overall National Security Strategy. It must be viewed as only one of several tools to enhance our national security and to promote our fundamental national interest in the survival of the United States as a free and independent nation. Our arms control objectives are fully integrated with our defense and foreign policies to enhance deterrence, reduce risk, support alliance relationships, and ensure the Soviets do not gain significant unilateral advantage over the United States.

Based on this view of arms control as a complement to a strong national defense posture, U.S. arms control policy, since the beginning of this Administration, has been guided by several fundamental principles:

- The United States seeks only those agreements which contribute to our security and that of our allies.
- The United States seeks agreements which *reduce* arms, not simply codify their increase.
- Achieving agreements on broad, deep and equitable reductions in offensive nuclear arms is the highest arms control priority of the United States.
- Within the category of offensive nuclear arms, the United States gives priority to reducing the most destabilizing weapons: fast-flying, non-recallable ballistic missiles.
- The United States also seeks equitable arms control measures in the area of nuclear testing, chemical weapons and conventional forces.
- The United States insists on agreements that can be effectively verified and fully complied with. Arms control agreements without effective verification measures are worse than no agreements at all as they create the possibility of Soviet unilateral advantage, and can affect U.S. and allied planning with a false sense of confidence.

These principles contrast sharply with the Soviet arms control approach. The Soviets have historically sought to exploit the arms control process to gain unilateral advantage by shifting the military balance in their favor. At the same time, they have pursued additional advantage by failing to comply with important provisions of existing arms control agreements, secure in the knowledge that the United States does not cheat and can be relied on for full compliance with agreements in force.

This approach has proven at least partially successful for the Soviets in the past. The arms control agreements of the 1970s largely legitimized the planned Soviet strategic buildup, while constraining our own force modernization by reducing public support for essential strategic programs. Typical of the defects of the past was the SALT II Treaty of 1979, a fundamentally flawed agreement which was never ratified. Unequal and unverifiable in important provisions, it was inimical to the security interests of the United States and its allies, and to the stability of the U.S.-Soviet strategic relationship.

Imperfect as these earlier arms control agreements were, their faults have been compounded by the Soviets' failure to abide by key provisions—a failure which persists today. They encrypt telemetry associated with ballistic missile testing in a manner which impedes verification. They have deployed a prohibited second new type of ICBM, the SS-25, and exceeded the numerical limit on strategic nuclear delivery vehicles. The Soviets have also violated the SALT I Interim Agreement of 1972; and with respect to the ABM Treaty, as noted earlier, the Krasnoyarsk radar remains a clear violation.

As a result of both U.S. concerns with the SALT structure and the poor Soviet compliance record, I determined in May 1986 that, in the future, the United States would base decisions regarding its strategic force structure on the nature and magnitude of the threat posed by Soviet strategic forces, and not on standards contained in a flawed, unratified, and expired treaty which has been repeatedly violated by the Soviet Union. At the same time I indicated that—assuming no significant change in the threat we face—the United States will not deploy more strategic nuclear delivery vehicles, or more strategic ballistic missile warheads, than does the Soviet Union. Thus, while ensuring an adequate strategic deterrent, the United States will continue to exercise the utmost restraint, in order to foster the necessary atmosphere for obtaining Soviet agreement to significant reductions.

While the United States' priority objective in arms control is deep reductions in strategic offensive arms, we are also engaged in a wide variety of negotiations and discussions on other subjects. The U.S. approach to all of these areas is consistent. We seek only those agreements which are equitable, verifiable, and will enhance our security and that of our allies.

Specifically:

- In the area of Intermediate-Range Nuclear Forces (INF), we seek the complete elimination of an entire

class of weapons: land-based longer-range INF (LRINF) missiles. As an interim goal, we seek a global agreement limiting the U.S. and USSR to 100 LRINF missile warheads each, to be deployed in Soviet Asia and the United States, with none of either side in Europe.

- Consistent with our belief that strategic defenses may offer a safer, more stable basis for deterrence, we seek Soviet agreement for an orderly transition to a more defense-reliant world.
- We have proposed an effectively verifiable global ban on chemical weapons.
- We seek alliance-to-alliance negotiations to establish a more stable balance in conventional forces from the Atlantic to the Urals, at lower levels. Such reductions must be effectively verifiable and must recognize the geographic asymmetries between the two sides.
- In the area of nuclear testing, we seek essential verification improvements to permit ratification of existing treaties: the Threshold Test Ban Treaty, and the Peaceful Nuclear Explosions Treaty. Once our verification concerns have been satisfied and the ratification process is complete, we would be prepared immediately to engage in negotiations with the Soviets on ways to implement a step-by-step program to limit and ultimately end nuclear testing, in association with a program to reduce and ultimately eliminate all nuclear weapons.
- Finally, we seek to improve stability through improved measures which could prevent misunderstanding during periods of crisis. We have made progress on such measures at the recently concluded Stockholm conference.

In all of these areas we consider effective verification to be equally as important as specific negotiated limits; they should be negotiated concurrently. We cannot accept obligations that limit our military programs unless we can effectively verify Soviet compliance with those same obligations. This is particularly important in light of the continuing pattern of Soviet violations documented in the several reports which I have submitted to the Congress on Soviet non-compliance.

Substantial progress toward the achievement of U.S. arms control goals was made at the October 1986 meeting in Iceland between General Secretary Gorbachev and myself. At that meeting we agreed on the outlines of a 50 percent reduction in strategic offensive forces and a dramatic global reduction in INF missiles. In the near-term, our primary focus will be to work toward agreement in these areas. Consistent with our priority on radically reducing the most destabilizing strategic systems—and in response to the Soviet desire for a ten-year commitment not to withdraw from the ABM Treaty—we proposed to accept such a commitment through 1996, during which time research, development and testing, which is permitted by the ABM Treaty, would continue. At the same time, the proposed agreement provided for:

- A fifty percent reduction in strategic offensive forces of the United States and Soviet Union during the first five years of the ten year period.
- Elimination of all U.S. and Soviet offensive ballistic missiles of whatever range or armament during the second five years.
- Agreement that either side could deploy advanced strategic defenses after the ten-year period, unless both agreed not to do so.

It is too soon to foresee the future course of arms control following Reykjavik. Much depends on the attitude of the Soviet Union. The United States has tabled proposals in the Geneva negotiations reflecting the areas agreed on in Iceland; the Soviet Union has tabled proposals that only partially reflect the achievements of Reykjavik. If the Soviets maintain their current attempt to hold all progress hostage to U.S. agreement to kill the Strategic Defense Initiative, prospects for progress are dim. On the other hand, if they are willing to implement the agreements reached in Reykjavik, we can move now to achieve greater stability and a safer world. In moving to that world, I will maintain my commitment to broad, deep, equitable, and verifiable reductions, focused especially on ballistic missiles, and my equally strong commitment to the Strategic Defense Initiative as a basis for moving to a safer, more stable form of deterrence.

Finally, I should emphasize that the measure of success in arms control is not the number of meetings held or agreements signed. Rather it is whether those agreements which *are* signed contribute to U.S. and allied security and advance the cause of peace and stability. Because of this, while the United States will remain both creative and patient, it will continue to reject calls for agreements which do not enhance U.S. and allied security and contribute to global stability

MAINTENANCE OF A CONVENTIONAL DETERRENT

Forward Deployed Conventional Defense Capability. Strategic nuclear capabilities are essential for deterrence, but they alone are obviously not enough. The United States and its allies require robust conventional forces as an integral part of our overall deterrent. The U.S. National Security Strategy is built on the concepts of forward defense and alliance solidarity. Consistent with this strategy, we maintain large, forward deployed forces at sea and on the territory of our NATO and Asian allies in time of peace. The overall size and capabilities of U.S. armed services are heavily influenced by the need to maintain such presence, which is essential to deter aggression.

The most demanding threat with which those forces must be prepared to deal is, of course, the Soviet threat. Soviet forces may always outnumber our own—even when allied forces are thrown into the balance. For this reason, we must give the most careful attention to maintaining our forces' qualitative superiority at the level necessary to accomplish their deterrent and warfighting missions.

An additional premise of American defense policy is that the United States does not seek to deal with the threat from the Soviet Union unaided. A system of vigorous alliances is the only effective way to deter the Soviets. The most important of these alliances is NATO, which for over a generation has preserved peace and security in Europe. While no single NATO partner can match the massive Soviet conventional forces, together we are capable of fielding a powerful deterrent.

U.S. Contribution to NATO. The United States contributes to this NATO deterrent in several ways. Most visible is the peacetime stationing of over 300,000 military personnel in the European theater. Although our allies contribute the majority of the conventional forces in Europe, and would continue to do so in crisis and mobilization, the presence of U.S. forces makes it clear that it is not possible to attack a NATO ally without simultaneously engaging the full military might of the United States.

In addition to the direct provision of forces, the United States provides security assistance to those NATO allies whose economies do not permit them to make as great a contribution to the common defense as they and we would wish. Such assistance serves as an important and cost-effective force multiplier, increasing both the political solidarity and the military effectiveness of NATO. Finally, the United States provides the main contribution to the nuclear umbrella over NATO which has been one of the pillars of NATO's strategy for decades.

The Strategy of Flexible Response. NATO's deterrent strategy requires a capability for flexible response, appropriate to the nature of Soviet provocation. In addition to robust U.S. and allied conventional forces, backed by the strategic nuclear capability of the United States, this strategy must be supported by effective and substantial non-strategic nuclear forces as well. The United States contributes to all legs of the "NATO Triad": conventional forces, non-strategic nuclear forces, and strategic forces. NATO's 1979 decision to modernize its nuclear forces through deployment of Ground Launched Cruise Missiles and Pershing II ballistic missiles helped to redress the imbalance created by the Soviet deployment of SS-20 missiles targeted against NATO territory. It also signalled NATO resolve to maintain the effectiveness and integrity of its deterrent capabilities, and helped lay the foundation for effective arms control negotiations aimed at reducing the ballistic missile threat to NATO.

In clear contrast to the Soviet Union, it is NATO's policy to maintain non-strategic nuclear forces at the lowest level capable of deterring the Warsaw Pact threat. In pursuance of this policy, the Alliance decided in October 1983 to reduce the number of warheads in Europe by 1,400, in addition to the 1,000 warhead reduction completed in 1980. These reductions, taken

independently of any arms control agreement, will reduce NATO's nuclear stockpile in Europe to the lowest level in over 20 years. This makes it essential that the remaining stockpile be survivable, responsive, and effective.

Deterrence of Chemical Warfare. While neither NATO nor the United States seeks to match the Soviets weapon for weapon, deterrence would be weakened if the Soviets were allowed to field a capability which was completely unmatched by a countervailing NATO capability. This premise, which underlies NATO's decision to modernize its theater nuclear forces, is equally relevant to our own determination to modernize U.S. chemical weapons capability through development of modern, safe, binary munitions. This modernization will provide us the capability to deter Soviet first use of chemical weapons. In the absence of such capability, we will remain dependent on an aging stockpile of unitary chemical weapons ill-suited to modern delivery systems, and alliance nuclear capabilities, to deter such Soviet use—an obviously undesirable and risk-prone situation.

The Scope and Intensity of Conflict. Our strategy recognizes that the Soviet Union, together with allied forces, is capable of simultaneous aggression in more than one region of the world. Should aggression occur in several regions simultaneously, U.S. military responses would be governed by existing commitments, general strategic priorities, the specific circumstances at hand, and the availability of forces. This capability to respond would be enhanced by the flexibility we have built into our forces, including our capabilities for global strategic mobility and power projection. This capability to respond effectively in distant theaters reduces the risk that we will ever have to meet such attacks.

If we must respond to such an attack, our overall objective would be to terminate the war as soon as possible, at the lowest level of violence consistent with the restoration of peace on terms favorable to the United States and its allies. Should our initial attempts to defeat aggression fail, however, U.S. strategy provides for the flexible and sufficient application of force for as long as combat continues to ensure that no area of vital interest is lost. Should escalation occur, despite our best efforts to contain the intensity of the conflict, we would attempt to employ our forces in a manner which would discourage further escalation while achieving our national objectives.

Thus, our strategy recognizes that a variety of factors would affect the nature, locations, and intensity of our military actions in a conflict with the Soviet union. Our strategy is not to try to fight "every where at once." We would do what is strategically sensible and operationally achievable under the circumstances. But we do need the capability for credible responses to major threats worldwide, so we can ensure that our weakness does not tempt our adversaries.

Other U.S. Commitments. NATO is not our only alliance. The United States has bilateral or multilateral security commitments with some 43 nations throughout the globe.

In support of those commitments, and to deter Soviet and Soviet client state adventurism, the United States maintains forward deployed forces in many regions of strategic importance. In addition to our fleet in the Mediterranean, the United States maintains a large naval presence in the Western Pacific. A smaller presence in the Indian Ocean serves to support our interests in Southwest Asia. U.S. Air Forces deployed throughout the Pacific assist in meeting our security commitments to such nations as Japan and the Philippines. Substantial ground and air forces are deployed in Korea to complement forces of the Republic of Korea in deterring aggression from the North.

Our global forward deployed forces serve several functions. They are essential to the creation of regional power balances which deter Soviet aggression and promote overall regional stability; they support the political independence of nations on the Soviet periphery and hence are key to the fundamental U.S. strategic objective of avoiding Soviet domination of the Eurasian land mass; and finally, they provide an immediately available capability to deal with lesser military contingencies.

Although the Soviet Union represents the greatest threat to the United States and its allies, as mentioned earlier, it is not the only threat. Forward deployed forces can also discourage local aggression, contribute to regional stability, and serve as visible symbols of United States' will and capability to protect its interests. For military contingencies not involving the Soviet Union, however, the United States looks primarily to the nations involved to provide for their own defense.

Direct involvement of U.S. military forces is a last resort, to be undertaken only when clear political objectives have been established, our political will is clear, and appropriate military capabilities are available. If U.S. combat forces are committed, the United States would seek to limit the scope and level of the conflict, avoid the involvement of the Soviet Union, and achieve U.S. objectives as quickly as possible.

In the past six years we have made substantial progress in improving the capability of our forward deployed forces to protect U.S. interests, execute our National Strategy, and support alliance commitments. We remain firmly committed to continued improvement in our deployed capabilities in support of our forward-defense, alliance-based strategy. The following paragraphs will discuss selected capabilities which provide essential foundations for that strategy.

Maintenance of Global Support and Mobility Capabilities. The ability to reinforce and resupply forward deployed forces is essential to the execution of the U.S. strategy of forward defense and alliance solidarity. Rapid reinforcement of NATO during times of tension, for example, is critical to effective deterrence.

The Soviets have a natural geographic advantage with respect to countries on the Eurasian rim, and growing capability to launch simultaneous offensives in Europe, Southwest Asia and the Far East. Capitalizing on interior lines of communication, they can redeploy and resupply forces over a broad geographic range. Recent Soviet efforts have significantly improved military access, by rail and road, to strategically important areas along the USSR's southern frontiers.

Our global support and mobility capabilities, including airlift, sealift, and prepositioning are therefore essential to allow us to meet military challenges around the periphery of the Eurasian continent, which remains the primary locus of Soviet expansionist interests. Prepositioning ashore or at sea can sharply reduce our response times. Airlift, the quickest and most flexible of our mobility assets, would deliver initial reinforcements in most contingencies; but sealift will inevitably carry the bulk of our reinforcement and resupply material, as it has in past crises. To reduce response times, the United States combines prepositioning with airlift and sealift in an integrated fashion. Mobility capabilities are especially critical to our strategies for dealing with contingencies in Southwest Asia, where we have no military bases or permanently stationed military forces.

Consistent with our alliance approach to security, U.S. allies make critical contributions to the effectiveness of our mobility capabilities. Not only do our allies contribute airfield and port facilities, they also augment our airlift and provide the bulk of our sealift capability. Finally, allied cooperation is an obvious prerequisite for prepositioning.

When this decade began, we faced severe difficulties in moving large forces quickly enough to deter Soviet aggression, deploying forces to two or more theaters simultaneously, or moving material effectively into less-developed regions. Since 1981, with the support of Congress, we have made great progress in redressing these deficiencies, adding substantially to our airlift and sealift capability and prepositioning additional large quantities of material abroad. Not all of our objectives have been accomplished, however. In particular, the continuing decline of the U.S. merchant marine and U.S.-flag commercial shipping assets is a matter of concern. This problem is compounded by the decline of the U.S.-flag fleet which results in a reduction of the seagoing workforce to man all our U.S.-flag vessels—as well as ships of the Ready Reserve Force, the National Defense Reserve Fleet and any effective U.S. controlled ships which might need recrewing. The lack of merchant mariners in the near term could impede our ability adequately to project and sustain forces by strategic sealift.

Maintenance of an Adequate Logistics Base. To maintain a strong conventional deterrent it is vital that we provide adequate logistic support for U.S. forces. A robust logistics infrastructure strengthens deterrence by demonstrating our preparations for hostilities at any level of intensity, and for the length of time necessary to defend U.S. interests. Adequate, sustained support helps raise the nuclear threshold, strengthens deterrence, and improves prospects for early success in conflict. Adversaries must not conclude that U.S. and allied capabilities would erode if confronted with a complex or prolonged military campaign.

We have made substantial progress over the past six years in improving our military logistics base, and in

the process provided stronger support for our deterrence strategy. With the support of Congress, we will seek continued improvement in this unglamorous, but essential component of military power. Concurrently, we will continue to emphasize to our allies the importance of improving the logistics base of their own forces to ensure that their endurance in combat will be parallel to that of our forces.

Maintenance of Adequate Active Forces. Support of our conventional deterrent requires that we maintain balanced and effective active forces sufficient in quality and quantity to make our National Military Strategy credible. In the context of our alliance relationships, deterring and, if necessary, defeating the Soviet threat requires a carefully structured mix of U.S. and allied land and sea-based forces capable of executing the agreed strategy until reinforced from the respective countries' mobilization bases. In the case of NATO, the proximity of major Warsaw Pact ground, air and naval forces to Alliance territory, the speed with which modern conflict can unfold, the Pact's significant numerical advantages, and the Soviets' strong doctrinal emphasis on surprise, all argue for substantial, qualitatively advanced, and flexible U.S. and allied conventional forces.

The land-based forces of the United States and its allies would have primary responsibility for blunting a Soviet attack and defending allied territory, while simultaneously disrupting and destroying the follow-on forces which Soviet strategy relies on to exploit any initial successes. U.S. and allied ground forces, supported by tactical air power, require the capability to halt a Pact attack and restore the integrity of Alliance territory if NATO political and military objectives are to be achieved. Absent such capability, Alliance strategy becomes heavily dependent on the threat of resorting to nuclear weapons to achieve essential deterrence and warfighting objectives.

For decades it has been a fundamental U.S. objective to reduce the risk of nuclear warfare by maintaining the nuclear threshold at a high level. Achievement of this goal requires that, wherever we confront Soviet forces, the forces of the United States and its allies have the capability to achieve their missions with conventional arms. In the case of our land-based forces committed to Europe, this requires constant upgrading and modernization to retain a qualitative edge in the face of the Pact's superior numbers.

While NATO requirements properly occupy much of our ground forces' concern, the global nature of potential threats to U.S. interests requires maintenance of flexible and diverse ground forces capable of rapid deployment to, and effective operations in, areas of strategic importance. This has led the Army to establish five rapidly deployable light divisions, while continuing efforts have gone into the enhancement of Marine Corps capabilities. These ground forces, with appropriate tactical air support, provide essential elements of our capability to deal with worldwide contingency requirements.

Tactical airpower supports the achievement of ground force goals by maintaining battlefield air superiority, providing responsive and effective firepower for Army maneuver units, and conducting deep interdiction of enemy forces, command and control capabilities, and sources of logistic support. In addition, it plays a critical role in assuring the essential reinforcement and resupply of U.S. forward deployed forces by protecting port facilities, aerial ports of debarkation, and lines of communication from attack and disruption. The capability of air forces to deploy rapidly in crises adds to our ability to deter threats to our interests in distant areas, and to bring effective military power to bear should deterrence fail.

Maritime forces play a unique role in supporting our military strategy. Given the realities of our geostrategic position, fronting on two oceans, maritime superiority is vital to support our alliance relationships and our forward deployed forces. While maritime superiority depends predominantly on the capabilities of our naval forces, land-based air forces also contribute to its maintenance in important ways, including early warning of enemy air threats, long-range aerial tanker support for sea-based tactical aircraft, and the laying of anti-submarine mines.

Maritime superiority enables us to capitalize on Soviet geographic vulnerabilities and to pose a global threat

to the Soviet's interests. It plays a key role in plans for the defense of NATO allies on the European flanks. It also permits the United States to tie down Soviet naval forces in defensive posture protecting Soviet ballistic missile submarines and the seaward approaches to the Soviet homeland, and thereby to minimize the wartime threat to the reinforcement and resupply of Europe by sea.

The mobile nature of maritime forces allows them directly to influence land campaigns through the application of sea-based tactical air power; and by the use of amphibious forces to seize strategically important territory, reinforce allies accessible from the sea, or threaten the seaward flanks of enemy ground forces.

This capability to project power far from our shores is of particular importance, given the central position of the Soviet Union in the Eurasian land mass, the fact that many of the United States' most important allies are located on the Eurasian periphery and offshore islands, and the volatility of many Third World areas in which there is no U.S. military presence. Our naval power projection capabilities would play an essential role in any Southwest Asia contingency.

Essential to our wartime strategy, maritime superiority plays equally vital roles in peacetime. Mobile maritime forces, easily deployed in time of crisis, are a traditional symbol of our nation's will and capability to defend its vital interests. They have proven to be an indispensable tool of crisis management for every U.S. president since the end of World War II. Finally, by permitting the rapid application of U.S. power, maritime superiority contributes to regional stability, whether in the Indian Ocean, Central America, the Middle East, or other areas of strategic concern.

The trends in the maritime area are generally favorable. We are steadily building back toward our goal of a 600 ship, 15 carrier battle group Navy. With continued strong Congressional support, the programs of this Administration should ensure our essential maritime superiority for the remainder of this century.

Maintenance of Effective Reserve Forces and National Mobilization Base. The effective mobilization of manpower and industrial resources in the event of conflict would provide essential support for our military capabilities. With approximately 6 percent of GNP devoted to defense, our peacetime economy focuses on the needs of the civilian marketplace, not on the nation's defense requirements. We rely on the inherent size and strength of the U.S. economy as our ultimate line of defense, tapping into civilian production to a greater or lesser extent only as the situation may require.

As a result, we require an ability to surge our industrial base to produce the additional wartime materiel needed during conflict. The health of the industrial base, therefore, has clear military and strategic significance. Accordingly, the U.S. Government continues to promote initiatives which support improvements in industrial productivity and modernization.

Additionally, through its procurement procedures, the government seeks to provide incentives for increased productivity, improved manufacturing technologies, and to increase U.S. competitiveness in the international marketplace.

To complement our industrial mobilization programs, the United States has maintained for over thirty years a stockpile program to ensure a supply of critical raw materials to support defense and essential civilian needs during an emergency. It is important that we continue to modernize our stockpile program to keep pace with current requirements, changes in industrial capacity and new manufacturing and technological developments. Since fundamental disagreements on stockpile policies exist with the Congress, we must renew efforts to resolve our differences and develop realistic goals and policies which will produce a modernized stockpile for the future.

On the manpower side, the Total Force policy established in the early 1970s places increased responsibilities on the reserve component of U.S. forces. Today, fully 50 percent of the combat units for land warfare are in reserve components. Reserve units

perform important missions and support functions on a daily basis. Their priority for manning, training, and equipment modernization is not based on their peacetime status as forces "in reserve," but on the basis of their direct integration into the nation's operational plans and missions. In many cases, the sequence of deployment in the event of conflict would place reserve component units side-by-side, and sometimes ahead of active duty forces.

To maximize the cost effectiveness of the Total Force policy, we must continue to balance the combat and support elements of our active and reserve force structure, their costs, and attendant levels of risk. While there are specific mission areas in which the role of reserve components can be expanded, we must exercise care to avoid making demands on our personnel that would fundamentally alter the nature of service in the reserves. Our peacetime operational tempo, forward deployments, and our general strategy of deterrence all require a substantial, balanced, and ready active duty military establishment.

SPACE SUPPORT OF NATIONAL SECURITY

The United States uses space systems to conduct a variety of activities that are essential to our national security, including command, control, and communications, navigation, environmental monitoring, warning, surveillance, and treaty monitoring. Support of these important activities requires assured U.S. access to space, supported by an efficient and predictable launch capability. Therefore, late last year I directed that U.S. national space launch capability be based on a balanced mix of launchers consisting of the Space Transportation System and Expendable Launch Vehicles (ELVs). The elements of this mix support the mission needs of the national security, civil government, and commercial sectors of U.S. space activities.

To support this approach, the Department of Defense has undertaken an effort to achieve the design and procurement of a medium-sized ELV. This will complement the Shuttle, and existing small and large ELVs. In addition, selected government satellites will be designed for dual compatibility with either the Shuttle or ELVs.

In view of the increasing reliance of U.S. and allied forces on space-based support, we must be prepared to protect our space assets against hostile interference. Accordingly, other facets of the national security space program include development of concepts and techniques that allow systems to survive in crisis, and the development of an anti-satellite capability to deter threats to U.S. space systems, and to deny an adversary the use of his space-based resources in war, correcting a serious asymmetry in U.S. and Soviet space capabilities. The Soviets introduced their anti-satellite (ASAT) system over a decade ago. Today it is the world's only operational ASAT system. The Congressionally imposed ban on testing of our developmental ASAT system against targets in space leaves the Soviets with a monopoly in ASAT capability and should be removed.

Overall, Soviet space programs are strong and growing. Their well-publicized manned space programs, their ambitious space scientific exploration programs, and their impending heavy-lift space launch capabilities will pose strong challenges to U.S. space leadership in the near-term. In addition, these capabilities provide the base for rapid development and deployment of military space assets in crises or war.

An emerging technology that has important security, as well as civil and commercial applications, is the National Aerospace Plane. The design of this plane incorporates advanced air and space flight technologies to yield an aircraft that can function in both the atmosphere of earth and the vacuum of space. The first flight of an experimental aerospace craft, which capitalizes on important U.S. technological advantages, could take place by the mid-1990s.

INTELLIGENCE SUPPORT OF NATIONAL SECURITY

Development and execution of a sound National Security Strategy requires effective intelligence

capabilities to provide thorough and accurate appreciations of actual or potential threats to our national security. Early warning of developments which could place at risk key U.S. interests is vital if we are to employ the relevant elements of national power in a timely way, and deal with threats before they become unmanageable, or entail the risk of major conflict.

Our deterrence strategy relies heavily on reliable intelligence concerning potential adversaries' strategies, forces, doctrine, strengths, weaknesses, and probable courses of action. Intelligence also provides essential insights into how we are viewed by those adversaries. An appreciation of their perceptions of our capabilities, political will, national interests, and likely reaction to hostile provocation, provides an important measure of the effectiveness of our deterrence. Intelligence also improves our ability to detect violations of arms control agreements and potential technological breakthroughs which could adversely affect the strength of our strategic or conventional deterrents. Intelligence allows us to plan our strategies and forces to take advantage of our adversaries' weaknesses, correct our own, and capitalize more effectively on areas of relative advantage.

The ability to conduct covert operations is an essential adjunct of our intelligence capability, and allows us to deal effectively with developing threats to our security before they require the employment of U.S. military power or other actions entailing higher costs or risks.

The capability to deal with the hostile intelligence threat to the United States provides equally important support for our National Security Strategy. The extremely large and active intelligence services of the Soviet Union, its clients and surrogates, conduct highly sophisticated collection and analysis operations targeted against us, our allies, and friends. The Soviets rely heavily on espionage, and the illegal acquisition of Western military technology, to achieve broad strategic aims and aid materially in shifting the global "correlation of forces" to Soviet advantage. The apprehension over the past few years of spies conducting very damaging espionage operations against the United States has dramaticaly underlined the severity of the threat. As part of our intelligence strategy we have taken a number of steps in recent years to strengthen our security and counter-intelligence capabilities. These efforts will continue as a matter of high national priority.

LOW INTENSITY CONFLICT

Conflict in the Third World can pose serious threats to U.S. security interests. Low Intensity Conflicts, which take place at levels below conventional war but above the routine, peaceful competition among states, can be particularly troublesome. They often involve a protracted struggle of competing principles and ideologies. Low Intensity Conflicts may be waged by a combination of means, including the use of political, economic, informational, and military instruments. They are often localized, but can have significant regional and global security implications.

Major causes of Low Intensity Conflict are instability and lack of political and economic development in the Third World (though Low Intensity Conflict can occur in areas outside the Third World as well). These conditions provide fertile ground for unrest and for groups and nations wishing to exploit unrest for their own purposes. The resulting conflicts are of concern to the United States when they assault U.S. national interests and the security, values, or political foundations of the United States, our friends, and allies. Low Intensity Conflict can gradually isolate the United States, its allies, and major trading partners from the Third World and from each other. This isolation can be manifest in economic, political, and military terms.

Specifically, Low Intensity Conflict can lead to:

- Interruption of Western access to vital resources.
- Gradual loss of U.S. military basing and access rights.
- Expanded threats to key sea lines of communication.
- Gradual shifting of allies and trading partners away from the United States into positions of accommodation with hostile interests.
- Expanded opportunities for Soviet political and military gains.

An effective U.S. response to this form of warfare requires the national will to sustain long-term commitments. The United States has addressed the manifestations of Low Intensity Conflict through a tough counter-terrorism policy; support for democratic resistance movements; and political, economic, and military assistance to developing nations to help them prevent or combat low intensity challenges.

U.S. policy for dealing with Low Intensity Conflict situations may be summarized as follows: *When it is in U.S. interest to do so,* the United States:

- Will take measures to strengthen friendly nations facing internal or external threats to their independence and stability by systematically employing, in coordination with friends and allies, the full range of political, economic, informational, and military instruments of power. Where possible, action will be taken before instability leads to violence.
- Will work to ameliorate the underlying causes of instability and conflict in the Third World by pursuing foreign assistance, trade, and investment programs that promote economic development and the growth of democratic social and political orders.
- May support selected resistance movements acting in opposition to regimes working against U.S. interests. Such support will be coordinated with friends and allies and may contain political, informational, economic, and military elements.
- Will take steps to discourage Soviet and other state-sponsored adventurism, and increase the costs to those who use proxies or terrorist and subversive forces to exploit instability in the Third World.

The Low Intensity Conflict strategies that support these policies must coordinate the use of a variety of policy instruments among U.S. Government agencies and internationally. Responses may draw on economic, political, and informational tools, as well as military assistance.

Economic Policy and Low Intensity Conflict. U.S. policy for Low Intensity Conflict recognizes that long term political and economic development will reduce the underlying causes of instability of the Third World, help undermine the attractiveness of totalitarian regimes, and eventually lead to conditions favorable to U.S. and Western interests. Therefore, we will encourage expansion of free trade, the development of private enterprise, and the expansion and independence of local economies. U.S. development assistance and economic aid programs facilitate these policies. In addition, we will encourage private investment in the Third World when that investment supports balanced economic growth.

Informational Policy and Low Intensity Conflict. Low Intensity Conflict is a political struggle in which ideas may be as important as arms. We hold significant advantages over our adversaries in this area. In contrast to our adversaries, we have an open political system that thrives on communication and truth. We must ensure, however, that accurate information concerning American ideals and objectives is available throughout the Third World; and that the resources needed to accomplish this are available.

Political Instruments and Low Intensity Conflict. We recognize that other nations may not necessarily develop along democratic lines identical to ours. Nevertheless, we seek to encourage the development of political systems that protect the rights of the individual and provide for representative government, free institutions, and an environment in which human dignity can flourish. We do this partially by example, and by defending our own ideals when they are challenged. We can also promote development of humane social orders by helping eliminate security threats and the underlying economic causes of unrest and instability.

Military Instruments in Low Intensity Conflict. The fundamental tenet of U.S. strategy for dealing with Low Intensity Conflict directed against our friends and allies is that military institutions in threatened states must become able to provide security for their citizens and governments. U.S. Low Intensity Conflict policy, therefore, recognizes that indirect—rather than direct—applications of U.S. military power are the most appropriate and cost effective ways to achieve national goals. The principal military instrument in Low Intensity Conflict, therefore, is security assistance.

The primary role for U.S. armed forces in Low Intensity Conflict is to support and facilitate the security assistance program. The military services must also stand ready to provide more direct forms of military assistance when called upon. Usually, this assistance

will consist of technical training and logistical support. The services and the Unified Commands must also be prepared for the effective execution of contingency and peacekeeping operations when such operations are required to protect national interests. U.S. combat forces will be introduced into Low Intensity Conflict situations only as a last resort and when vital national interests cannot otherwise be adequately protected.

Narcotics Trafficking and Low Intensity Conflict. Narcotics trafficking can breed violence, fuel instability and threaten governing institutions wherever it is found. The vast revenues produced by illegal narcotics sales, and concomitant use of international financial networks to launder the proceeds of these transactions, can promote the type of instability that becomes a breeding ground for Low Intensity Conflict. For these reasons, our policies for dealing with drug trafficking provide important support for our efforts to deal with Low Intensity Conflict.

Terrorism and Low Intensity Conflict. Under some circumstances, terrorism can be an important aspect of Low Intensity Conflict. This Administration has taken significant steps to define and implement policies to counter international terrorism. These policies focus on deterring, pre-empting and effectively reacting to international terrorist incidents. Low Intensity Conflict policy goes beyond this, however, and deals with the broader problem of supporting groups and governments against which terrorism is being used as a subversive weapon.

We must realize that Low Intensity Conflicts are frequently protracted struggles. In addition, most of the instruments of power that we can bring to bear on them work indirectly and over a long period of time. Therefore, we must be patient in such struggles. It is important that we prevail, but especially important that we recognize that we often cannot do so easily or quickly. On the other hand, we do hold important advantages. We represent a model of political and economic development that promises freedom from political domination and economic privation. If we can protect our own security, and maintain an environment of reasonable stability and open trade and communication throughout the Third World, political, economic, and social forces will eventually work to our advantage.

V. Executing the Strategy

This portion of the report discusses U.S. capabilities to execute the National Security Strategy discussed in preceding chapters with particular emphasis on those areas where resource shortfalls impede effective achievement of important national strategy objectives.

FOREIGN POLICY CAPABILITIES

The United States depends on foreign assistance and other foreign operations programs to protect national security, promote its interests, and communicate its values and principles throughout the world. Our foreign operations programs include economic and military assistance, food aid, development assistance, international education and communication programs, the overseas operations of the State Department, and many other important functions.

These programs convert our foreign policy into positive, visible actions which provide assistance to people who face severe economic privation, and promote the economic and political development so important to support free and democratic societies. The programs also help governments seeking to defend themselves from internal and external threats. By helping our friends enhance their security, we can help create the necessary preconditions for economic and political development.

Equally important, our programs tell people about American ideals and values. By building greater understanding of what the United States stands for, we can influence growth in positive directions. The overall goal of our efforts is to create a more stable world in which humane social and political orders can flourish and which can support balanced economic growth. In short, our foreign operations programs are intended to support the types of positive change that will protect our national interests over the long term. A stable world whose nations can meet the economic needs of their citizens and respect individual rights is a world that is safer for the United States and its friends.

We spend only about two percent of our annual federal budget on the various foreign assistance programs. This is indisputably money well spent. The good we do, the problems we help solve, and the threats we counter through our assistance programs far outweigh the costs. They represent a highly leveraged investment. Nevertheless, our foreign assistance programs do not receive the support they deserve from the Congress. In the last few years, Administration foreign operations budget requests have been severely cut by the Congress. Although all programs must bear the burden of reducing the budget deficit, the cuts in foreign assistance have often been grossly disproportionate when compared with other programs.

This is penny wise and pound foolish. We cannot dismiss foreign assistance as a "give-away" program that wastes money which could better be spent on Americans. In the first place, such a characterization is factually wrong. Much of the money we spend in foreign assistance programs goes to purchase goods and services produced here in the United States. Our food aid programs are one of the best examples, but other programs, such as foreign military sales, also directly increase U.S. exports.

Furthermore, our assistance programs work to solve problems, relieve hardships, and ameliorate conflicts that, if neglected, could degenerate into crises adversely affecting U.S. interests. Unless we can be an active participant in encouraging the type of world order we desire, we may find ourselves compelled to defend our interests with more direct, costly, and painful means.

We face a foreign assistance funding crisis under the FY1987 budget voted by Congress. In that budget, we sought $16.2 billion for Foreign Economic and Military Assistance. That assistance was carefully calculated to support a broad variety of important U.S. national security objectives.

Specifically:

- Thirty-four percent of that budget was to go to Israel and Egypt, reinforcing our vital search for lasting peace in that region.
- Twenty-six percent was intended for military access states and countries hosting U.S. military forces such as the Republic of Korea, the Philippines, Greece and Turkey.
- Eleven percent would have gone to Central America and the Caribbean.
- Seventeen percent was for countries which share our democratic values and need our help to advance them, such as Thailand and Colombia; where new democracies have emerged, such as Bolivia and Uruguay; and where fundamental economic reforms are taking place, such as Ecuador and Senegal.
- All other country programs accounted for only three percent of the total foreign aid request. Some are poverty-stricken African states to which we are directing our humanitarian and technical assistance programs. Others, such as Burma, are active partners with us in the war against international narcotics trafficking.
- The remaining nine percent of our assistance was to go to international organizations, multilateral development banks, the Peace Corps, refugee assistance, narcotics control efforts, and AID non-country programs.

Congress cut our request to $13.6 billion. The effect of this cut is devastating. After we meet our commitment to the Middle East peace process, we have grossly inadequate funds left to meet other requirements. As a result, we are unable to fulfill our commitments to countries that provide us with strategically important basing and access rights. Indeed, some programs will have to be cut over 50 percent this year. We face the danger of falling behind in programs that are designed to help key regions beset with severe economic and security problems. We also can do little to help Third World debtors get back on their feet.

The cuts signal a policy of retreat. Clearly, in the next few months the Congress and the Executive Branch must work together to find solutions to these funding problems so that we can resume our positive role. These programs are a key part of our first line of defense in protecting American freedoms, and must enjoy full bipartisan support to be effective. I solicit such support for the FY 1987 supplemental appropriations request which has been submitted to Congress.

DEFENSE CAPABILITIES

Defense resources. The successful execution of any National Security Strategy depends on the availability of adequate resources. Strategies which depend on unrealistic or unachievable assumptions about resource availability are doomed to failure. At the same time, recent history has taught us that the time between the onset of a crisis and the need for a national security response has dwindled over the years. The days when nations could respond to crises by raising, training, and equipping new forces are gone. This fact of life, coupled with the sober knowledge that crisis situations can burst upon the world with startling suddenness, means that we must be able to deter aggression and infringement of our vital interests at any moment, and at places far removed from the United States.

In practical terms, this means that the Administration must not adopt strategies that our country cannot afford,

and that our military leaders cannot and must not base their plans on resources that are beyond the nation's capability to provide. It also means that Congress, operating from a shared view of U.S. national interests, and the objectives which support them, must provide the Executive with the resources necessary to implement a realistic, prudent and effective strategy.

Providing for the common defense is the most important responsibility of the federal government—shared equally by the Executive and Legislative branches. Partnership is the key to its successful execution. In that spirit, in the early 1980's—for the third time since World War II—Congress and the Executive joined together in a concerted effort to rebuild and strengthen our military capabilities. However, unlike past build-ups, which were characterized by high rates of consumption to support combat operations in Asian conflicts, we focused this time on investment. There were important manpower and readiness problems to be overcome as well, but it was clear that only an increase in investment would produce the necessary positive, sustained impact on the military balance.

This action was essential to redress the serious imbalances between U.S. and Soviet capabilities which had emerged during the 1970's—a period of unprecedented military investment by the Soviets, aimed at shifting the global "correlation of forces" decisively in their favor. Had we not arrested this dangerous trend, the damage to our most fundamental national interests would have been profound. Fortunately, the Congress and the American people recognized the essentiality of rebuilding the country's defenses. As a result, we have achieved great progress. Our level of investment roughly matches that of the Soviets'. However, the legacy of a decade in which Soviet investment far exceeded our own remains, and must be corrected.

Judgments about the adequacy of our defense program ultimately come down to questions of risk. Put in its starkest form, the issue is: how much risk to the survival of this country and its free institutions are we willing to accept? Military forces which are unsuccessful in deterring major war fail the first test of adequacy. We and our allies must have credible military responses, the prospects of which convince our adversaries that aggression would entail unacceptably high costs for them. How much military power is required to deter is inevitably a subjective question, involving our sense of how others view our military capabilities and our political will to use them, if necessary. In this respect, our forces must not only *be* adequate, but must be unmistakably *perceived* as adequate to defend our interests, execute our strategy, and preserve our alliance relationships.

Without question, the defense program required to support our strategy is affordable. In fact, in the past seven years, Americans have devoted an average of only 6.1 percent of GNP to defense—well under rates in the 1950s and 1960s, which ranged from 7 percent to 9.2 percent. Likewise, at about 27 percent of federal outlays, defense spending falls well below the peacetime average of 38 percent during the postwar era. In both instances, the increases of the early 1980s seem large only because the spending of the late 1970s was so severely depressed.

In the FY88-89 Defense Budget, I have not asked the Congress to approve defense increases similar to those of the early 1980s. At the same time, the Congress must act positively to protect the gains that we together have achieved. We must not continue on the path of real decline in defense investment established during the past two years. The time has come for us to join together in supporting moderate, sustainable increases in our defense budget, consistent with the economic growth we expect for the nation as a whole, and with the long-term challenge which the Soviet Union presents to the free world. Together, as a nation, we must break the pattern of costly and inefficient ups and downs in defense spending, and support the path of sustained, reasonable growth, at a rate which will allow the continuing modernization of our strategic and conventional forces, while maintaining adequate levels of military readiness, sustainability, and force structure.

Military Forces. Earlier in this report I set forth our strategy for the maintenance of deterrence against strategic nuclear or conventional attack on the United States or its allies.

The execution of our strategy to maintain a credible nuclear deterrent through the modernization of our strategic forces has been successful to date. Major elements of the Strategic Modernization Program have been approved by the Congress and our strategic forces are becoming more survivable and effective each day. We are improving the capability and credibility of our diversified strategic force mix and will continue to do so well into the next century.

As we look forward to the future, we are examining options that will allow us to capitalize on the progress made in the Strategic Defense Initiative to render ballistic missiles obsolete and place deterrence on a more stable long-term foundation. Strong support for this program, which exploits our strengths in advanced technology, advances both our deterrence and our arms control goals. Full funding of the FY88-89 budget request for SDI is essential to sustain the important progress made to date and allow the program to proceed at an efficient pace.

The survivability of our land-based ICBM forces will increase dramatically in the years ahead as we move from older, fixed basing modes to new mobile basing modes that contribute to stability through increased survivability. The new concepts for mobile basing of the Peacekeeper and the Small ICBM will revitalize the ICBM leg of the strategic triad, significantly improve deterrence, and allow implementation of the Scowcroft Commission recommendations in a manner consistent with earlier Congressional guidance.

As we continue to improve our strategic deterrent forces, we must be mindful of the fact that our conventional forces are the first line of deterrence, and an essential means of supporting U.S. interests in crises short of general war. With the emergence of rough nuclear parity between the United States and the Soviet Union, conventional forces have become even more important to maintaining a secure deterrent. Our current conventional force modernization program contributes to a strong forward defense posture.

Key elements include:

- The Army's modernization program, which is based on the new Air Land Battle doctrine, and provides a combined-arms capability that will enable our divisions to maintain a qualitative edge over the much larger Soviet forces.
- Ongoing modernization programs for our tactical air forces supplement these ground force programs. The ability of our tactical air forces to maintain local air superiority and support ground forces requires continuing improvement.
- The program to revitalize our special operations forces is being fully implemented as one of our highest priorities. This program will ensure that we have highly trained forces immediately available to respond to a broad range of crises and Low Intensity Conflict situations, when our interests so require.
- Improvements in C^3I are of continuing high priority in order to strengthen the ability to employ our conventional forces to their full capability.
- New short and long range mobility forces are improving our capability to transport and support our forward units, and to deploy forces in contingencies. The ability to build up military power rapidly in strategically important areas on the Eurasian periphery is essential for deterrence, and for neutralizing the geographical advantages of the Soviet Union.
- The warfighting capability of our naval forces is improving markedly with the increase in the quantity and quality of ships and aircraft. This long-term program to assure our ability to use the world's oceans in peace and war requires continuing support.

The full impact of these major modernization programs will be felt over the decade ahead. Accomplishment of our objectives will greatly increase our conventional deterrent capability. The net improvement in our defense posture will not be marginal; it will be fundamental. Full support of these programs is essential to avoid deterioration of the U.S.-Soviet conventional force balance, and assure that we have conventional forces capable of conducting forward defense of our interests without recourse to nuclear weapons.

As we pursue the qualitative upgrading of our forces, we must continue to refine our plans and concepts for employing them. Our military strategy is complex. To accomplish their tasks the Services have developed appropriate doctrines, organizations and tactics. Ensuring that these are melded into a coherent National Military Strategy presents a challenge in the continuously changing international environment. This problem is magnified by the diversity of potential contingencies within the spectrum of conventional conflict. At the theater level, regional strategies have been developed by the Unified Commanders. These strategies, together with other considerations global in character, or which cross CINCS' lines of authority, are integrated into the National Military Strategy. That strategy provides an effective basis for the employment of our military capabilities worldwide, in a coordinated, mutually supporting fashion. That strategy undergoes periodic reviews to revalidate and update its essential elements. The results will not only improve our capability for employment of military forces, but provide stronger conceptual support for development of our conventional force R & D and procurement programs. In doing so, we are always mindful of the relationship between nuclear and conventional deterrence. Our long-term objective of reducing our reliance on nuclear weapons, if successful, demands special attention to maintaining both the effectiveness of our conventional deterrent and strong alliance relationships.

Improving Efficiency. An important part of the activity aimed at supporting our National Security Strategy includes a series of ongoing efforts to improve the management and operational effectiveness of our defense establishment. Improving the efficiency of the Department of Defense has been the subject of much attention and a number of notable achievements over the past six years. Most recently these efforts have included the report of the Blue Ribbon Commission on Defense Management, chaired by David Packard; and Congressional action on defense reorganization. As a result of this activity, important changes have been accomplished in the way the Department of Defense does business. The overriding objectives of these combined efforts are to improve the quality of our strategic planning; promote a tight linkage between strategy, military requirements, and our acquisition programs; and ensure that we realize maximum military benefit for every defense dollar.

Important organizational changes have occurred; others are impending. New Unified Commands for Transportation and Special Operations Forces will become operational this year, and we will shortly establish the newly authorized position of Assistant Secretary of Defense for Special Operations and Low Intensity Conflict, concurrently activating the Congressionally-mandated Board for Low Intensity Conflict within the National Security Council organization. The authority of the Chairman, Joint Chiefs of Staff, and the Unified Commanders, has been strengthened; and the new position of Vice Chairman, Joint Chiefs of Staff, has been established.

In 1986, the Congress approved my proposal to create an Under Secretary of Defense for Acquisition. This appointment has led to a reorganization of procurement functions within the Department of Defense. These changes are intended to achieve a major reduction in the time required to field new technology and equipment, to involve the professional judgment of the Joint Chiefs of Staff more directly in the identification and validation of military requirements, and to improve the efficiency of the acquisition process generally. To promote technological innovation, the role of the Defense Advanced Research Projects Agency in prototyping and other advanced development work on joint programs has been expanded.

To aid our understanding of future requirements, last fall we established a bipartisan Commission on Integrated Long-Term Strategy. This group of distinguished Americans is working to provide the Secretary of Defense and my Assistant for National Security Affairs insights into the role and strategic implications of new defense technologies over the next twenty years. The Commission will also look at ways to accelerate the introduction of the most promising new technologies into our military forces. Possible new threats resulting from ongoing Soviet research programs will also be examined.

Changes underway in the defense planning process will strengthen the relationship between the fiscal plans for defense and the overall budgetary plans for the federal

government. With the encouragement of Congress, we are for the first time submitting a two-year defense budget. In both instances, the objective is greater stability for the defense program. While we will continue to strive for greater cost control and savings at the program level, the Blue Ribbon Commission on Defense Management concluded that, in the future, significant efficiencies in the defense budget were more likely to be achieved through greater program stability than through specific management actions.

Greater stability can be effectively accomplished only through close cooperation between the Executive Branch and the Congress. Our joint interest in improving defense management has produced a series of interconnected organizational and procurement reforms that are now underway. We must now let the Department of Defense implement these reforms and assess their effectiveness without undue interference. It is likely that some adjustments will be required. After suitable experience with the new structure and procedures, we will make appropriate recommendations to the Congress.

INTEGRATING NATIONAL SECURITY CAPABILITIES

As I indicated earlier, the effective achievement of our National Security Strategy's objectives requires the carefully integrated employment of all facets of national power. To the maximum extent possible, we attempt to achieve our objectives through employment of the non-coercive elements of national power. This approach is aided when we are able to identify problems early, diagnose them thoroughly, and apply the pooled insights and wisdom of my senior advisors to their solution. The principal vehicle through which this essential integrating function is accomplished is the National Security Council (NSC), and the various interagency groups which function under its supervision.

The NSC helps us apply our broad objectives to specific situations and translate those objectives into detailed policies and strategies. The overreaching task of the NSC is to help ensure that my decisions are made in a timely manner, and with benefit of the clearest possible articulation of alternative courses of action, their relative strengths and weaknesses, and likely consequences.

The results of this process are formally recorded as National Security Decision Directives (NSDDs). The NSDDs, in the aggregate, provide a broad body of guidance for the preparation of foreign and defense policy, military planning, and the development of sub-strategies to support the National Security Strategy's objectives. Over the past six years we have developed over two hundred and fifty NSDDs. Not all remain in force, and not all deal with topics of global import; but the process is effective in promoting the integrated employment of the broad and diverse range of tools available for achieving our national security objectives.

The continued development and successful implementation of U.S. National Security Strategy is a major responsibility of the Executive Branch. But the Administration cannot accomplish this alone. Developing and supporting a National Security Strategy for the United States that provides a sound vision for the future and a realistic guide to action must be a cooperative endeavor of the Congress and the Administration.

I look forward to working with the Congress in a bipartisan manner to achieve increased understanding of, and broad support for, our National Security Strategy and its objectives. There can be no endeavor more important for the long-term well-being of the American people; and I solicit the Congress' closest collaboration in achieving it.

VI. Looking Forward to the 1990's

Six years ago, when the American people elected me as their President, I was determined to achieve four near-term, urgently needed objectives in the National Security Strategy area:

- First, to restore our nation's military strength after a decade of neglect which allowed the Soviet Union to overtake us in many critical categories of military power;
- Second, to restore our nation's economic strength and reinvigorate the world economic system, in the wake of the energy crisis and global recession;
- Third, to restore the nation's international prestige as a world leader, after some years of our image being tarnished and our adversaries believing that the United States was retreating from its international obligations; and
- Fourth, to restore personal motivation to all Americans and carry our message to the world that individuals and not governments should control their economic, spiritual and political destinies.

After six years, I can report this restoration process is well underway. The ship of state is heading in a new, long-term direction which should be pursued over the remaining years of this century. I believe that our most important thrust in the National Security Strategy area has been to restore the image of the United States as the light of freedom throughout the world.

We have seen our message taken to heart by peoples and governments throughout the world in these last six years. We have seen nations change their economic thinking to place more emphasis on the worth and work of the individual as opposed to satisfying the interests of the state. We have seen thousands of freedom loving people take up arms against those regimes which seek to impose their will on populations who want peace and economic stability. We have seen mounting opposition to those forces in the world that aggressively employ military power and coercion to achieve their goals.

This is what has given me the personal strength to forge ahead in times of trouble and criticism, in times of great risk and potential loss. I have seen that time is on our side against those forces in this world that are committed to the elimination of freedom, justice, and democratic ways of life. Time is running out for those regimes because people everywhere realize that the way of life imposed by those forces is counter to basic human values. People across the world see that we offer a *vision of the future.* Our adversaries offer the darkened ways of an unsatisfied past through domination by military power, stifling statism, and political oppression.

I have used every opportunity these past six years to drive this theme home, both here and abroad. This is also the dominant theme of our National Security Strategy—the very pulse of our nation which must be carried into the future to ensure that we remain strong and innovative, vibrant and free.

We must never forget that freedom is never really free; it is the most costly thing in the world. And freedom is never paid for in a lump sum; installments come due in every generation. All any of us can do is offer the generations that follow a *chance for freedom.*

I ask that we stand together in my final two years as your President to ensure that we continue setting in place a strategy which will carry us securely into the 21st Century.