



*M. Smith (G&ES) PS / Mykel / kind
To coordinate, please. PS / Pos
S. Bullard*

10 DOWNING STREET

From the Private Secretary

28 July 1983 *Planning Staff*

Dear Brian,

JS 28/7

You will recall that earlier this year you provided a few articles for the Prime Minister to read on East-West relations.

Mrs. Thatcher would be most grateful if you could provide a further selection of the most recent articles on this subject and the internal situation in the Soviet Union and Eastern Europe which she might read during August.

As I shall be on leave, could you kindly send these to Tim Flesher.

Yours ever

John Gales.

1) 28/7/83

*Mr. Duncan, Research Dept.
Mr. Fuller, Defence Dept.*

Brian Fall, Esq.,
Foreign and Commonwealth Office.

2) back to me

*RHS
29/7*

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Foreign and Commonwealth Office

London SW1A 2AH

3 August, 1983

*B/F for the day before
PM goes on Monday
(for IT)*

Dear Tim,

Articles on East-West Relations, the Soviet Union and
Eastern Europe

Please refer to John Coles' letter of 28 July.

I enclose a selection of articles which may be of interest to the Prime Minister, together with a short note of explanation. The articles are predominantly about East-West relations and the Soviet Union. There have been no recent articles on Poland which are worth drawing to the Prime Minister's attention. We have however included a 'Financial Times' article about Hungary.

*Yours ever
for Holmes*

(J E Holmes)
Private Secretary

T Flesher Esq
10 Downing Street

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From: R H Smith (EESD)

Date: 3 August 1983

Private Secretary

cc: PS/Mr Rifkind
 PS/PUS
 Sir J Bullard
 Mr Cartledge
 Mr James
 Planning Staff
 Research Department
 (Soviet and East European Region)
 Defence Department

Issue per

J.H.S.
7/8

ARTICLES ON EAST-WEST RELATIONS, THE SOVIET UNION
 AND EASTERN EUROPE

- A
1. PS/No 10's letter of 28 July asked for a further selection of recent articles on East/West relations and on the internal situation in the Soviet Union and Eastern Europe for the Prime Minister to read during August.
 2. I now attach a selection of articles, in the collection of which EESD have been assisted by Defence Department, Planning Staff and Research Department (Soviet and East European Region), together with a draft covering letter from PS to PS/No 10.

R.H. Smith

3 August 1983

R H Smith
 East European and Soviet
 Department

ARTICLES ON EAST-WEST RELATIONS, THE SOVIET UNION
AND EASTERN EUROPEEast-West Relations

1. 'Fundamental Issues in East-West Relations'
by Dr Henry Kissinger.

? A wide-ranging analysis which advocates a firm and pragmatic approach towards negotiations and trade with the Soviet Union. Dr Kissinger takes account of the limitations imposed on Andropov by his age, but perhaps places undue emphasis on the importance of Andropov's period as Chairman of the KGB.

2. 'Soviet-American Diplomacy at the End of an Era'
by L T Caldwell, Occidental College and G W Benz,
University of Denver.

A sound historical analysis of US/Soviet relations in recent years, with particular emphasis on arms control.

3. 'Soviet Foreign Policy in the Brezhnev Years'
by R P Barston, lecturer in international relations
at Lancaster University.

A good over-view.

East-West Economic Relations

4. 'Western Economic Sanctions Against the USSR'
by Dr Philip Hanson.

The author, the Reader in Soviet Economics at Birmingham University, and a leading expert in his field, argues that sanctions are probably not effective on matters of primary concern to the West and advocates a more laissez faire approach.

Military and Arms Control

5. 'Weapons and Peace', a lecture delivered by
Professor Michael Howard on 13 January 1983.

The Soviet System and Implications for Foreign Policy

6. 'Choice and Change in Soviet Politics',
by W E Odom.

A competent survey of Andropov's options by a former military adviser to President Carter, with particular reference to the Soviet military establishment. He infers that Andropov will continue the Brezhnevian policy of assertive projection of Soviet power abroad and shun internal structural reform.

7. 'What we know About the Soviet Union',
by Walter Laqueur.

The author, chairman of the Research Council of the Georgetown (USA) University Center for Strategic and International Studies, looks at the difficulties of assessing Soviet developments, at the stresses and strains of Soviet society. He sees no prospect of change yet awhile and stresses the need for the West to show firmer resolve.

Soviet Internal

8. 'Andropov: Discipline and Reform?',
by A Brown of St Antony's College, Oxford.

A useful survey of Andropov's colleagues among the Soviet leadership and their relationships with their new leader.

9. 'Power and Position in the Kremlin',
by R F Ober, a US Foreign Service Officer who wrote the article while serving as State Department Fellow at the Council on Foreign Relations in New York.

A well-written, if rather speculative, account of where the Soviet leaders work and have contact with each other.

10. 'Why Central Asians will not be Absorbed',
by A W Crawford-White.

A concise analysis of demographic changes in Central Asia.

11. 'Political Communications in the USSR: Letters to Party, State, and Press', by Stephen White, Department of Politics, University of Glasgow.

A study of how Soviet citizens can make representations to the authorities.

12. 'Christians in Eastern Europe: A Decade of Aspirations and Frustrations', by Philip Walters.

A thorough over-view published in the Keston College Journal, 'Religion in Communist Lands'.

Soviet Economy

13. 'Can Andropov Kick Start the Red Train', by an Economist Special Correspondent.

The article discusses Andropov's chances of successfully tackling the problem of streamlining the Soviet economy with minimal or little reform.

14. 'Agriculture-Management and Performance', by D Gale Johnson.

The author argues that politics and bureaucracy have impeded and, failing major reforms, will impede Soviet agricultural performance.

Hungary

15. Article from the 'Financial Times' of 10 May 1983 by David Buchan.

PRIME MINISTER

EAST-WEST RELATIONS

You asked for some holiday reading.

I have asked the FCO to let us have in the next few days a selection of recent articles.

I also attach a copy of Mr. Shultz's testimony to the Senate Foreign Relations Committee on 15 June. You have seen this before but may like to study it at greater leisure now. It is likely that this statement represents the outcome of the Americans' own internal review.

A.J.C.

28 July 1983

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Foreign and Commonwealth Office

London SW1A 2AH

21 June 1983

Dear John,

Vice President Bush's Visit on 24 June

As background to Mr Bush's visit you may wish to have:

- (a) a copy of Mr Shultz's testimony to the Senate Foreign Relations Committee on 15 June;
- (b) two telegrams from Sir O Wright in Washington commenting on the testimony;
- (c) a short paper containing initial views at official level in the FCO.

I am putting these papers up in parallel to Sir G Howe.

Yours ever
[Signature]

(B J P Fall)
Private Secretary

A J Coles Esq
10 Downing Street

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A



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✓ Mr. Brown
Mr. Smith
Mr. Carter
Mr. Tibbitts

} Separate copies

C O N T E N T S

1. SECRETARY OF STATE SHULTZ ON U.S.-SOVIET RELATIONS
2. MEETING THE INDUSTRIAL CHALLENGE: AN ADDRESS BY EDWIN HARPER, PRESIDENT REAGAN'S ASSISTANT FOR POLICY DEVELOPMENT

Thursday,
June 16th, 1983

Received at 0920 on
Monday 20 June

OFFICIAL TEXT

Thursday, June 16th, 1983

UNITED STATES INFORMATION SERVICE, U.S. EMBASSY, 55/56 UPPER BROOK STREET, LONDON W1A 2LH

SHULTZ JUNE 15 CONGRESSIONAL TESTIMONY

U.S.-SOVIET RELATIONS OF 'UTMOST IMPORTANCE'

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WASHINGTON -- SECRETARY OF STATE SHULTZ SAID JUNE 15 THAT THE MANAGEMENT OF U.S. RELATIONS WITH THE SOVIET UNION "IS OF UTMOST IMPORTANCE."

"THAT RELATIONSHIP TOUCHES VIRTUALLY EVERY ASPECT OF OUR INTERNATIONAL CONCERNS AND OBJECTIVES," SHULTZ TOLD THE SENATE FOREIGN RELATIONS COMMITTEE.

IN A REVIEW OF U.S.-SOVIET RELATIONS IN THE CONTEXT OF U.S. FOREIGN POLICY, SHULTZ SAID:

"WE AND THE SOVIETS HAVE SHARPLY DIVERGENT GOALS AND PHILOSOPHIES OF POLITICAL AND MORAL ORDER...AT THE SAME TIME, WE HAVE A FUNDAMENTAL COMMON INTEREST IN THE AVOIDANCE OF WAR. THIS COMMON INTEREST IMPELS US TO WORK TOWARD A RELATIONSHIP BETWEEN OUR NATIONS THAT CAN LEAD TO A SAFER WORLD FOR ALL MANKIND."

FOLLOWING IS THE TEXT OF SHULTZ' REMARKS:

I WELCOME THE OPPORTUNITY TO DISCUSS WITH YOU OUR APPROACH TO U.S.-SOVIET RELATIONS IN THE CONTEXT OF OUR BROADER FOREIGN POLICY.

THE MANAGEMENT OF OUR RELATIONS WITH THE SOVIET UNION IS OF UTMOST IMPORTANCE. THE RELATIONSHIP TOUCHES VIRTUALLY EVERY ASPECT OF OUR INTERNATIONAL CONCERNS AND OBJECTIVES -- POLITICAL, ECONOMIC, AND MILITARY -- AND EVERY PART OF THE WORLD.

WE MUST DEFEND OUR INTERESTS AND VALUES AGAINST A POWERFUL SOVIET ADVERSARY THAT THREATENS BOTH. AND WE MUST DO SO IN A NUCLEAR AGE, IN WHICH A GLOBAL WAR WOULD EVEN MORE THOROUGHLY THREATEN THOSE INTERESTS AND VALUES. AS PRESIDENT REAGAN POINTED OUT ON MAY 31: "WE MUST BOTH DEFEND FREEDOM AND PRESERVE THE PEACE. WE MUST STAND TRUE TO OUR PRINCIPLES AND OUR FRIENDS WHILE PREVENTING A HOLOCAUST."

IT IS, AS HE SAID, "ONE OF THE MOST COMPLEX MORAL CHALLENGES EVER FACED BY ANY GENERATION."

WE AND THE SOVIETS HAVE SHARPLY DIVERGENT GOALS AND PHILOSOPHIES OF POLITICAL AND MORAL ORDER; THESE DIFFERENCES WILL NOT SOON GO AWAY. ANY OTHER ASSUMPTION IS UNREALISTIC. AT THE SAME TIME, WE HAVE A FUNDAMENTAL COMMON INTEREST IN THE AVOIDANCE OF WAR. THIS COMMON INTEREST IMPELS US TO WORK TOWARD A RELATIONSHIP BETWEEN OUR NATIONS THAT CAN LEAD TO A SAFER WORLD FOR ALL MANKIND.

BUT A SAFER WORLD WILL NOT BE REALIZED THROUGH GOOD WILL. OUR HOPES FOR THE FUTURE MUST BE GROUNDED IN A REALISTIC ASSESSMENT OF THE CHALLENGE WE FACE AND IN A DETERMINED EFFORT TO CREATE THE CONDITIONS THAT WILL MAKE THEIR ACHIEVEMENT POSSIBLE. WE HAVE MADE A START. EVERY POSTWAR AMERICAN PRESIDENT HAS COME SOONER OR LATER TO RECOGNIZE THAT PEACE MUST BE BUILT ON STRENGTH; PRESIDENT REAGAN HAS LONG RECOGNIZED THIS REALITY. IN THE PAST TWO YEARS THIS NATION -- THE PRESIDENT IN PARTNERSHIP WITH THE CONGRESS -- HAS MADE A FUNDAMENTAL COMMITMENT TO RESTORING ITS MILITARY AND ECONOMIC POWER AND MORAL AND SPIRITUAL STRENGTH. AND HAVING BEGUN TO REBUILD OUR STRENGTH, WE NOW SEEK TO ENGAGE THE SOVIET LEADERS IN A CONSTRUCTIVE DIALOGUE -- A DIALOGUE THROUGH WHICH WE HOPE TO FIND POLITICAL SOLUTIONS TO OUTSTANDING ISSUES.

THIS IS THE CENTRAL GOAL WE HAVE PURSUED SINCE THE OUTSET OF THIS ADMINISTRATION. WE DO NOT WANT TO -- AND NEED NOT -- ACCEPT AS INEVITABLE THE PROSPECT OF ENDLESS, DANGEROUS CONFRONTATION WITH THE SOVIET UNION. FOR IF WE DO, THEN MANY OF THE GREAT GOALS THAT THE UNITED STATES PURSUES IN WORLD AFFAIRS -- PEACE, HUMAN RIGHTS, ECONOMIC PROGRESS, NATIONAL INDEPENDENCE -- WILL ALSO BE OUT OF REACH. WE CAN -- AND MUST -- DO BETTER.

WITH THAT INTRODUCTION, LET ME BRIEFLY LAY OUT FOR THIS COMMITTEE WHAT I SEE AS THE CHALLENGE POSED BY THE SOVIET UNION'S INTERNATIONAL BEHAVIOR IN RECENT YEARS AND THE STRATEGY WHICH THAT CHALLENGE REQUIRES OF US. THEN I WOULD LIKE TO DISCUSS STEPS THIS ADMINISTRATION HAS TAKEN TO IMPLEMENT THAT STRATEGY. FINALLY, I WILL FOCUS ON THE SPECIFIC ISSUES THAT MAKE UP THE AGENDA FOR U.S.-SOVIET DIALOGUE AND NEGOTIATION.

TOGETHER, THESE ELEMENTS CONSTITUTE A POLICY THAT TAKES ACCOUNT OF THE FACTS OF SOVIET POWER AND OF SOVIET CONDUCT, MOBILIZES THE RESOURCES NEEDED TO DEFEND OUR INTERESTS, AND OFFERS AN AGENDA FOR CONSTRUCTIVE DIALOGUE TO RESOLVE CONCRETE INTERNATIONAL PROBLEMS. WE BELIEVE THAT, IF SUSTAINED, THIS POLICY WILL MAKE INTERNATIONAL RESTRAINT MOSCOW'S MOST REALISTIC COURSE, AND IT CAN LAY THE FOUNDATION FOR A MORE CONSTRUCTIVE RELATIONSHIP BETWEEN OUR PEOPLES.

I. THE SOVIET CHALLENGE

IT IS SOMETIMES SAID THAT AMERICANS HAVE TOO SIMPLE A VIEW OF WORLD AFFAIRS; THAT WE START WITH THE ASSUMPTION THAT ALL PROBLEMS CAN BE SOLVED. CERTAINLY WE HAVE A SIMPLE VIEW OF HOW THE WORLD SHOULD BE -- FREE PEOPLES CHOOSING THEIR OWN DESTINIES, NURTURING THEIR PROSPERITY, PERCEABLY RESOLVING CONFLICTS. THIS IS THE VISION THAT INSPIRES AMERICA'S ROLE IN THE WORLD. IT DOES NOT, HOWEVER, LEAD US TO REGARD MUTUAL HOSTILITY WITH THE USSR AS AN IMMUTABLE FACT OF INTERNATIONAL LIFE.

CERTAINLY THERE ARE MANY FACTORS CONTRIBUTING TO EAST-WEST TENSION. THE SOVIET UNION'S STRATEGIC EURASIAN LOCATION PLACES IT IN CLOSE PROXIMITY TO IMPORTANT WESTERN INTERESTS ON TWO CONTINENTS. ITS ASPIRATIONS FOR GREATER INTERNATIONAL INFLUENCE LEAD IT TO CHALLENGE THESE INTERESTS. ITS MARXIST-LENINIST IDEOLOGY GIVES ITS LEADERS A PERSPECTIVE ON HISTORY AND A VISION OF THE FUTURE FUNDAMENTALLY DIFFERENT FROM OUR OWN. BUT WE ARE NOT SO DETERMINISTIC AS TO BELIEVE THAT GEOPOLITICS AND IDEOLOGICAL COMPETITION MUST INELUCTABLY LEAD TO PERMANENT AND DANGEROUS CONFRONTATION. NOR IS IT PERMANENTLY INEVITABLE THAT CONTENTION BETWEEN THE UNITED STATES AND THE SOVIET UNION

MUST DOMINATE AND DISTORT INTERNATIONAL POLITICS.

A PEACEFUL WORLD ORDER DOES NOT REQUIRE THAT WE AND THE SOVIET UNION AGREE ON ALL THE FUNDAMENTALS OF MORALS OR POLITICS. IT DOES REQUIRE, HOWEVER, THAT MOSCOW'S BEHAVIOR BE SUBJECT TO THE RESTRAINT APPROPRIATE TO LIVING TOGETHER ON THIS PLANET IN THE NUCLEAR AGE. NOT ALL THE MANY EXTERNAL AND INTERNAL FACTORS AFFECTING SOVIET BEHAVIOR CAN BE INFLUENCED BY US. BUT WE TAKE IT AS PART OF OUR OBLIGATION TO PEACE TO ENCOURAGE THE GRADUAL EVOLUTION OF THE SOVIET SYSTEM TOWARD A MORE PLURALISTIC POLITICAL AND ECONOMIC SYSTEM, AND ABOVE ALL TO COUNTER SOVIET EXPANSIONISM THROUGH SUSTAINED AND EFFECTIVE POLITICAL, ECONOMIC, AND MILITARY COMPETITION.

IN THE PAST DECADE, REGRETTABLY, THE CHANGES IN SOVIET BEHAVIOR HAVE BEEN FOR THE WORSE. SOVIET ACTIONS HAVE COME INTO CONFLICT WITH MANY OF OUR OBJECTIVES. THEY HAVE MADE THE TASK OF MANAGING THE SOVIET-AMERICAN RELATIONSHIP CONSIDERABLY HARDER, AND HAVE NEEDLESSLY DRAWN MORE AND MORE INTERNATIONAL PROBLEMS INTO THE EAST-WEST RIVALRY.

TO BE SPECIFIC, IT IS THE FOLLOWING DEVELOPMENTS WHICH HAVE CAUSED US THE MOST CONCERN:

-- FIRST IS THE CONTINUING SOVIET QUEST FOR MILITARY SUPERIORITY EVEN IN THE FACE OF MOUNTING DOMESTIC ECONOMIC DIFFICULTIES.

IN THE 1970'S THE ALLOCATION OF RESOURCES FOR THE SOVIET MILITARY WAS NOT ONLY AT THE EXPENSE OF THE SOVIET CONSUMER. IT CAME EVEN AT THE EXPENSE OF INDUSTRIAL INVESTMENT ON WHICH THE LONG-TERM DEVELOPMENT OF THE ECONOMY DEPENDS. THIS DECISION TO MORTGAGE THE INDUSTRIAL FUTURE OF THE COUNTRY IS A STRIKING DEMONSTRATION OF THE INORDINATE VALUE THE SOVIETS ASSIGN TO MAINTAINING THE MOMENTUM OF THE RELENTLESS MILITARY BUILDUP UNDERWAY SINCE THE MID-1960'S. THIS BUILDUP CONSUMED AN ESTIMATED ANNUAL AVERAGE OF AT LEAST 12 PERCENT OF SOVIET GNP THROUGHOUT THIS ENTIRE PERIOD, AND HAS RECENTLY CONSUMED EVEN MORE AS A RESULT OF THE SHARP DECLINE IN SOVIET ECONOMIC GROWTH. DURING MUCH OF THIS SAME PERIOD, AS YOU KNOW, THE SHARE OF OUR OWN GNP DEVOTED TO DEFENSE SPENDING HAS ACTUALLY DECLINED.

THE SECOND DISTURBING DEVELOPMENT IS THE UNCONSTRUCTIVE SOVIET INVOLVEMENT, DIRECT AND INDIRECT, IN UNSTABLE AREAS

NATIONAL INTERESTS
-- AND MUST -- DO BETTER.

OF THE THIRD WORLD. ARMS HAVE BECOME A LARGER PERCENTAGE OF SOVIET EXPORTS THAN OF THE EXPORT TRADE OF ANY OTHER COUNTRY. THE SOVIETS HAVE TOO OFTEN ATTEMPTED TO PLAY A SPOILING OR SCAVENGING ROLE IN AREAS OF CONCERN TO US, MOST RECENTLY IN THE MIDDLE EAST.

BEYOND THIS, THE SOVIETS IN THE 70'S BROKE MAJOR NEW GROUND IN THE KINDS OF FOREIGN MILITARY INTERVENTION THEY WERE WILLING TO RISK FOR THEMSELVES OR THEIR SURROGATES. THIS HAS ESCALATED FROM THE PROVISION OF LARGE NUMBERS OF MILITARY ADVISERS, TO THE MORE EXTENSIVE AND AGGRESSIVE USE OF PROXY FORCES AS IN ANGOLA, ETHIOPIA, AND INDOCHINA, AND FINALLY TO THE MASSIVE EMPLOYMENT OF THE SOVIET UNION'S OWN GROUND TROOPS IN THE INVASION OF AFGHANISTAN. IN THIS WAY, THE SOVIET UNION HAS TRIED TO BLOCK PEACEFUL SOLUTIONS AND HAS BROUGHT EAST-WEST TENSIONS INTO AREAS OF THE WORLD THAT WERE ONCE FREE OF THEM.

-- THIRD IS THE UNRELENTING EFFORT TO IMPOSE AN ALIEN SOVIET "MODEL" ON NOMINALLY INDEPENDENT SOVIET CLIENTS AND ALLIES. ONE OF THE MOST IMPORTANT RECENT ACHIEVEMENTS IN EAST-WEST RELATIONS WAS THE NEGOTIATION OF THE HELSINKI FINAL ACT, WITH ITS PLEDGES CONCERNING HUMAN RIGHTS AND NATIONAL INDEPENDENCE IN EUROPE. POLAND'S EXPERIENCE IN THE PAST TWO YEARS CAN BE CONSIDERED A MAJOR TEST OF THE SOVIET UNION'S RESPECT -- OR LACK OF IT -- FOR THESE COMMITMENTS. MOSCOW CLEARLY REMAINS UNWILLING TO COUNTENANCE MEANINGFUL NATIONAL AUTONOMY FOR ITS SATELLITES, LET ALONE REAL INDEPENDENCE.

ELSEWHERE IN THE WORLD, THE COMING TO POWER OF SOVIET-SUPPORTED REGIMES HAS USUALLY MEANT (AS IN AFGHANISTAN) THE FORCIBLE CREATION OF SOVIET-STYLE INSTITUTIONS AND THE HARSH REGIMENTATION AND REPRESSION OF FREE EXPRESSION AND FREE INITIATIVE -- ALL AT ENORMOUS HUMAN, CULTURAL, AND ECONOMIC COST.

-- FOURTH IS MOSCOW'S CONTINUING PRACTICE OF STRETCHING A SERIES OF TREATIES AND AGREEMENTS TO THE BRINK OF VIOLATION AND BEYOND. THE SOVIET UNION'S INFRINGEMENT OF ITS PROMISES AND LEGAL OBLIGATIONS IS NOT CONFINED TO ISOLATED INCIDENTS. WE HAVE HAD TO EXPRESS OUR CONCERNS ABOUT SOVIET INFRACTIONS ON ONE ISSUE AFTER ANOTHER -- HUMAN RIGHTS AND THE HELSINKI FINAL ACT, "YELLOW RAIN" AND BIOLOGICAL WARFARE. WE ARE BECOMING INCREASINGLY CONCERNED ABOUT SOVIET PRACTICES --

INCLUDING THE RECENT TESTING OF ICBMS -- THAT RAISE QUESTIONS ABOUT THE VALIDITY OF THEIR CLAIM OF COMPLIANCE WITH EXISTING SALT AGREEMENTS. LITTLE ELSE IS SO CORROSIVE OF INTERNATIONAL TRUST AS THIS PERSISTENT PATTERN OF SOVIET BEHAVIOR.

II. THE AMERICAN RESPONSE: BEYOND CONTAINMENT AND DETENTE

THIS ASSESSMENT OF SOVIET INTERNATIONAL BEHAVIOR BOTH DICTATES THE APPROACH WE MUST TAKE TO EAST-WEST RELATIONS, AND INDICATES THE MAGNITUDE OF THE TASK.

-- IF WE ARE CONCERNED ABOUT THE SOVIET COMMITMENT TO MILITARY POWER, WE HAVE TO TAKE STEPS TO RESTORE THE MILITARY BALANCE, PREFERABLY ON THE BASIS OF VERIFIABLE AGREEMENTS THAT REDUCE ARMS ON BOTH SIDES, BUT IF NECESSARY THROUGH OUR OWN AND ALLIED DEFENSE PROGRAMS.

-- IF WE ARE CONCERNED ABOUT THE SOVIET PROPENSITY TO USE FORCE AND PROMOTE INSTABILITY, WE HAVE TO MAKE CLEAR THAT WE WILL RESIST ENCROACHMENTS ON OUR VITAL INTERESTS AND THOSE OF OUR ALLIES AND FRIENDS.

-- IF WE ARE CONCERNED ABOUT THE LOSS OF LIBERTY THAT RESULTS WHEN SOVIET CLIENTS COME TO POWER, THEN WE HAVE TO ENSURE THAT THOSE WHO HAVE A POSITIVE ALTERNATIVE TO THE SOVIET MODEL RECEIVE OUR SUPPORT.

-- FINALLY, IF WE ARE CONCERNED ABOUT MOSCOW'S OBSERVANCE OF ITS INTERNATIONAL OBLIGATIONS, WE MUST LEAVE MOSCOW NO OPPORTUNITY TO DISTORT OR MISCONSTRUE OUR OWN INTENTIONS. WE WILL DEFEND OUR INTERESTS IF SOVIET CONDUCT LEAVES US NO ALTERNATIVE; AT THE SAME TIME WE WILL RESPECT LEGITIMATE SOVIET SECURITY INTERESTS AND ARE READY TO NEGOTIATE EQUITABLE SOLUTIONS TO OUTSTANDING POLITICAL PROBLEMS.

IN DESIGNING A STRATEGY TO MEET THESE GOALS, WE HAVE, OF COURSE, DRAWN IN PART ON PAST STRATEGIES, FROM CONTAINMENT TO DETENTE. THERE IS, AFTER ALL, SUBSTANTIAL CONTINUITY IN U.S. POLICY, A CONTINUITY THAT REFLECTS THE CONSISTENCY OF AMERICAN VALUES AND AMERICAN INTERESTS. HOWEVER, WE HAVE NOT HESITATED TO JETTISON ASSUMPTIONS ABOUT U.S.-SOVIET RELATIONS THAT HAVE BEEN REFUTED BY EXPERIENCE OR OVERTAKEN BY EVENTS.

CONSIDER HOW THE WORLD HAS CHANGED SINCE THE TRUMAN ADMINISTRATION DEVELOPED THE DOCTRINE OF CONTAINMENT.

SOVIET INVOLVEMENT, DIRECT AND INDIRECT

SOVIET AMBITIONS AND CAPABILITIES HAVE LONG SINCE REACHED
BEYOND THE GEOGRAPHIC BOUNDS THAT THIS DOCTRINE TOOK FOR
GRANTED. TODAY MOSCOW CONDUCTS A FULLY GLOBAL FOREIGN AND
MILITARY POLICY THAT PLACES GLOBAL DEMANDS ON ANY STRATEGY
THAT AIMS TO COUNTER IT. WHERE IT WAS ONCE OUR GOAL TO
CONTAIN THE SOVIET PRESENCE WITHIN THE LIMITS OF ITS
IMMEDIATE POSTWAR REACH, NOW OUR GOAL MUST BE TO ADVANCE OUR
OWN OBJECTIVES, WHERE POSSIBLE FORECLOSING AND WHEN
NECESSARY ACTIVELY COUNTERING SOVIET CHALLENGES WHEREVER
THEY THREATEN OUR INTERESTS.

THE POLICY OF DETENTE, OF COURSE, REPRESENTED AN EFFORT
TO INDUCE SOVIET RESTRAINT. WHILE IN SOME VERSIONS IT
RECOGNIZED THE NEED TO RESIST SOVIET GEOPOLITICAL
ENCROACHMENTS IT ALSO HOPED THAT THE ANTICIPATION OF
BENEFITS FROM EXPANDING ECONOMIC RELATIONS AND ARMS CONTROL
AGREEMENTS WOULD RESTRAIN SOVIET BEHAVIOR.

UNFORTUNATELY, EXPERIENCE HAS PROVED OTHERWISE. THE
ECONOMIC RELATIONSHIP MAY HAVE EASED SOME OF THE DOMESTIC
SOVIET ECONOMIC CONSTRAINTS THAT MIGHT HAVE AT LEAST
MARGINALLY INHIBITED MOSCOW'S BEHAVIOR. IT ALSO RAISED THE
SPECTER OF A FUTURE WESTERN DEPENDENCE ON SOVIET-BLOC TRADE
THAT WOULD INHIBIT WESTERN FREEDOM OF ACTION TOWARDS THE
EAST MORE THAN IT WOULD DICTATE PRUDENCE TO THE USSR.
SIMILARLY, THE SALT I AND SALT II PROCESSES DID NOT CURB THE
SOVIET STRATEGIC ARMS BUILDUP, WHILE ENCOURAGING MANY IN THE
WEST TO IMAGINE THAT SECURITY CONCERNS COULD NOW BE PLACED
LOWER ON THE AGENDA.

GIVEN THESE DIFFERENCES FROM THE PAST, WE HAVE NOT BEEN
ABLE MERELY TO TINKER WITH EARLIER APPROACHES. UNLIKE
CONTAINMENT, OUR POLICY BEGINS WITH THE CLEAR RECOGNITION
THAT THE SOVIET UNION IS AND WILL REMAIN A GLOBAL
SUPERPOWER. IN RESPONSE TO THE LESSONS OF THIS GLOBAL
SUPERPOWER'S CONDUCT IN RECENT YEARS, OUR POLICY, UNLIKE
SOME VERSIONS OF DETENTE, ASSUMES THAT THE SOVIET UNION IS
MORE LIKELY TO BE DETERRED BY OUR ACTIONS THAT MAKE CLEAR
THE RISKS THEIR AGGRESSION ENTAILS THAN BY A DELICATE WEB OF
INTERDEPENDENCE.

OUR POLICY IS NOT BASED ON TRUST, OR ON A SOVIET CHANGE
OF HEART. IT IS BASED ON THE EXPECTATION THAT, FACED WITH
DEMONSTRATION OF THE WEST'S RENEWED DETERMINATION TO
STRENGTHEN ITS DEFENSES, ENHANCE ITS POLITICAL AND ECONOMIC

COHESION, AND OPPOSE ADVENTURISM, THE SOVIET UNION WILL SEE RESTRAINT AS ITS MOST ATTRACTIVE, OR ONLY, OPTION.

PERHAPS, OVER TIME, THIS RESTRAINT WILL BECOME AN INGRAINED HABIT; PERHAPS NOT. EITHER WAY, OUR RESPONSIBILITY TO BE VIGILANT IS THE SAME.

III. PROGRAMS TO INCREASE OUR STRENGTH

IN A RAPIDLY EVOLVING INTERNATIONAL ENVIRONMENT, THERE ARE MANY FUNDAMENTAL WAYS THE DEMOCRATIC NATIONS CAN, AND MUST, ADVANCE THEIR OWN GOALS IN THE FACE OF THE PROBLEM POSED BY THE SOVIET UNION. WE MUST BUILD A DURABLE POLITICAL CONSENSUS AT HOME AND WITHIN THE ATLANTIC ALLIANCE ON THE NATURE OF THE SOVIET CHALLENGE. WE MUST STRENGTHEN OUR DEFENSES AND THOSE OF OUR ALLIES. WE MUST BUILD A COMMON APPROACH WITHIN THE ALLIANCE ON THE STRATEGIC IMPLICATIONS OF EAST-WEST ECONOMIC RELATIONS. AND WE MUST COMPETE PEACEFULLY AND EVEN MORE EFFECTIVELY WITH THE USSR FOR THE POLITICAL SYMPATHIES OF THE GLOBAL ELECTORATE, ESPECIALLY THROUGH THE PROMOTION OF ECONOMIC DYNAMISM AND DEMOCRACY THROUGHOUT THE WORLD. FINALLY, WE MUST CONTINUE REBUILDING AMERICA'S MORAL-SPIRITUAL STRENGTH. IF SUSTAINED OVER TIME, THESE POLICIES CAN FOSTER A PROGRESSIVELY MORE PRODUCTIVE DIALOGUE WITH THE SOVIET UNION ITSELF.

BUILDING CONSENSUS. FROM THE BEGINNING OF THIS ADMINISTRATION, THE PRESIDENT RECOGNIZED HOW ESSENTIAL IT WAS TO CONSOLIDATE A NEW CONSENSUS, HERE AT HOME AND AMONG OUR TRADITIONAL ALLIES AND FRIENDS.

AFTER FIFTEEN YEARS IN WHICH FOREIGN POLICY HAD BEEN INCREASINGLY A DIVISIVE ISSUE, HE BELIEVED WE HAD AN OPPORTUNITY TO SHAPE A NEW UNITY IN AMERICA, EXPRESSING THE AMERICAN PEOPLE'S RECOVERY OF SELF-CONFIDENCE. AFTER THE TRAUMA OF VIETNAM, HE SOUGHT TO BOLSTER A REALISTIC PRIDE IN OUR COUNTRY AND TO REENFORCE THE CIVIC COURAGE AND COMMITMENT ON WHICH THE CREDIBILITY OF OUR MILITARY DETERRENT ULTIMATELY RESTS.

THE PRESIDENT ALSO FELT THAT THE POSSIBILITY OF GREATER COOPERATION WITH OUR ALLIES DEPENDED IMPORTANTLY ON A REAFFIRMATION OF OUR COMMON MORAL VALUES AND INTERESTS. THERE WERE, AS WELL, OPPORTUNITIES FOR COOPERATION WITH FRIENDLY GOVERNMENTS OF THE DEVELOPING WORLD AND NEW EFFORTS TO SEEK AND ACHIEVE COMMON OBJECTIVES.

REDRESSING THE MILITARY BALANCE. PRESIDENT REAGAN ALSO BEGAN A MAJOR EFFORT TO MODERNIZE OUR MILITARY FORCES. THE CENTRAL GOAL OF OUR NATIONAL SECURITY POLICY IS DETERRENCE OF WAR; RESTORING AND MAINTAINING THE STRATEGIC BALANCE IS A NECESSARY CONDITION FOR THAT DETERRENCE. BUT THE STRATEGIC BALANCE ALSO SHAPES, TO AN IMPORTANT DEGREE, THE GLOBAL ENVIRONMENT IN WHICH THE UNITED STATES PURSUES ITS FOREIGN POLICY OBJECTIVES. THEREFORE, DECISIONS ON MAJOR STRATEGIC WEAPONS SYSTEMS CAN HAVE PROFOUND POLITICAL AS WELL AS MILITARY CONSEQUENCES.

AS SECRETARY OF STATE I AM ACUTELY CONSCIOUS OF THE STRENGTH OR WEAKNESS OF AMERICAN POWER AND ITS EFFECT ON OUR INFLUENCE OVER EVENTS. PERCEPTIONS OF THE STRATEGIC BALANCE ARE BOUND TO AFFECT THE JUDGMENTS OF NOT ONLY OUR ADVERSARIES BUT ALSO OUR ALLIES AND FRIENDS AROUND THE WORLD WHO RELY ON US. AS LEADER OF THE DEMOCRATIC NATIONS, WE HAVE AN INESCAPABLE RESPONSIBILITY TO MAINTAIN THIS PILLAR OF THE MILITARY BALANCE WHICH ONLY WE CAN MAINTAIN. OUR DETERMINATION TO DO SO IS AN IMPORTANT SIGNAL OF OUR RESOLVE, AND IS ESSENTIAL TO SUSTAINING THE CONFIDENCE OF ALLIES AND FRIENDS AND THE COHESION OF OUR ALLIANCES. THIS IS WHY THE CONGRESS'S SUPPORT OF THE PEACEKEEPER ICDA PROGRAM HAS BEEN SUCH A VALUABLE CONTRIBUTION TO OUR FOREIGN POLICY, AS WELL AS TO OUR DEFENSE.

AT THE SAME TIME, WE HAVE BEGUN AN ACCELERATED PROGRAM TO STRENGTHEN OUR CONVENTIONAL CAPABILITIES. WE ARE PURSUING MAJOR IMPROVEMENTS OF OUR GROUND, NAVAL, AND TACTICAL AIR FORCES; WE HAVE ALSO ADDED A NEW CENTRAL COMMAND IN THE MIDDLE EAST THAT WILL ENHANCE OUR ABILITY TO DEPLOY FORCES RAPIDLY IF THREATS TO OUR VITAL INTERESTS MAKE THIS NECESSARY. TO DETER OR DEAL WITH ANY FUTURE CRISIS, WE NEED TO MAINTAIN BOTH OUR CONVENTIONAL CAPABILITIES AND OUR STRATEGIC DETERRENT.

WE ARE ALSO WORKING CLOSELY WITH OUR ALLIES TO IMPROVE OUR COLLECTIVE DEFENSE. AS SHOWN IN THE SECURITY DECLARATION OF THE WILLIAMSBURG SUMMIT AND IN THE NORTH ATLANTIC COUNCIL COMMUNIQUE OF JUST THE OTHER DAY, WE AND OUR ALLIES ARE UNITED IN OUR APPROACH IN THE INF NEGOTIATIONS IN GENEVA AND REMAIN ON SCHEDULE FOR THE

DEPLOYMENT OF PERSHING II AND GROUND-LAUNCHED CRUISE MISSILES. THAT DEPLOYMENT WILL TAKE PLACE AS PLANNED UNLESS WE ARE ABLE TO REACH A BALANCED AND VERIFIABLE AGREEMENT AT GENEVA WHICH MAKES DEPLOYMENT UNNECESSARY.

UPGRADING NATO'S CONVENTIONAL FORCES IS, OF COURSE, A COLLECTIVE ALLIANCE RESPONSIBILITY. AT THE NATO SUMMIT IN BONN A YEAR AGO, THE PRESIDENT AND THE LEADERS OF THE ATLANTIC ALLIANCE REAFFIRMED THAT A CREDIBLE CONVENTIONAL DEFENSE IS ESSENTIAL TO ENSURING EUROPEAN SECURITY. WE AND OUR ALLIES WILL CONTINUE OUR EFFORTS TOWARD THIS GOAL. AT THE SAME TIME, WE HAVE TAKEN STEPS TO ENSURE A MORE EQUITABLE SHARING OF THE BURDEN OF THAT DEFENSE. AS A MEASURE OF THE VALUE OF SUCH STEPS, WE ESTIMATE THAT LAST YEAR'S AGREEMENT WITH THE FRG ON HOST-NATION SUPPORT WILL COST ABOUT TEN PERCENT OF WHAT IT WOULD COST TO PROVIDE THE SAME CAPABILITY WITH U.S. RESERVES OR THREE PERCENT OF WHAT IT WOULD COST TO PROVIDE THAT CAPABILITY WITH ACTIVE FORCES.

THE SOVIETS APPARENTLY BELIEVE THEY CAN WEAKEN OR DIVIDE THE WESTERN ALLIANCE IF THEY CAN DOMINATE OUTLYING STRATEGIC AREAS AND RESOURCES. TO DETER THREATS TO OUR VITAL INTERESTS OUTSIDE OF EUROPE, WE ARE DEVELOPING OUR ABILITY TO MOVE FORCES, SUPPORTED BY OUR ALLIES, TO KEY AREAS OF THE WORLD SUCH AS SOUTHWEST ASIA. THE ALLIES ARE ALSO WORKING WITH US TO CONTRIBUTE TO STABILITY AND SECURITY IN CERTAIN VOLATILE AREAS, INCLUDING LEBANON AND THE SINAI.

IN ASIA WE ARE MODERNIZING OUR FORCES AND ARE WORKING WITH OUR ALLIES, ESPECIALLY JAPAN AND KOREA, TO IMPROVE THEIR ABILITY TO FULFILL AGREED ROLES AND MISSIONS.

REASSESSING THE SECURITY IMPLICATIONS OF EAST-WEST ECONOMIC RELATIONS. THE BALANCE OF POWER CANNOT BE MEASURED SIMPLY IN TERMS OF MILITARY FORCES OR HARDWARE; MILITARY POWER RESTS ON A FOUNDATION OF ECONOMIC STRENGTH. THUS, WE AND OUR ALLIES MUST NOT ONLY STRENGTHEN OUR OWN ECONOMIES BUT WE MUST ALSO DEVELOP A COMMON APPROACH TO OUR ECONOMIC RELATIONS WITH THE SOVIET UNION THAT TAKES INTO ACCOUNT OUR BROAD STRATEGIC AND SECURITY INTERESTS. IN THE PAST, THE NATIONS OF THE WEST HAVE SOMETIMES HELPED THE SOVIETS TO AVOID DIFFICULT ECONOMIC CHOICES BY ALLOWING THEM TO ACQUIRE MILITARILY RELEVANT TECHNOLOGY AND SUBSIDIZED CREDITS. POSSIBLE DEPENDENCE ON ENERGY IMPORTS FROM THE SOVIET UNION

FRIENDLY GOVERNMENTS OF THE DEVELOPING WORLD AND NEW COUNTRIES TO SEEK AND ACHIEVE COMMON OBJECTIVES.

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IS ANOTHER CAUSE FOR CONCERN.

IN THE PAST YEAR, WE HAVE MADE SUBSTANTIAL PROGRESS TOWARD AN ALLIED CONSENSUS ON EAST-WEST TRADE. THE WILLIAMSBURG SUMMIT DECLARATION STATED CLEARLY: "EAST-WEST ECONOMIC RELATIONS SHOULD BE COMPATIBLE WITH OUR SECURITY INTERESTS." THE NATO COMMUNIQUE TWO DAYS AGO MADE A SIMILAR STATEMENT. OUR ALLIES AGREE WITH US THAT TRADE WHICH MAKES A CLEAR AND DIRECT CONTRIBUTION TO THE MILITARY STRENGTH OF THE SOVIET UNION SHOULD BE PROHIBITED. THERE IS ALSO GENERAL AGREEMENT THAT ECONOMIC RELATIONS WITH THE USSR SHOULD BE CONDUCTED ON THE BASIS OF A STRICT BALANCE OF MUTUAL ADVANTAGES.

STUDIES UNDERTAKEN UNDER NATO AND OECD AUSPICES HAVE FOR THE FIRST TIME LAID THE GROUNDWORK FOR COMMON ANALYSES. WE EXPECT IN TIME TO DRAW COMMON POLICY CONCLUSIONS FROM THESE STUDIES. THE COMMUNIQUE OF THE OECD MINISTERIAL MEETING ON MAY 9-10 DECLARED THAT "EAST-WEST TRADE AND CREDIT FLOWS SHOULD BE GUIDED BY THE INDICATIONS OF THE MARKET. IN THE LIGHT OF THESE INDICATIONS, GOVERNMENTS SHOULD EXERCISE FINANCIAL PRUDENCE WITHOUT GRANTING PREFERENTIAL TREATMENT." THE UNITED STATES SEEKS AGREEMENT THAT WE NOT SUBSIDIZE SOVIET IMPORTS THROUGH THE TERMS OF GOVERNMENT CREDITS. BEYOND THIS, WE URGE OTHER WESTERN GOVERNMENTS TO EXERCISE RESTRAINT IN PROVIDING OR GUARANTEEING CREDIT TO THE SOVIET UNION, ALLOWING THE COMMERCIAL CONSIDERATIONS OF THE MARKET TO GOVERN CREDIT. SIMILARLY, AT THE IEA MINISTERIAL MEETING IN PARIS ON MAY 8, IT WAS AGREED THAT SECURITY CONCERNS SHOULD BE CONSIDERED AMONG THE FULL COSTS OF IMPORTED ENERGY, SUCH AS GAS; IT WAS AGREED THAT COUNTRIES "WOULD SEEK TO AVOID UNDUE DEPENDENCE ON ANY ONE SOURCE OF GAS IMPORTS AND TO OBTAIN FUTURE GAS SUPPLIES FROM SECURE SOURCES, WITH EMPHASIS ON INDIGENOUS OECD SOURCES."

THE FRUITFUL COOPERATIVE DISCUSSIONS OF THESE ISSUES AT THE OECD, IEA, WILLIAMSBURG, AND NATO ARE ONLY A BEGINNING. ECONOMIC RELATIONSHIPS ARE A PERMANENT ELEMENT OF THE STRATEGIC EQUATION. HOW THE WEST SHOULD RESPOND ECONOMICALLY TO THE SOVIET CHALLENGE WILL AND SHOULD BE A SUBJECT OF CONTINUING DISCUSSION IN WESTERN FORUMS FOR YEARS TO COME.

PEACE AND STABILITY IN THE THIRD WORLD. SINCE THE 1950'S, THE SOVIET UNION HAS FOUND IN THE DEVELOPING REGIONS

OF THE THIRD WORLD ITS GREATEST OPPORTUNITIES FOR EXTENDING ITS INFLUENCE THROUGH SUBVERSION AND EXPLOITATION OF LOCAL CONFLICTS. A SATISFACTORY EAST-WEST MILITARY BALANCE WILL NOT BY ITSELF CLOSE OFF SUCH OPPORTUNITIES. WE MUST ALSO RESPOND TO THE ECONOMIC, POLITICAL, AND SECURITY PROBLEMS THAT CONTRIBUTE TO THESE OPPORTUNITIES. OUR APPROACH HAS FOUR KEY ELEMENTS:

-- FIRST, IN THE MANY AREAS WHERE SOVIET ACTIVITIES HAVE ADDED TO INSTABILITY, WE ARE PURSUING PEACEFUL DIPLOMATIC SOLUTIONS TO REGIONAL PROBLEMS, TO RAISE THE POLITICAL COSTS OF SOVIET-BACK MILITARY PRESENCE AND TO ENCOURAGE THE DEPARTURE OF SOVIET-BACKED FORCES. OUR ACHIEVEMENTS IN THE MIDDLE EAST, WHILE FAR FROM COMPLETE, ARE ADDRESSED TO THIS GOAL; WE ARE ACTIVELY ENCOURAGING ASEAN EFFORTS TO BRING ABOUT VIETNAMESE WITHDRAWAL FROM KAMPUCHEA; WE STRONGLY SUPPORT THE WORLDWIDE CAMPAIGN FOR SOVIET WITHDRAWAL FROM AFGHANISTAN; AND WE HAVE MADE CONSIDERABLE PROGRESS TOWARD AN INTERNATIONALLY ACCEPTABLE AGREEMENT ON NAMIBIA. IN OUR OWN HEMISPHERE, WE ARE WORKING WITH OTHER REGIONAL STATES IN SUPPORT OF A PEACEFUL SOLUTION TO THE CONFLICT AND INSTABILITY IN CENTRAL AMERICA.

-- SECOND, WE ARE BUILDING UP THE SECURITY CAPABILITIES OF VULNERABLE GOVERNMENTS IN STRATEGICALLY IMPORTANT AREAS. WE ARE HELPING OUR FRIENDS TO HELP THEMSELVES AND TO HELP EACH OTHER. FOR THIS PURPOSE, WE ARE ASKING THE CONGRESS FOR A LARGER, MORE FLEXIBLE SECURITY ASSISTANCE PROGRAM FOR FY 84.

-- THIRD, OUR PROGRAM RECOGNIZES THAT ECONOMIC CRISIS AND POLITICAL INSTABILITY CREATE FERTILE GROUND FOR SOVIET-SPONSORED ADVENTURISM. WE ARE SEEKING ALMOST FOUR BILLION DOLLARS IN ECONOMIC ASSISTANCE TO HELP DEVELOPING COUNTRIES LAY THE BASIS FOR ECONOMIC AND SOCIAL PROGRESS. WE ARE SEEKING CONGRESSIONAL APPROVAL TO RAISE IMF QUOTAS AND BROADEN IMF BORROWING ARRANGEMENTS TO ADDRESS CRITICAL FINANCIAL NEEDS OF SOME OF THE LARGEST THIRD WORLD NATIONS. WE URGE THE CONGRESS TO APPROVE THE FULL AMOUNT REQUESTED BY THE ADMINISTRATION TOWARD MEETING THE U.S. COMMITMENT TO THE IDA.

-- FINALLY, THERE IS THE DEMOCRACY INITIATIVE, AN EFFORT TO ASSIST OUR FRIENDS IN THE THIRD WORLD TO BUILD A FOUNDATION FOR DEMOCRACY. IT IS PATRONIZING TO ASSUME THAT

~~TO SEEK AND ACHIEVE COMMON OBJECTIVES.~~

THE PEOPLES OF THE DEVELOPING WORLD DO NOT HAVE THE SAME ASPIRATIONS FOR LIBERTY AND DEMOCRACY THAT PEOPLES IN THE INDUSTRIALIZED WEST ARE FORTUNATE ENOUGH TO ENJOY.

THEREFORE WE ARE SEEKING WAYS TO ASSIST UNIONS, POLITICAL PARTIES, JOURNALISTS AND OTHER GROUPS THAT ARE STRIVING TO BUILD PLURALISTIC SOCIETIES AND DEMOCRATIC INSTITUTIONS. AS WE PURSUE CRITICAL SECURITY GOALS IN AREAS AS CLOSE TO HOME AS CENTRAL AMERICA, WE CONTINUE TO ENCOURAGE, INDEED TO INSIST, THAT DEMOCRATIZATION AND RESPECT FOR HUMAN RIGHTS BE PART OF THE PROCESS.

TO THE EXTENT THAT OUR INVOLVEMENT THERE IS CONSTRAINED BY CONGRESSIONAL ACTION, I MUST SAY, THESE VERY OBJECTIVES ARE HARMED THE MOST.

I MIGHT SAY IT HAS BEEN FASCINATING TO ME, AS THIS PROJECT, WHICH IS VERY SMALL, HAS GOTTEN STARTED, TO SEE THE REACTION TO IT. WE HELD A MEETING IN THE STATE DEPARTMENT WITH PEOPLE FROM VARIOUS PARTS OF THE WORLD ON THE SUBJECT OF FREE ELECTIONS, AND IT WAS DENOUNCED BY THE SOVIET UNION. THE INTERESTING THING WAS THEY NOTICED IT.

I WAS STRUCK BY THE FACT THAT IN MR. CHERNENKO'S SPEECH YESTERDAY, ONE OF THE SUBJECTS THAT HE BROUGHT OUT WAS THE IMPORTANCE TO THEM OF DESTROYING PRESIDENT REAGAN'S IN A SENSE, IDEOLOGICAL INITIATIVE. IT SEEMS WE HAVE THEIR ATTENTION. BUT I THINK IF WE CAN PUT COMPETITION ON THE BASIS OF IDEOLOGICAL COMPETITION, OF COMPETITION OF ECONOMIC SYSTEMS, WE WILL WALK AWAY WITH IT.

IV. NEGOTIATION AND DIALOGUE: THE U.S.-SOVIET AGENDA

TOGETHER THESE PROGRAMS INCREASE OUR POLITICAL, MILITARY AND ECONOMIC STRENGTH AND HELP CREATE AN INTERNATIONAL CLIMATE IN WHICH OPPORTUNITIES FOR SOVIET ADVENTURISM ARE REDUCED. THEY ARE ESSENTIAL FOR THE SUCCESS OF THE FINAL ELEMENT OF OUR STRATEGY -- ENGAGING THE SOVIETS IN AN ACTIVE AND PRODUCTIVE DIALOGUE ON THE CONCRETE ISSUES THAT CONCERN THE TWO SIDES. STRENGTH AND REALISM CAN DETER WAR, BUT ONLY DIRECT DIALOGUE AND NEGOTIATION CAN OPEN THE PATH TOWARD LASTING PEACE.

IN THIS DIALOGUE, OUR AGENDA IS AS FOLLOWS:

-- TO SEEK IMPROVEMENT IN SOVIET PERFORMANCE ON HUMAN RIGHTS;

-- TO REDUCE THE RISK OF WAR, REDUCE ARMAMENTS THROUGH SIGNED AGREEMENTS, AND ULTIMATELY EASE THE BURDENS OF MILITARY SPENDING;

-- TO MANAGE AND RESOLVE REGIONAL CONFLICTS; AND

-- TO IMPROVE BILATERAL RELATIONS ON THE BASIS OF RECIPROCITY AND MUTUAL INTEREST.

THIS IS A RIGOROUS AND COMPREHENSIVE AGENDA, AND OUR APPROACH TO IT IS PRINCIPLED, PRACTICAL, AND PATIENT. WE HAVE PRESSED EACH ISSUE IN A VARIETY OF FORUMS, BILATERAL AND MULTILATERAL. WE HAVE MADE CLEAR THAT THE CONCERNS WE RAISE ARE NOT OURS ALONE, BUT ARE SHARED BY OUR ALLIES AND FRIENDS IN EVERY REGION OF THE GLOBE. WE HAVE MADE CLEAR THAT EACH OF OUR CONCERNS IS SERIOUS, AND THE SOVIETS KNOW THAT WE DO NOT INTEND TO ABANDON ANY OF THEM MERELY BECAUSE AGREEMENT CANNOT BE REACHED QUICKLY, OR BECAUSE AGREEMENT HAS BEEN REACHED ON OTHERS.

LET ME BRIEFLY REVIEW THE STATE OF OUR DIALOGUE IN EACH OF THESE AREAS.

HUMAN RIGHTS IS A MAJOR ISSUE ON OUR AGENDA. TO US IT IS A MATTER OF REAL CONCERN THAT SOVIET EMIGRATION IS AT ITS LOWEST LEVEL SINCE THE 1960'S, AND THAT SOVIET CONSTRICTION OF EMIGRATION HAS COINCIDED WITH A GENERAL CRACKDOWN AGAINST ALL FORMS OF INTERNAL DISSENT. THE HELSINKI MONITORING GROUPS HAVE ALL BEEN DISPERSED AND THEIR LEADERS HAVE BEEN IMPRISONED OR EXPELLED FROM THE COUNTRY. AND THE SOVIET UNION'S FIRST INDEPENDENT DISARMAMENT GROUP HAS BEEN HARASSED AND PERSECUTED.

WE ADDRESS SUCH QUESTIONS BOTH MULTILATERALLY AND BILATERALLY. IN SUCH FORUMS AS THE U.N. HUMAN RIGHTS COMMISSION, THE INTERNATIONAL LABOR ORGANIZATION, AND ESPECIALLY THE REVIEW CONFERENCE ON CSCE, WE HAVE MADE CLEAR THAT HUMAN RIGHTS CANNOT BE RELEGATED TO THE MARGINS OF INTERNATIONAL POLITICS. OUR SOVIET INTERLOCUTORS HAVE A DIFFERENT VIEW; THEY SEEK TO DISMISS HUMAN RIGHTS AS A "TENTH-RATE ISSUE," NOT WORTHY OF HIGH-LEVEL ATTENTION.

BUT OUR APPROACH WILL NOT CHANGE. AMERICANS KNOW THAT NATIONAL RIGHTS AND INDIVIDUAL RIGHTS CANNOT REALISTICALLY BE KEPT SEPARATE. WE BELIEVE, FOR EXAMPLE, THAT THE ELEMENTS OF THE POSTWAR EUROPEAN "SETTLEMENT" THAT WERE ADOPTED BY THE PARTIES TO THE HELSINKI FINAL ACT IN 1975 FORM AN INTEGRAL WHOLE; NO ONE PART WILL SURVIVE ALONE. GUIDED BY

THIS CONVICTION, WE AND OUR ALLIES HAVE HELD AT THE MADRID REV TW CONFERENCE THAT MOVEMENT IN ONE "BASKET" OF THIS SETTLEMENT -- SUCH AS THE CONVENING OF A EUROPEAN DISARMAMENT CONFERENCE -- MUST BE MATCHED BY PROGRESS IN OTHER "BASKETS," ESPECIALLY HUMAN RIGHTS.

WE INSIST ON THIS BALANCE BECAUSE WE BELIEVE THAT INTERNATIONAL OBLIGATIONS MUST BE TAKEN SERIOUSLY BY THE GOVERNMENTS THAT ASSUME THEM. BUT THERE IS ALSO A DEEPER REASON THAT DIRECTLY CONCERNS THE QUESTION OF SECURITY.

IN EUROPE, AS ELSEWHERE, GOVERNMENTS THAT ARE NOT AT PEACE WITH THEIR OWN PEOPLE ARE UNLIKELY TO BE ON GOOD TERMS WITH THEIR NEIGHBORS. THE ONLY SIGNIFICANT USE OF MILITARY FORCE ON THE CONTINENT OF EUROPE SINCE 1945 HAS BEEN BY THE SOVIET UNION AGAINST ITS EAST EUROPEAN "ALLIES." AS LONG AS THIS UNNATURAL RELATIONSHIP CONTINUES BETWEEN THE USSR AND ITS EAST EUROPEAN NEIGHBORS, IT IS BOUND TO BE A SOURCE OF INSTABILITY IN EUROPE.

WE HAVE BEEN JUST AS CONCERNED ABOUT HUMAN RIGHTS ISSUES ON A BILATERAL AS ON A MULTILATERAL BASIS. THE NEED FOR STEADY IMPROVEMENT OF SOVIET PERFORMANCE IN THE MOST IMPORTANT HUMAN RIGHTS CATEGORIES IS AS CENTRAL TO THE SOVIET-AMERICAN DIALOGUE AS ANY OTHER THEME. SOMETIMES WE ADVANCE THIS DIALOGUE BEST THROUGH PUBLIC EXPRESSIONS OF OUR CONCERNS, AT OTHER TIMES THROUGH QUIET DIPLOMACY. WHAT COUNTS, AND THE SOVIETS KNOW THIS, IS WHETHER WE SEE RESULTS.

ARMS CONTROL. WE BELIEVE THE ONLY ARMS CONTROL AGREEMENTS THAT COUNT ARE THOSE THAT PROVIDE FOR REAL REDUCTIONS, EQUALITY, VERIFIABILITY, AND ENHANCED STABILITY IN THE EAST-WEST BALANCE. SUCCESS IN OUR NEGOTIATIONS WILL NOT, OF COURSE, BRING EAST-WEST COMPETITION TO AN END. BUT SUSTAINABLE AGREEMENTS WILL ENABLE US TO MEET THE SOVIET CHALLENGE IN A SETTING OF GREATER STABILITY AND SAFETY.

THE UNITED STATES IS NOW APPLYING THESE PRINCIPLES IN AN AMBITIOUS PROGRAM OF ARMS CONTROL NEGOTIATIONS INCLUDING INF, S.T.A.R.T., MBFR, AND THE ON-GOING DISCUSSIONS IN THE U.N. COMMITTEE ON DISARMAMENT IN GENEVA. IF WE CAN REACH A BALANCED AGREEMENT IN THE CSCE AT MADRID, WE WOULD BE PREPARED TO PARTICIPATE ALSO IN A CONFERENCE ON DISARMAMENT IN EUROPE.

NO PREVIOUS ADMINISTRATION HAS PUT SO MANY ELEMENTS OF THE EAST-WEST MILITARY EQUATION ON THE NEGOTIATING TABLE. YOU ARE AWARE OF THE U.S. POSITION IN THE VARIOUS TALKS, SO I NEED NOT GO INTO GREAT DETAIL. I WILL, HOWEVER, TOUCH ON THE MAIN POINTS.

IN THE STRATEGIC ARMS REDUCTIONS TALKS (S.T.A.R.T.), THE UNITED STATES HAS FOCUSED ON THE MOST DESTABILIZING STRATEGIC SYSTEMS -- LAND-BASED BALLISTIC MISSILES. OUR OBJECTIVE IS TO STRENGTHEN DETERRENCE WHILE ENHANCING STRATEGIC STABILITY THROUGH REDUCTIONS. THE PRESIDENT HAS PROPOSED REDUCTIONS IN BALLISTIC MISSILE WARHEADS BY ONE-THIRD. IN PRESENTING A COMPREHENSIVE PROPOSAL, HE HAS INDICATED THAT ALL STRATEGIC WEAPONS ARE "ON THE TABLE." ALTHOUGH OUR RESPECTIVE POSITIONS ARE FAR APART, THE SOVIETS APPARENTLY ACCEPT THE PROPOSITION THAT AN AGREEMENT MUST INVOLVE SIGNIFICANT REDUCTIONS. THIS IS PROGRESS. WE HAVE RECENTLY UNDERTAKEN A FULL REVIEW OF THE U.S. POSITION, WHICH INCLUDED AN ASSESSMENT OF THE SCOWCROFT COMMISSION'S RECOMMENDATIONS AND SOME THOUGHTFUL SUGGESTIONS FROM THE CONGRESS.

ONE WEEK AGO, THE PRESIDENT ANNOUNCED THAT HE IS WILLING TO RAISE THE DEPLOYED-MISSILE CEILING IN ACCORDANCE WITH THE SCOWCROFT RECOMMENDATIONS. HE ALSO ANNOUNCED THAT HE HAS GIVEN OUR NEGOTIATORS NEW FLEXIBILITY TO EXPLORE ALL APPROPRIATE AVENUES FOR ACHIEVING REDUCTIONS. IT IS NOW UP TO THE SOVIET UNION TO RECIPROCATE OUR FLEXIBILITY.

WE HAVE ALSO TABLED A DRAFT AGREEMENT ON CONFIDENCE-BUILDING MEASURES THAT CALLS FOR EXCHANGE OF INFORMATION AND ADVANCE NOTIFICATION OF BALLISTIC MISSILE LAUNCHES AND MAJOR EXERCISES. WE WANT TO MOVE FORWARD PROMPTLY TO NEGOTIATE SEPARATE AGREEMENTS ON THESE VERY IMPORTANT MEASURES, WHICH WOULD ENHANCE STABILITY IN A CRISIS AS WELL AS SYMBOLIZING THE COMMON INTEREST IN PREVENTING WAR. YET ANOTHER EFFORT TO PREVENT MISPERCEPTION OF MILITARY ACTIVITIES ON EITHER SIDE, AND THUS TO LOWER THE RISK OF WAR, IS THE PRESIDENT'S RECENT PROPOSAL TO EXPAND AND UPGRADE CRISIS COMMUNICATIONS BETWEEN WASHINGTON AND MOSCOW. HERE, TOO, WE HOPE FOR EARLY AGREEMENT.

IN THE NEGOTIATIONS ON INTERMEDIATE-RANGE NUCLEAR FORCES (INF), "EQUAL RIGHTS AND LIMITS" BETWEEN THE UNITED STATES

AND THE SOVIET UNION IS ONE OF OUR KEY PRINCIPLES.

PRESIDENT REAGAN'S PROPOSAL OF NOVEMBER 1981 SOUGHT TO ACHIEVE THE COMPLETE ELIMINATION OF THOSE SYSTEMS ON EACH SIDE ABOUT WHICH THE OTHER SIDE HAS EXPRESSED THE GREATEST CONCERN -- THAT IS, LONGER-RANGE, LAND-BASED INF MISSILES.

WE STILL REGARD THIS AS THE MOST DESIRABLE OUTCOME. YET AFTER MORE THAN A YEAR OF TALKS, THE SOVIETS CONTINUE TO RESIST THIS EQUITABLE AND EFFECTIVE SOLUTION. IN FACT, THEIR POSITION HAS NOT SUBSTANTIALLY CHANGED SINCE IT WAS FIRST PUT FORTH NEARLY A YEAR AGO. THE PROPOSAL MADE BY MR. ANDROPOV LAST DECEMBER WOULD ALLOW THE SOVIET UNION TO MAINTAIN ITS OVERWHELMING MONOPOLY OF LONGER-RANGE INF MISSILES WHILE PROHIBITING THE DEPLOYMENT OF EVEN ONE COMPARABLE U.S. MISSILE.

IN AN EFFORT TO BREAK THIS STALEMATE, THE PRESIDENT HAS PROPOSED AN INTERIM AGREEMENT AS A ROUTE TO THE EVENTUAL ELIMINATION OF LR INF SYSTEMS. UNDER SUCH AN AGREEMENT, WE WOULD REDUCE THE NUMBER OF MISSILES WE PLAN TO DEPLOY IN EUROPE IF THE SOVIET UNION WILL REDUCE THE TOTAL NUMBER OF WARHEADS IT HAS ALREADY DEPLOYED TO AN EQUAL LEVEL. THIS WOULD RESULT IN EQUAL LIMITS FOR BOTH SIDES ON A GLOBAL BASIS. REFLECTING THE CONCERNS OF OUR ASIAN ALLIES AND FRIENDS, WE HAVE MADE IT CLEAR THAT NO AGREEMENT CAN COME AT THEIR EXPENSE. WE HOPE THAT IN THE CURRENT ROUND OF NEGOTIATIONS THE SOVIETS WILL MOVE TO NEGOTIATE IN GOOD FAITH ON THE PRESIDENT'S PROPOSAL, WHICH WAS UNANIMOUSLY SUPPORTED BY OUR PARTNERS AT THE WILLIAMSBURG SUMMIT.

IN THE MUTUAL AND BALANCED FORCE REDUCTIONS (MBFR) TALKS IN VIENNA, NATO AND THE WARSAW PACT ARE DISCUSSING AN AGREEMENT ON CONVENTIONAL FORCES IN CENTRAL EUROPE, THE MOST HEAVILY ARMED REGION OF THE WORLD, WHERE WARSAW PACT FORCES GREATLY EXCEED NATO'S.

LAST YEAR, THE PRESIDENT ANNOUNCED A NEW WESTERN POSITION IN THE FORM OF A DRAFT TREATY CALLING FOR SUBSTANTIAL REDUCTIONS TO EQUAL MANPOWER LEVELS. ALTHOUGH THE SOVIETS AND THEIR ALLIES HAVE AGREED TO THE PRINCIPLE OF PARITY, PROGRESS HAS BEEN PREVENTED BY INABILITY TO RESOLVE DISAGREEMENT OVER EXISTING WARSAW PACT FORCE LEVELS AND BY PROBLEMS OF VERIFICATION.

IN THE 40-NATION COMMITTEE ON DISARMAMENT IN GENEVA, THE

UNITED STATES HAS INTRODUCED A FAR-REACHING PROPOSAL FOR A COMPREHENSIVE BAN ON CHEMICAL WEAPONS -- AN AGREEMENT WHICH WOULD ELIMINATE THESE TERRIBLE WEAPONS FROM WORLD ARSENALS. THIS INITIATIVE HAS BEEN VIGOROUSLY SUPPORTED BY OUR ALLIES AND FRIENDS, AS WELL AS MANY NONALIGNED NATIONS. OUR EMPHASIS ON THE IMPORTANCE OF MANDATORY ON-SITE INSPECTIONS HAS BEEN WIDELY APPLAUDED. AN INDEPENDENT, IMPARTIAL VERIFICATION SYSTEM, OBSERVED BY AND RESPONSIVE TO ALL PARTIES, IS ESSENTIAL TO CREATE CONFIDENCE THAT THE BAN IS BEING RESPECTED.

IN OTHER AREAS, WE HAVE PROPOSED TO THE SOVIET UNION IMPROVEMENTS IN THE VERIFICATION PROVISIONS OF TWO AGREEMENTS TO LIMIT UNDERGROUND NUCLEAR TESTING. SO FAR THE SOVIET RESPONSE HAS BEEN NEGATIVE. WE HAVE ALSO INITIATED A DIALOGUE WITH THE SOVIETS IN ONE AREA WHERE OUR RESPECTIVE APPROACHES VERY OFTEN COINCIDE: NUCLEAR NON-PROLIFERATION.

WE SHOULD NOT ANTICIPATE EARLY AGREEMENT IN ANY OF THESE NEGOTIATIONS. THE SOVIETS HAVE THEIR OWN POSITIONS, AND THEY ARE TOUGH, PATIENT NEGOTIATORS. BUT WE BELIEVE THAT OUR POSITIONS ARE FAIR AND EVEN-HANDED AND THAT OUR OBJECTIVES ARE REALISTIC.

REGIONAL ISSUES. IMPORTANT AS IT IS, ARMS CONTROL HAS NOT BEEN -- AND CANNOT BE -- THE DOMINANT SUBJECT OF OUR DIALOGUE WITH THE SOVIETS. WE MUST ALSO ADDRESS THE THREAT TO PEACE POSED BY THE SOVIET EXPLOITATION OF REGIONAL INSTABILITY AND CONFLICT. INDEED, THESE ISSUES -- ARMS CONTROL AND POLITICAL INSTABILITY -- ARE CLOSELY RELATED: THE INCREASED STABILITY THAT WE TRY TO BUILD INTO THE SUPERPOWER RELATIONSHIP THROUGH ARMS CONTROL CAN BE UNDONE BY IRRESPONSIBLE SOVIET POLICIES ELSEWHERE. IN OUR NUMEROUS DISCUSSIONS WITH THE SOVIET LEADERSHIP, WE HAVE REPEATEDLY EXPRESSED OUR STRONG INTEREST IN REACHING UNDERSTANDINGS WITH THE SOVIETS THAT WOULD MINIMIZE SUPERPOWER INVOLVEMENT IN CONFLICTS BEYOND THEIR BORDERS.

THE LIST OF PROBLEM AREAS IS FORMIDABLE, BUT WE HAVE INSISTED THAT REGIONAL ISSUES ARE CENTRAL TO PROGRESS. WE HAVE MADE CLEAR OUR COMMITMENT TO RELIEVE REPRESSION AND ECONOMIC DISTRESS IN POLAND, TO ACHIEVE A SETTLEMENT IN SOUTHERN AFRICA, TO RESTORE INDEPENDENCE TO AFGHANISTAN, TO END THE OCCUPATION OF KAMPUCHEA AND TO HALT SOVIET- AND CUBAN-SUPPORTED SUBVERSION IN CENTRAL AMERICA.

IN EACH INSTANCE, WE HAVE CONVEYED OUR VIEWS FORCEFULLY TO THE SOVIETS IN AN ATTEMPT TO REMOVE THE OBSTACLES THAT SOVIET CONDUCT PUTS IN THE WAY OF RESOLVING THESE PROBLEMS.

LAST YEAR, FOR EXAMPLE, AMBASSADOR HARTMAN CONDUCTED A ROUND OF EXPLORATORY TALKS ON AFGHANISTAN BETWEEN U.S. AND SOVIET OFFICIALS IN MOSCOW. ANY SOLUTION TO THE AFGHANISTAN PROBLEM MUST MEET FOUR REQUIREMENTS: COMPLETE WITHDRAWAL OF SOVIET FORCES, RESTORATION OF AFGHANISTAN'S INDEPENDENT AND NON-ALIGNED STATUS, FORMATION OF A GOVERNMENT ACCEPTABLE TO THE AFGHAN PEOPLE, AND HONORABLE RETURN OF THE REFUGEES. THIS IS NOT THE VIEW OF THE UNITED STATES ALONE. THESE PRINCIPLES UNDERLIE THE DISCUSSIONS NOW UNDERWAY UNDER THE AUSPICES OF THE U.N. SECRETARY GENERAL, WHICH WE SUPPORT.

ON SOUTHERN AFRICAN PROBLEMS, ASSISTANT SECRETARY CROCKER HAS HELD A NUMBER OF DETAILED EXCHANGES WITH HIS SOVIET COUNTERPART. SOUTHERN AFRICA HAS BEEN A POINT OF TENSION AND PERIODIC FRICTION BETWEEN THE UNITED STATES AND THE SOVIET UNION FOR MANY YEARS. WE WANT TO SEE TENSIONS IN THE AREA REDUCED. BUT THIS MORE PEACEFUL FUTURE WILL NOT BE ACHIEVED UNLESS ALL PARTIES INTERESTED IN THE REGION SHOW RESTRAINT, EXTERNAL MILITARY FORCES ARE WITHDRAWN, AND NAMIBIA IS PERMITTED TO ACHIEVE INDEPENDENCE.

IF THE SOVIETS ARE AT ALL CONCERNED WITH THE INTERESTS OF AFRICANS, THEY SHOULD HAVE AN EQUAL INTEREST IN ACHIEVING THESE OBJECTIVES.

AS IN OUR ARMS CONTROL NEGOTIATIONS, WE HAVE MADE IT ABSOLUTELY CLEAR TO THE SOVIETS IN THESE DISCUSSIONS THAT WE ARE NOT INTERESTED IN COSMETIC SOLUTIONS. WE ARE INTERESTED IN SOLVING PROBLEMS FUNDAMENTAL TO MAINTENANCE OF THE INTERNATIONAL ORDER.

IT IS ALSO OUR VIEW THAT SOVIET PARTICIPATION IN INTERNATIONAL EFFORTS TO RESOLVE REGIONAL CONFLICTS -- IN SOUTHERN AFRICA OR THE MIDDLE EAST, FOR EXAMPLE -- DEPENDS ON SOVIET CONDUCT. IF THE SOVIETS SEEK TO BENEFIT FROM TENSION AND SUPPORT THOSE WHO PROMOTE DISORDER, THEY CAN HARDLY EXPECT TO HAVE A ROLE IN THE AMELIORATION OF THOSE PROBLEMS. NOR SHOULD WE EXPECT THEM TO ACT RESPONSIBLY MERELY BECAUSE THEY GAIN A ROLE. AT THE SAME TIME, WE HAVE ALSO MADE IT CLEAR THAT WE WILL NOT EXPLOIT, AND IN FACT ARE PREPARED TO RESPOND POSITIVELY TO, SOVIET RESTRAINT. THE DECISION IN EACH CASE IS THEIRS.

BILATERAL RELATIONS. THE FINAL PART OF OUR AGENDA WITH THE SOVIETS COMPRISES ECONOMIC AND OTHER BILATERAL RELATIONS. IN OUR DIALOGUE, WE HAVE SPELLED OUT OUR VIEW OF THESE MATTERS IN A CANDID AND FORTHRIGHT WAY.

AS WE SEE IT, ECONOMIC TRANSACTIONS CAN CONFER IMPORTANT STRATEGIC BENEFITS AND WE MUST BE MINDFUL OF THE IMPLICATIONS FOR OUR SECURITY. THEREFORE, AS I HAVE ALREADY INDICATED, WE BELIEVE ECONOMIC RELATIONS WITH THE EAST DESERVE MORE CAREFUL SCRUTINY THAN IN THE PAST. BUT OUR POLICY IS NOT ONE OF ECONOMIC WARFARE AGAINST THE USSR. EAST-WEST TRADE IN NON-STRATEGIC AREAS -- IN THE WORDS OF THE NATO COMMUNIQUE -- "CONDUCTED ON THE BASIS OF COMMERCIALLY SOUND TERMS AND MUTUAL ADVANTAGE THAT AVOIDS PREFERENTIAL TREATMENT OF THE SOVIET UNION, CONTRIBUTES TO CONSTRUCTIVE EAST-WEST RELATIONS."

DESPITE THE STRAINS OF THE PAST FEW YEARS IN OUR OVERALL RELATIONSHIP, WE HAVE MAINTAINED THE KEY ELEMENTS IN THE STRUCTURE FOR BILATERAL TRADE. WE HAVE RECENTLY AGREED WITH THE USSR TO EXTEND OUR BILATERAL FISHERIES AGREEMENT FOR ONE YEAR AND HAVE BEGUN TO NEGOTIATE A NEW LONG-TERM U.S.-SOVIET GRAIN AGREEMENT. OUR GRAIN SALES ARE ON COMMERCIAL TERMS AND ARE NOT MADE WITH GOVERNMENT-SUPPORTED CREDITS OR GUARANTEES OF ANY KIND.

AS FOR CONTACTS BETWEEN PEOPLE, WE HAVE CUT BACK ON LARGELY SYMBOLIC EXCHANGES, BUT MAINTAINED A FRAMEWORK OF COOPERATION IN SCIENTIFIC, TECHNICAL, AND HUMANITARIAN FIELDS. A MAJOR CONSIDERATION AS WE PURSUE SUCH EXCHANGES MUST BE RECIPROCITY. IF THE SOVIET UNION IS TO ENJOY VIRTUALLY UNLIMITED OPPORTUNITIES FOR ACCESS TO OUR FREE SOCIETY, U.S. ACCESS TO SOVIET SOCIETY MUST INCREASE.

WE HAVE MADE PROGRESS TOWARD GAINING SOVIET ACCEPTANCE OF THIS PRINCIPLE AS IS INDICATED BY THE AIRING IN MOSCOW THIS PAST WEEKEND OF AN INTERVIEW WITH DEPUTY SECRETARY DAM.

EIGHT BILATERAL COOPERATIVE AGREEMENTS ARE NOW IN EFFECT, AND EXCHANGES BETWEEN THE ACADEMIES OF SCIENCE CONTINUE, AS DO EXCHANGES OF YOUNG SCHOLARS AND FULBRIGHT FELLOWS. "AMERICA ILLUSTRATED" MAGAZINE CONTINUES TO BE DISTRIBUTED IN THE SOVIET UNION IN RETURN FOR DISTRIBUTION HERE OF "SOVIET LIFE," IN SPITE OF THE ABSENCE OF A CULTURAL EXCHANGE AGREEMENT. TOWARD THE PRIVATE SECTOR WE HAVE MAINTAINED AN ATTITUDE OF NEITHER ENCOURAGING NOR

DISCOURAGING EXCHANGES, AND A STEADY FLOW OF TOURISTS AND CONFERENCE PARTICIPANTS GOES ON IN BOTH DIRECTIONS. THE NUMBER OF U.S. NEWS BUREAUS IN MOSCOW HAS ACTUALLY INCREASED IN THE LAST YEAR.

V. PROSPECTS

IT IS SOMETIMES SAID THAT SOVIET-AMERICAN RELATIONS ARE "WORSE THAN EVER." THIS COMMITTEE'S STAFF, FOR EXAMPLE, HAS MADE SUCH A JUDGMENT IN A RECENT REPORT. CERTAINLY THE ISSUES DIVIDING OUR TWO COUNTRIES ARE SERIOUS. BUT LET US NOT BE MISLED BY "ATMOSPHERICS," WHETHER SUNNY OR, AS THEY NOW SEEM TO BE, STORMY.

IN THE MID-50'S, FOR EXAMPLE, DESPITE THE RHETORIC AND TENSION OF THE COLD WAR -- AND IN THE MIDST OF A LEADERSHIP TRANSITION -- THE SOVIET UNION CHOSE TO CONCLUDE THE AUSTRIAN STATE TREATY. IT WAS AN IMPORTANT AGREEMENT, WHICH CONTRIBUTED TO THE SECURITY OF CENTRAL EUROPE, AND IT CARRIES AN IMPORTANT LESSON FOR US TODAY. THE SOVIET LEADERSHIP DID NOT NEGOTIATE SERIOUSLY MERELY BECAUSE WESTERN RHETORIC WAS FIRM AND PRINCIPLED, NOR SHOULD WE EXPECT RHETORIC TO SUFFICE NOW OR IN THE FUTURE. BUT ADVERSE "ATMOSPHERICS" DID NOT PREVENT AGREEMENTS; SOVIET POLICY WAS INSTEAD AFFECTED BY THE PATTERN OF WESTERN ACTIONS, BY OUR RESOLVE AND CLARITY OF PURPOSE. AND THE RESULT WAS PROGRESS.

THERE IS NO CERTAINTY THAT OUR CURRENT NEGOTIATIONS WITH THE SOVIETS WILL LEAD TO ACCEPTABLE AGREEMENTS. WHAT IS CERTAIN IS THAT WE WILL NOT FIND OURSELVES IN THE POSITION IN WHICH WE FOUND OURSELVES IN THE AFTERMATH OF DETENTE. WE HAVE NOT STAKED SO MUCH ON THE PROSPECT OF A SUCCESSFUL NEGOTIATING OUTCOME THAT WE HAVE NEGLECTED TO SECURE OURSELVES AGAINST THE POSSIBILITY OF FAILURE. UNLIKE THE IMMEDIATE POST-WAR PERIOD, WHEN NEGOTIATING PROGRESS WAS A REMOTE PROSPECT, WE ATTACH THE HIGHEST IMPORTANCE TO ARTICULATING THE REQUIREMENTS FOR AN IMPROVED RELATIONSHIP AND TO EXPLORING EVERY SERIOUS AVENUE FOR PROGRESS. OUR PARALLEL PURSUIT OF STRENGTH AND NEGOTIATION PREPARES US BOTH TO RESIST CONTINUED SOVIET AGGRANDIZEMENT AND TO RECOGNIZE AND RESPOND TO POSITIVE SOVIET MOVES.

WE HAVE SPELLED OUT OUR REQUIREMENTS -- AND OUR HOPE -- FOR A MORE CONSTRUCTIVE RELATIONSHIP WITH THE SOVIET UNION. THE DIRECTION IN WHICH THAT RELATIONSHIP EVOLVES WILL ULTIMATELY BE DETERMINED BY THE DECISIONS OF THE SOVIET LEADERSHIP. PRESIDENT BREZHNEV'S SUCCESSORS WILL HAVE TO WEIGH THE INCREASED COSTS AND RISKS OF RELENTLESS COMPETITION AGAINST THE BENEFITS OF A LESS TENSE INTERNATIONAL ENVIRONMENT IN WHICH THEY COULD MORE ADEQUATELY ADDRESS THE RISING EXPECTATIONS OF THEIR OWN CITIZENS. WHILE WE CAN DEFINE THEIR ALTERNATIVES, WE CANNOT DECIPHER THEIR INTENTIONS. TO A DEGREE UNEQUALED ANYWHERE ELSE, RUSSIA IN THIS RESPECT REMAINS A SECRET.

HER HISTORY, OF WHICH THIS SECRECY IS SUCH AN INTEGRAL PART, PROVIDES NO BASIS FOR EXPECTING A DRAMATIC CHANGE. AND YET IT ALSO TEACHES THAT GRADUAL CHANGE IS POSSIBLE. FOR OUR PART, WE SEEK TO ENCOURAGE CHANGE BY A FIRM BUT FLEXIBLE U.S. STRATEGY, RESTING ON A BROAD CONSENSUS, THAT WE CAN SUSTAIN OVER THE LONG TERM WHETHER THE SOVIET UNION CHANGES OR NOT. IF THE DEMOCRACIES CAN MEET THIS CHALLENGE, THEY CAN ACHIEVE THE GOALS OF WHICH PRESIDENT REAGAN SPOKE AT LOS ANGELES: BOTH DEFEND FREEDOM AND PRESERVE THE PEACE.

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CONFIDENTIAL

FM WASHINGTON 202300Z JUN 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 1696 OF 20 JUNE

INFO IMMEDIATE LUXEMBOURG (FOR S OF S) PRIORITY MOSCOW, UKDEL NATO, BONN, PARIS, WARSAW.

US POLICY TOWARDS THE SOVIET UNION

1. SHULTZ'S TESTIMONY TO THE SENATE FOREIGN RELATIONS COMMITTEE MARKS AN IMPORTANT STAGE IN THE EVOLUTION OF THIS ADMINISTRATION'S POLICY. IT HAD BEEN DELAYED FOR SEVERAL MONTHS WHILE DIFFERENT BRANCHES OF THE ADMINISTRATION FOUGHT FOR THE PRESIDENT'S EAR AND WHILE THE PRESIDENT MADE UP HIS OWN MIND. THE FIRST POINT TO NOTE ABOUT IT IS THEREFORE THAT, 2 AND ONE HALF YEARS AFTER ITS INAUGURATION, THE ADMINISTRATION HAS AT LAST GOT ITS ACT TOGETHER ON RELATIONS WITH THE SOVIET UNION. THE PRESIDENT HAS GIVEN IT HIS SEAL OF APPROVAL AND ALL BRANCHES OF THE ADMINISTRATION SHOULD NOW TAKE IT AS THEIR REFERENCE DOCUMENT.

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IMMEDIATE

2. THE SECOND POINT TO NOTE IS THAT IT IS COMPREHENSIVE, COHERENT AND CONCILIATORY. ALL IMPORTANT ASPECTS OF THE SUPERPOWER RELATIONSHIP ARE COVERED AND ALL FIT TOGETHER IN AN INTERNALLY CONSISTENT WAY - NUCLEAR, REGIONAL, HUMAN RIGHTS ETC. IT REPRESENTS, AS SHULTZ TOLD THE COMMUNITY AMBASSADORS AT LUNCH TODAY, A MIXTURE OF STRENGTH AND DIPLOMACY; IT REFLECTS THE ATTITUDE OF MIND OF THE PRESIDENT IN THAT REAGAN IS READY TO ENGAGE IN SUBSTANTIVE DISCUSSION WITH THE RUSSIANS AS SOON AS THE RUSSIANS ARE READY TO DO THE SAME. IT WAS, SAID SHULTZ, IMPORTANT TO COMBINE STRENGTH WITH DIALOGUE, SINCE PUBLIC OPINION WAS EVER PRONE TO WISHFUL THINKING, AND WISHFUL THINKING WAS NO BASIS FOR THE CONDUCT OF RELATIONS WITH THE SOVIET UNION.

3. THERE IS OF COURSE IN ADDITION AN ELECTORAL DIMENSION IN ALL THIS THE PRESIDENT HAS ESTABLISHED HIS BONA FIDES ON DEFENCE. CONGRESS HAS AUTHORISED THE MODERNISATION OF WEAPONS SYSTEMS - MX, B1 BOMBER ETC. THE RESTORATION OF NUCLEAR PARITY IS UNDER WAY. HE CAN NOW AFFORD TO ENGAGE IN A DIPLOMATIC EFFORT TO SOLVE PROBLEMS AND REDUCE THE BURDEN OF ARMAMENTS. THIS EVENHANDED APPROACH SHOULD DO HIM NO ELECTORAL HARM IF HE DECIDES TO RUN AGAIN: IF HE GETS AN AGREEMENT WITH THE RUSSIANS, HE CAN ADD PEACEMAKING TROPHIES TO THE ECONOMIC RECOVERY: IF HE DOES NOT, HE CANNOT BE FAULTED FOR NOT HAVING TRIED.

PLEASE SEE MIFT.

WRIGHT

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PP MOSCOW

PP UKDEL NATO

PP BONN

PP PARIS

PP WARSAW

GRS1100

CONFIDENTIAL

FM WASHINGTON 202300Z JUN 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 1697 OF 20 JUNE

INFO IMMEDIATE TO LUXEMBOURG (FOR S OF S) PRIORITY TO MOSCOW, UKDEL
NATO, BONN, PARIS AND WARSAW

MIPT: US POLICY TOWARDS THE SOVIET UNION

1. A NUMBER OF ISSUES HAVE PLAYED AN IMPORTANT PART IN THE PREPARATION OF SHULTZ'S SPEECH. THE PRESIDENT AND SHULTZ BOTH FEEL STRONGLY ON HUMAN RIGHTS AND "PERFORMANCE" WILL CONTINUE TO BE GREAT IMPORTANCE. THE AMERICANS HAVE BEEN SOMEWHAT ENCOURAGED BY PROGRESS MADE IN SECURING THE RELEASE FROM THE US EMBASSY AND, I HOPE, THE RIGHT TO EMIGRATE OF THE PENTECOSTALISTS AND ARE CONTINUING TO CAMPAIGN HARD FOR THE RELEASE OF OTHERS INCLUDING SHCHARANSKY. THEIR SUCCESS OR FAILURE IN THIS REGARD WILL HAVE AN IMPORTANT BEARING ON THE POSSIBILITIES FOR A SUCCESSFUL CONCLUSION TO THE CSCE REVIEW CONFERENCE AND PROGRESS TOWARDS A CDE. AS THE SUPPORT FOR THE SPANISH INITIATIVE IN MADRID DEMONSTRATES, THEY NOW SHOWING MORE INTEREST IN THE POSSIBILITY OF BRINGING THE PROCESS TO A SUCCESSFUL CONCLUSION, SUBJECT TO SOME IMPORTANT AMENDMENTS TO THE CONCLUDING DOCUMENT AND PROMISE OF SOVIET "PERFORMANCE". THE STATE DEPARTMENT WITH VARYING DEGREES OF SCEPTICISM CAN SEE THE SENTATIONAL ADVANTAGES A CDE WOULD HAVE IN HELPING TO DEMONSTRATE CONTINUANCE OF NEGOTIATIONS WITH THE SOVIET UNION IN THE DIFFICULT PERIOD WHICH UNDOUBTEDLY WILL ENSUE AS INF DEPLOYMENT TAKES PLACE

2. SHULTZ, WE ARE TOLD IN CONFIDENCE, HAS BEEN GIVEN VIRTUALLY CARTE BLANCHE BY THE PRESIDENT TO EXPLORE IN HIS CONTACTS WITH DOBRYNIN THE POSSIBILITIES FOR PROGRESS, WITH PARTICULAR REFERENCE TO START, MBFR AND THE CSCE/CDE. REGIONAL TENSIONS HOWEVER, REMAIN IN THE FOREFRONT OF EVERYONE'S MIND HERE. SHULTZ WILL ALSO BE REMONSTRATING WITH DOBRYNIN ABOUT SOVIET ARMS SUPPLIES TO NICARAGUA. THE PRESIDENT HAS STATED THAT HE IS NOT PREPARED TO SEE ANOTHER CENTRAL AMERICAN COUNTRY FALL UNDER CUBAN/SOVIET INFLUENCE "ON HIS WATCH"; AND THERE IS NO DOUBT THAT HE MEANS IT. HENCE THE ALMOST OBSESSIVE IMPORTANCE ATTACHED TO US EFFORTS TO SHORE UP THE GOVERNMENT IN EL SALVADOR AND INCREASE MILITARY ASSISTANCE TO HONDURAS. THE RUSSIANS CAN BE IN NO DOUBT OF THE HARDNESS OF THE ADMINISTRATION'S VIEWS ON THIS POINT, REFLECTING THEIR DETERMINATION TO PRESERVE US SECURITY INTERESTS AND PRO-WESTERN REGIMES IN THE AREA. THE ATTEMPT TO EXPLORE THE POSSIBILITIES FOR AGREEMENT WITH THE SOVIET UNION COULD VERY QUICKLY BE DERAILED BY ADVERSE DEVELOPMENTS IN CENTRAL AMERICA OR THE MIDDLE EAST.

3. THE AMERICANS ARE PUZZLED BY SOVIET TACTICS IN THE MIDDLE EAST. THEY HAVE BEEN DISCONCERTED BY THE INTRODUCTION OF LARGE NUMBERS OF SOVIET PERSONNEL TO MAN THE SA5 MISSILES IN SYRIA, NOT LEAST BECAUSE OF THE MILITARY RISKS THE RUSSIANS HAVE UNDERTAKEN. THEY RECOGNISE THAT THE RUSSIANS MAY HAVE HAD LITTLE OPTION, IF THEY WISHED TO PRESERVE THEIR POSITION IN SYRIA FOLLOWING THE MILITARY DEBACLE IN LEBANON LAST YEAR. BUT THEY WELL UNDERSTAND THAT FURTHER ISRAELI/SYRIAN FIGHTING COULD EMBROIL THE SOVIET UNION AND THEMSELVES. IN HIS DISCUSSIONS WITH SHULTZ, DOBRYNIN HAS GIVEN SOME INDICATION THAT THE RUSSIANS WILL SEEK TO EXERCISE SOME MEASURE OF RESTRAINT ON SYRIAN MILITARY ACTIONS. BUT THERE IS AN UNCOMFORTABLE FEELING THAT THEY AND THE AMERICANS COULD BE AT THE MERCY OF AN OUTBREAK OF FIGHTING IN LEBANON OVER WHICH NEITHER SUPER-POWER WOULD HAVE MUCH CONTROL. THE ADMINISTRATION DO NOT BELIEVE THAT THE RUSSIANS HAVE ANY INTENTION OF CONTRIBUTING POSITIVELY TO MIDDLE EAST NEGOTIATIONS AND WILL GO ON TRYING TO EXCLUDE THEM FROM THEM.

4. IN RELATION TO OTHER REGIONAL ISSUES, THE AMERICANS HAVE BEEN TRYING TO ENGAGE THE RUSSIANS ON NAMIBIA AND THE QUESTIONS OF CUBAN WITHDRAWAL FROM ANGOLA, WITH LITTLE SUCCESS. THE SAME GOES FOR AFGHANISTAN, WHERE THEY SEE NO PROSPECT OF THE RUSSIANS AGREEING TO COMPLETE WITHDRAWAL. WITH OUR ENCOURAGEMENT, THEY HAVE NOW HAD TWO ROUNDS OF TALKS WITH THE RUSSIANS ON NON-PROLIFERATION WHERE BOTH SIDES ACKNOWLEDGE THAT COMMON INTERESTS EXIST.

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VISIT TO POLAND, BUT HAVE SO FAR BEEN IMPRESSED BY THE POPE'S PERFORMANCE RATHER THAN BY ANY NEW SIGNS OF LIBERALISATION ON THE PART OF THE JARUZELSKI REGIME (OTHER THAN ALLOWING THE VISIT TO TAKE PLACE AT ALL). IF THERE ARE SIGNS OF SOME RELAXATION, THE STATE DEPARTMENT WOULD TRY TO USE THESE TO INTRODUCE MOVEMENT INTO THE US POSITION, EG BY AGREEING IN THE FIRST INSTANCE TO RESUME MOVEMENT TOWARDS RE-SCHEDULING TALKS WITH THE POLES. BUT THEY WILL NOT BE IN A POSITION TO DO SO IN THE ABSENCE OF ANY ENCOURAGEMENT FROM WARSAW.

6. ON BILATERAL U.S./SOVIET ISSUES, THE NEGOTIATIONS FOR A NEW LONG-TERM GRAIN AGREEMENT ARE EXPECTED TO CONCLUDE BY THE AUTUMN, NO DOUBT ON TERMS FAIRLY FAVOURABLE TO THE SOVIET UNION, GIVEN THE DOMESTIC PRESSURES HERE. THE AMERICANS ARE ALSO CONSIDERING WHETHER TO RE-ACTIVATE A CULTURAL AGREEMENT AND A CONSULAR AGREEMENT WHICH WOULD PERMIT THEM TO OPEN A CONSULATE IN KIEV.

7. GIVEN THE LIKELIHOOD OF CONTINUING MAJOR DIFFICULTIES OVER REGIONAL ISSUES, STRATEGIC ARMS CONTROL HAS RE-EMERGED AS, POTENTIALLY, THE CENTRE-PIECE OF ANY POTENTIAL IMPROVEMENT IN US/SOVIET RELATIONS, WITH A RECOVERING ECONOMY, THERE WOULD BE OBVIOUS ADVANTAGES FOR THE PRESIDENT, IN RE-RUNS AGAIN, IN BEING ABLE TO ACHIEVE AN AGREEMENT IN START OR INF IN HIS PRESENT TERM. THE PROBLEMS ARE FORMIDABLE.

A) BECAUSE OF THE COMPLEXITY AND THE DIFFICULTY OF THE PROBLEMS TO BE RESOLVED IN BOTH NEGOTIATIONS AND THE POTENTIAL LACK OF ANY REAL INCENTIVE TO THE SOVIET UNION TO ENDORSE ANY US INF DEPLOYMENT IN EUROPE AND B) BECAUSE THE ADMINISTRATION HAS NOT LEFT ITSELF MUCH TIME. ANDROPOV IS UNLIKELY TO WANT TO DO ANY FAVOURS TO HELP SECURE MR REAGAN'S RE-ELECTION: AND MR REAGAN HIMSELF IS NOT THE MAN TO AGREE TO AN AGREEMENT ENTAILING UNREASONABLE CONCESSIONS. THERE IS NO DOUBT, HOWEVER, THAT THERE IS NOW A REAL DISPOSITION IN THE WHITE HOUSE TO LOOK SERIOUSLY AT THE VARIOUS POSSIBILITIES FOR PROGRESS. THIS MARKS AN IMPORTANT EVOLUTION FROM THE POSITION AS IT WAS HERE A FEW MONTHS AGO. AS THE PRESIDENT NEVER TIRES OF SAYING ON THIS SUBJECT, HOWEVER, IT TAKES TWO TO TANGO. THERE HAS NOT BEEN MUCH FOOT WORK FROM GROMYKO. HOW FAR AND HOW QUICKLY THE PROCESS OF EXPLORATION NOW ENGAGED WILL PROCEED, WILL DEPEND ON THE SOVIET REACTION.

WRIGHT

C

US Policy Towards the Soviet Union

1. Sir O Wright (Washington tels Nos 1696 and 1697) describes the testimony as comprehensive, coherent and conciliatory. We very much agree with the first two adjectives. The statement goes a long way towards providing the kind of general and reasoned framework for policy towards the East which many in the Alliance have been looking for, and for which there was a specific call when the Americans first raised the question of economic relations with the Soviet Union. We would expect the statement to have an important beneficial effect on the spirit in which these matters are handled in the Alliance from now on.
2. As to the third adjective (conciliatory), Shultz's statement is certainly a lot less polemical than some pronouncements in the past by members of the administration up to and including President Reagan himself. But the Russians will be looking at other points as well. For example, at the sentence near the beginning which says that the United States takes it as part of its obligation to peace 'to encourage the gradual evolution of the Soviet system towards a more pluralistic political and economic system'. We understand that there has already been an adverse reaction to this from Moscow. Another thought they will no doubt find controversial is that 'governments that are not at peace with their own people are unlikely to be on good terms with their neighbours', which appears as part of the argument that Soviet domestic policy on human rights affects the security of the West.
3. Some particular points of importance:
 - (a) the emphasis on the moral values of the West is very much part of the Prime Minister's thinking: and so is the thought that one must be strong in order to negotiate successfully with the Soviet Union, which does not respect weakness.
 - (b) Shultz deals very skilfully with the problems which have been contentious within the Alliance, e.g. out of area activities and East/West economic relations (where there is a strange absence of any direct mention of COCOM, although

/most

most of the action lies in that body).

(c) We are glad to see the Third World and regional problems are not treated simply as fronts in the global East/West conflict but rather as situations which may turn into points of East/West confrontation if they are mishandled or not treated early enough: as you know, this has been our general view for a long time.

(d) We were much interested in the handling of the question of linkage. Shultz says in one place that the United States will not abandon any of its negotiating objectives 'merely because agreement cannot be reached quickly, or because agreement has been reached on others'. In another place there is the different and more explicit thought that 'the increased stability that we try to build into the superpower relationship through arms control can be undone by irresponsible Soviet policies elsewhere'.

4. In the passages on arms control, we note that the references to the Soviet record on existing treaties and agreements are comparatively muted and fall short of any systematic indictment for non-compliance. The accent is rather on the opportunities which lie ahead, although Shultz takes care to state that arms control cannot dominate the East/West dialogue. The passage on START reflects the more generous interpretation in Washington of what the recent modification in the US negotiating position represents: all strategic weapons are 'on the table' and US negotiators have the flexibility to explore all appropriate avenues for achieving reductions. The offer to negotiate an agreement on nuclear confidence building measures separately and in advance of START is prominently repeated. The passage on INF does little other than rehearse the existing state of play, thus no doubt reflecting the low expectation of agreement on this in the near future. The passage on MBFR is entirely factual and gives no hint of the recent high level attention this subject has been getting in Washington. The positive reference to a ban on chemical weapons is helpful and, in contrast to earlier US statements, does not link the negotiations in the Committee on Disarmament to the 'yellow rain' allegations. There are useful, low key references to the Threshold Test Ban and Peaceful Nuclear Explosions Treaties and to non-proliferation, but there is no mention of outer space.

5. Otherwise we agree with the many valuable points made by Sir O Wright, although the Russians would no doubt have their own view on the comment that President Reagan is ready to engage in substantive discussions with the Russians 'as soon as the Russians are ready to do the same'. The Russians might answer that they have been ready all along, whereas the

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TO PRIORITY FCO

TELEGRAM NUMBER 1612 OF 10 JUNE

INFO PRIORITY MODUK (FOR BUS(POL), AUS(D STAFF; DS 17), UKDEL NATO,
MOSCOW, BONN, PARIS, UKMIS NEW YORK, UKDEL VIENNA, UKDIS GENEVA.
INFO SAVING TO OTHER NATO POSTS.

YOUR TELEGRAM NO 875 (NOT TO ALL): US POLICIES ON ARMS CONTROL

SUMMARY

1. WITH THE WHITE HOUSE TAKING AN INCREASINGLY DIRECT INTEREST IN THE PROSPECTS FOR NUCLEAR ARMS CONTROL, THE BALANCE WITHIN THE ADMINISTRATION HAS SHIFTED IN FAVOUR OF THOSE WHO WISH SERIOUSLY TO EXPLORE WITH THE SOVIET UNION THE PROSPECTS FOR A NEW STRATEGIC ARMS AGREEMENT. THE PRESIDENT WILL REMAIN DETERMINED THAT AGREEMENTS BOTH IN START AND INF MUST BE BASED ON REDUCTIONS, GENUINE EQUALITY AND ADEQUATE VERIFICATION. THERE IS POTENTIAL FOR FURTHER MOVEMENT IN THE US POSITION, BUT THIS AND THE PROSPECTS FOR PROGRESS IN BOTH NEGOTIATIONS WILL DEPEND ON A SIGNIFICANT SOVIET RESPONSE, OF WHICH THERE HAS SO FAR BEEN LITTLE SIGN.

DETAIL

2. THE ADMINISTRATION HAS COME UNDER INCREASING POLITICAL PRESSURE TO ADOPT A MORE FORTHCOMING ATTITUDE TO ARMS CONTROL. WHILE FEW AMERICANS BELIEVE THAT ARMS CONTROL AGREEMENTS CAN MAKE MUCH REAL CONTRIBUTION TO NATIONAL SECURITY, THERE IS PUBLIC CONCERN AT THE BREAKDOWN OF DIALOGUE WITH THE SOVIET UNION AND THE APPARENTLY INDEFINITE ACCUMULATION OF NUCLEAR WARHEADS ON BOTH SIDES. ALL THE DEMOCRATIC PRESIDENTIAL CANDIDATES HAVE BEEN PAYING LIP SERVICE TO THE IDEA OF A MUTUAL AND VERIFIABLE "FREEZE", WITHOUT REALLY BELIEVING IN THE CONCEPT (A "FREEZE" WOULD PROHIBIT MODERNISATION AND WOULD NOT BE FULLY VERIFIABLE OR CAPABLE OF IMPLEMENTATION FOR MORE THAN A VERY LIMITED PERIOD).

3. DESPITE THE FREEZE CAMPAIGN, THE PRESIDENT HAS BEEN SUCCESSFUL BOTH IN INCREASING REAL DEFENCE SPENDING BY VERY LARGE AMOUNTS (WELL OVER FIVE PER CENT) IN SUCCESSIVE FISCAL YEARS AND IN SECURING CONGRESSIONAL APPROVAL FOR THE MAJOR ELEMENTS OF HIS PLAN TO MODERNISE US STRATEGIC NUCLEAR FORCES (TRIDENT II, THE B1 BOMBER AND MX MISSILE). APPROVAL FOR CONTINUED FUNDING OF THE MX MISSILE, HOWEVER, HAS BEEN LINKED BY SEVERAL INFLUENTIAL SENATORS TO A GREATER DISPLAY OF ZEAL IN PURSUIT OF ARMS CONTROL.

4. THE US ALLERGY TO NON-VERIFIABLE AGREEMENTS HAS BEEN INCREASED BY

A) THE EVIDENCE OF THE USE OF CHEMICAL WEAPONS IN SOUTH EAST ASIA AND, POSSIBLY, AFGHANISTAN:

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B) SOVIET EXPLOITATION OF AMBIGUITIES IN THE SALT II TREATY TO TEST TWO NEW TYPES OF ICBM:

C) SUSPICIONS THAT THE SOVIET UNION MAY HAVE TESTED ABOVE THE 150 KILOTON LIMIT IN THE THRESHOLD TEST BAN TREATY (SEE PARA 10 BELOW).

INF

5. THE ADMINISTRATION IS FIRM ON THE COMPLETE EXCLUSION OF BRITISH AND FRENCH NUCLEAR SYSTEMS FROM INF AND WILL CONTINUE TO INSIST THAT AGREEMENT MUST BE BASED ON EQUAL US AND SOVIET INF WARHEADS. THE AMERICANS AT PRESENT CAN SEE NO SIGN OF FLEXIBILITY IN THE SOVIET POSITION. THE PRESIDENT BELIEVES THAT THE RUSSIANS WILL ONLY NEGOTIATE SERIOUSLY ONCE DEPLOYMENT IS UNDER WAY. GIVEN SOVIET NUMERICAL SUPERIORITY AND THE PROBABILITY OF FURTHER SOVIET DEPLOYMENTS, OTHERS ARE LESS SANGUINE THAT IT WILL BE POSSIBLE TO NEGOTIATE AN INF AGREEMENT EVEN AT THAT STAGE. THE AMERICANS EXPECT THE RUSSIANS TO DEPLOY UP TO 100 MORE SS20S IN SOVIET ASIA, AND TO INCREASE THE DEPLOYMENT OF NEW SHORTER RANGE SYSTEMS IN EASTERN EUROPE. NITZE HAS AUTHORITY TO EXPLORE THE SOVIET POSITION AND WILL DO SO SERIOUSLY. THE ADMINISTRATION IS LOOKING AT WAYS OF FLESHING OUT THE PROPOSAL FOR RECIPROCAL RESTRAINTS ON SHORTER RANGE SYSTEMS. BECAUSE OF THE MOBILITY OF THE SS20S, AND THE IMPLICATIONS VIS A VIS THE JAPANESE AND CHINESE, THE AMERICANS WILL RESIST ANY FORMAL DEPARTURE FROM THE CONCEPT OF GLOBAL CEILINGS, THOUGH PRIVATELY THEY DO NOT EXCLUDE COMPLETELY SOME LIMITED ALLOWANCE FOR MISSILES IN SOVIET ASIA IF ALL OTHER ISSUES COULD BE SATISFACTORILY RESOLVED. THEY ARE CONTEMPLATING PROPOSING EQUAL LIMITS ON CERTAIN CATEGORIES OF INTERMEDIATE RANGE AIRCRAFT.

START

6. THE PRESIDENT'S CRITICISM OF THE SALT AGREEMENTS WAS BASED IN PART ON THE FACT THAT BOTH SALT I AND SALT II PERMITTED FURTHER MASSIVE INCREASES IN WARHEAD NUMBERS. IN THE RECENT REVIEW OF THE US POSITION THE ADMINISTRATION HAS RETAINED THE CENTRAL FEATURE OF THE START PROPOSAL, WHICH IS THAT BOTH SIDES SHOULD REDUCE TO 5,000 WARHEADS ON INTERCONTINENTAL BALLISTIC MISSILES (FROM CURRENT LEVELS OF 7,200 FOR THE UNITED STATES AND 7,900 FOR THE SOVIET UNION). THE CONCENTRATION ON BALLISTIC MISSILES, RATHER THAN AIRCRAFT AND CRUISE MISSILES, IS JUSTIFIED BY THE FACT THAT ICBMS ARE THE MOST THREATENING, FAST-MOVING SYSTEMS, USEABLE IN A PREEMPTIVE STRIKE. THE US OBJECTIVE IS ALSO TO REDUCE THE FIVE TO TWO SOVIET ADVANTAGE IN THROW-WEIGHT.

7. THE US HAS PROPOSED EQUAL BOMBER LIMITS, INCLUDING BACKFIRE: AND LIMITS ON AIR-LAUNCHED CRUISE MISSILES. SEA-LAUNCHED CRUISE MISSILES (SLCMS) ARE NOT YET COVERED IN THE US PROPOSAL, IT BEING ALMOST IMPOSSIBLE TO DIFFERENTIATE BETWEEN NUCLEAR AND CONVENTIONALLY ARMED SLCMS, OR TO VERIFY THEIR RANGE. THE PRESIDENT HAS NOW SAID THAT THE US IS PREPARED TO RAISE THE LIMIT ON THE NUMBER OF DEPLOYED BALLISTIC MISSILES. THE RUSSIANS HAVE PROPOSED REDUCTIONS TO 1800 LAUNCHERS ON EACH SIDE, BUT SO FAR HAVE REFUSED TO INDICATE WHAT THIS WOULD MEAN IN TERMS OF WARHEADS.

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THE GAP BETWEEN THE TWO SIDES IS WIDE. THE PRESIDENT HAS NOT CHANGED THE PROPOSED SUB-LIMITS WHICH WOULD REQUIRE THE RUSSIANS TO DISMANTLE A HIGH PROPORTION OF THEIR HEAVY AND MEDIUM LAND-BASED MISSILES. WHILE STILL DETERMINED TO REDUCE THE SOVIET ADVANTAGE IN THROW-WEIGHT, THE AMERICANS WOULD BE PREPARED TO MODIFY THIS ASPECT OF THEIR PROPOSALS IF THERE WERE CORRESPONDING SIGNS OF FLEXIBILITY ON THE SOVIET SIDE. IF PRESIDENT REAGAN DECIDES TO RUN FOR RE-ELECTION, THERE COULD BE OBVIOUS POLITICAL ADVANTAGES IN SEEKING TO ACHIEVE A NEW VLADIVOSTOK TYPE FRAMEWORK AGREEMENT IN START. IF SUCH AN AGREEMENT WERE ACHIEVABLE, IT COULD BE ENDORSED AT A SUMMIT EARLY NEXT YEAR. THE PRESIDENT IS NOT THE MAN, HOWEVER, TO MAKE MAJOR CONCESSIONS AGAINST HIS JUDGEMENT OR THE ADVICE OF THE JOINT CHIEFS OF STAFF TO ACHIEVE THIS: AND ANDROPOV IS UNLIKELY TO DO HIM ANY FAVOURS TO HELP SECURE HIS RE-ELECTION.

MBFR

8. SHULTZ HAS TAKEN A PERSONAL INTEREST IN TRYING TO GIVE SOME NEW IMPETUS TO MBFR. THE AMERICANS WILL SOUND OUT THE RUSSIANS BILATERALLY ON THEIR WILLINGNESS TO ACCEPT THE WESTERN PACKAGE ON VERIFICATION MEASURES IN EXCHANGE FOR REDUCED EMPHASIS ON PRIOR AGREEMENT ON DATA. THESE IDEAS ARE NOT FULLY WORKED OUT AND THE AMERICANS ACCEPT THAT THE DATA ISSUE COULD NOT BE SET ASIDE FOR ANYTHING OTHER THAN A PRELIMINARY PHASE. WHETHER THESE MOVES LEAD ANYWHERE WILL DEPEND ON THE SOVIET RESPONSE ON VERIFICATION.

CSCE/CDE

9. IN THE CSCE REVIEW CONFERENCE IN MADRID THE AMERICANS ARE INSISTING, WITH ALLIED SUPPORT, ON IMPROVEMENTS TO THE PASSAGES IN THE CONCLUDING DOCUMENT DEALING WITH HUMAN RIGHTS. THEY ALSO INSIST THAT THERE MUST BE IMPROVEMENT IN THE SOVIET PERFORMANCE ON HUMAN RIGHTS BEFORE THERE IS AGREEMENT TO MOVE ON TO A CONFERENCE ON DISARMAMENT IN EUROPE (CDE). THE AMERICANS HAVE ACHIEVED PROGRESS ON THE QUESTION OF THE PENTECOSTALISTS AND ARE CONTINUING THEIR EFFORTS TO SECURE THE RELEASE OF SHCHARANSKY. THE STATE DEPARTMENT SEE ATTRACTIONS IN MOVING TOWARDS A CDE NEXT YEAR, BUT WILL NEED TO ACHIEVE ENOUGH ON HUMAN RIGHTS TO SATISFY CONGRESSIONAL CRITICS HERE WHO CONTEND THAT SOVIET PERFORMANCE, INCLUDING THE DETENTION OF THE HELSINKI MONITORING GROUPS, HAS MADE NONSENSE OF THE CSCE PROCESS.

NUCLEAR TESTING

10. U.S. ESTIMATES OF SOVIET UNDERGROUND NUCLEAR TESTS HAVE LED TO THE CONCLUSION HERE THAT THERE IS A NINETY PER CENT PROBABILITY (THOUGH NO ABSOLUTE CERTAINTY) THAT THE RUSSIANS HAVE CONDUCTED SOME TESTS ABOVE THE 150 KILOTON LIMIT SPECIFIED IN THE THRESHOLD TEST BAN TREATY. THERE IS NO PROSPECT OF THE SENATE RATIFYING A TREATY THE VERIFICATION PROVISIONS OF WHICH ALLOW A 100 PER CENT MARGIN OF ERROR IN THE ESTIMATE OF TEST YIELDS. THE RUSSIANS HAVE REJECTED U.S. PROPOSALS FOR IMPROVED VERIFICATION THROUGH INSPECTION OF TESTS ABOVE 75 KILOTONS. THE U.S. IS CONSIDERING WAYS OF PURSUING A DIALOGUE ABOUT VERIFICATION. THERE WILL BE NO INTEREST IN IDEAS OF A DEGRESSIVE THRESHOLD UNTIL VERIFICATION PROBLEMS CAN BE RESOLVED.

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1 CHEMICAL

11. THE PENTAGON ARE CONCERNED AT THE EXTENT TO WHICH SOVIET MILITARY EXERCISES ARE ACCOMPANIED BY TRAINING IN CHEMICAL WARFARE. THE ADMINISTRATION IS SEEKING FROM CONGRESS AUTHORITY TO MODERNISE THE U.S. CW STOCKPILE IN THE U.S. THROUGH THE PRODUCTION OF BINARY WEAPONS (SAFER TO OPERATE THAN EXISTING CHEMICAL WEAPONS) AS A DETERRENT TO SOVIET CW USE. THERE IS LITTLE PROSPECT OF CONGRESS VOTING FUNDS FOR THIS PURPOSE, THOUGH THEY WILL DO SO FOR THE IMPROVEMENT OF CW DEFENSIVE EQUIPMENT. THE ADMINISTRATION IS CONTENT FOR US TO PURSUE OUR EFFORTS TOWARDS A CW AGREEMENT IN THE DISARMAMENT COMMITTEE, BUT IS EXTREMELY SCEPTICAL ABOUT SOVIET WILLINGNESS TO NEGOTIATE ANY AGREEMENT ENTAILING ADEQUATE VERIFICATION, AND GENERALLY DISTRUSTFUL OF WHAT THEY REGARD AS THE DISPOSITION OF THE CD TOWARDS PURELY DECLARATORY ARMS CONTROL MEASURES.

OUTER SPACE

12. THE PRESENT ADMINISTRATION CAN SEE NO INCENTIVE TO PURSUE ARMS CONTROL AGREEMENTS IN OUTER SPACE GIVEN, THE DIFFICULTIES OF VERIFICATION: THE INCREASING MILITARY APPLICATION OF SATELLITES: THE POTENTIAL U.S. TECHNOLOGICAL ADVANTAGE AND THE FACT THAT THE SOVIET UNION HAS ALREADY TESTED ANTI-SATELLITE WEAPONS.

COMMENT

13. WHILE ATTENTION IS BEING DEVOTED TO NEW MOVES IN MBFR AND, SUBJECT TO SOME SATISFACTION ON HUMAN RIGHTS, THE POSSIBILITY FOR PROGRESS TOWARDS A CDE, THE MAIN FOCUS OF INTEREST IS ON NUCLEAR ISSUES. THERE IS POTENTIAL FOR FURTHER DEVELOPMENT OF THE U.S. POSITION IN START. FOR INSTANCE, WE HAVE SUGGESTED THAT, IN THE INTEREST OF PUTTING FORWARD A COMPREHENSIVE PROPOSAL, THE U.S. SHOULD BE PREPARED TO STATE A READINESS IN PRINCIPLE TO EXAMINE WAYS TO ACHIEVE EQUAL LIMITATIONS ON SLCMS, LEAVING THE VERY COMPLEX TECHNICAL ISSUES INVOLVED TO BE THE SUBJECT OF SUBSEQUENT NEGOTIATION. THOUGHT IS BEING GIVEN TO WAYS OF INCORPORATING A QUOTE BUILD DOWN UNQUOTE INTO THE U.S. POSITION (IE THE IDEA THAT MORE THAN ONE EXISTING WARHEAD SHOULD BE RETIRED FOR EACH NEW WARHEAD DEPLOYED). THE U.S. WILL BE SEEKING TO PROBE THE SOVIET POSITION IN SHULTZ'S PRIVATE MEETINGS WITH DOBRYNIN, AS WELL AS THROUGH THE FORMAL NEGOTIATIONS IN GENEVA. IF THE PRIVATE SOVIET RESPONSE IS AS DISMISSIVE AS THE INITIAL TASS REACTION, THERE WILL BE A REDUCED DISPOSITION HERE TO CONSIDER FURTHER MOVEMENT IN THE ABSENCE OF ANY ON THE SOVIET SIDE.

F C O PASS SAVING TO ANKARA, ATHENS, BRUSSELS, COPENHAGEN, LISBON, LUXEMBOURG, OTTAWA, OSLO, ROME, REYKJAVIK, THE HAGUE.
WRIGHT [REPEATED AS REQUESTED] [THIS TELEGRAM WAS NOT ADVANCED]
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