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ISSUES BRIEF

US ARMS CONTROL AND DISARMAMENT AGENCY. WASHINGTON, DC. 20451 OFFICE OF PUBLIC AFFAIRS (202) 647-8714

September 18, 1987

Issues Brief

INF Verification

On September 14, at the negotiations on intermediate-range nuclear forces (INF) in Geneva, the United States presented an Inspection Protocol detailing the procedures we consider necessary to effectively verify compliance with an INF Treaty that provides for the elimination of all U.S. and Soviet INF missiles -- the so-called Double Global Zero. These new U.S. proposals call for the most stringent verification regime in arms control history.

Previous U.S. verification proposals were based on the assumption that the U.S. and the Soviet Union would retain 100 warheads on longer-range INF missiles and that modernization and production of such missiles and missile flight-testing would be permitted.

Our new verification proposals are intended to deal with a different set of circumstances. They reflect the fact that the Soviet Union has recently agreed to the longstanding U.S. proposal for the elimination of an entire class of U.S. and Soviet missiles. It is less difficult to verify compliance with an agreement which bans a weapon system than one which permits a limited number of such weapons. Our proposals are based on the premise that there is a ban on modernization, production, and operational flight-tests of such missiles as well as the elimination of all US and Soviet ground-launched shorter-range INF missile systems (500-1000km) within one year, and the elimination of all U.S. and Soviet ground-launched longer-range INF missiles (1000-5500km) within three years.

The U.S. has three basic verification objectives for an INF arms reduction agreement:

- o First, to ensure confidence in the agreement;
- o Second, to deter Soviet violations of the treaty by increasing the likelihood that such violations would be detected;
- o Third, to permit quick and unambiguous detection of any Soviet violations, thereby providing timely warning of a potential or actual threat to US and Allied security.

To achieve these objectives, we seek to establish an effective verification regime for the elimination of U.S. and Soviet missile systems under the terms of an INF treaty with an effective mechanism to deter prohibited production, storage or deployment of such systems.

The key elements of our new verification proposals include:

- the requirement that all INF missiles and launchers be geographically fixed in agreed upon areas or in announced transit between such areas during the reductions period;
- a detailed exchange of data, updated as necessary, on the location of missile support facilities, and missile operating bases, the number of missiles and launchers at those facilities and bases and technical parameters of those missile systems;
- notification of movement of missiles and launchers between declared facilities;
- a baseline on-site inspection to verify the number of missiles and launchers at declared missile support facilities and missile operating bases;
- on-site inspection to verify the destruction of missiles and launchers;
- follow-on, short-notice inspection of declared facilities during the reductions period to verify residual levels until all missiles are eliminated;
- short-notice, mandatory challenge inspection of certain facilities in the U.S. and USSR at which illegal missile activity could be carried out; and,
- a requirement for a separate "close out" inspection to ensure that when a site is deactivated and removed from the list of declared facilities, it has indeed ended INF-associated activity.

Our new verification proposals, adopted after full consultation with our Allies, represent President Reagan's longstanding insistence that any arms control agreement must be effectively verifiable if it is to improve stability and to make a lasting contribution to peace and security. The President has made it clear we will not settle for anything less.

In summary, the regime we seek will have the most stringent verification of any arms control agreement in history. The regime includes on-site inspection of declared facilities before and during reductions and short-notice inspection of suspect sites. It is up to the Soviet Union now to demonstrate an equal commitment to concluding a treaty eliminating this class of U.S. and Soviet missiles, and to respond in a detailed way so that we can reach agreement on these verification requirements.

ISSUES BRIEF

U.S. ARMS CONTROL AND DISARMAMENT AGENCY WASHINGTON, D.C. 20451 OFFICE OF PUBLIC AFFAIRS (202) 647-8714

October 2, 1987

NUCLEAR TESTING LIMITATIONS

For the past four decades a strong nuclear deterrent has ensured the security of the US and helped to preserve the freedom of its allies and friends. As long as the US must depend on nuclear weapons for its security, it must ensure that those weapons are safe, secure, reliable, effective, and survivable--in other words, that the US nuclear deterrent is credible. This requires some underground nuclear testing.

Specifically, and in compliance with existing treaties, the US tests to:

- Ensure effectiveness of our nuclear deterrent. Testing enables continuation of our weapons modernization program, required because of the continuing expansion and improvement of Soviet strategic offensive systems and the fact that older US strategic weapons are reaching the end of their effective life.

- Maintain reliability. Nuclear testing is needed to detect deterioration or other problems that may occur with stockpiled weapons. For example, testing enabled the US to correct problems with the warhead on the Polaris submarine-launched ballistic missile that, if left uncorrected, could have neutralized our sea-based deterrent. Stockpile testing is required to confirm that the weapons we are depending on to keep the peace remain a reliable and credible deterrent.

- Ensure survivability. Nuclear testing allows us to subject our military and command and control equipment to actual nuclear effects. This enables us to improve the survivability of our equipment, thus enhancing the credibility of our deterrent.

- Improve safety and security Nuclear tests enable us to improve further the safety and security features that prevent accidental detonation or unauthorized use of nuclear weapons. For example, nuclear testing has contributed to designs that incorporate advanced features against use by terrorists and prevent scattering of radioactive material in the unlikely event of an accident.

A Comprehensive Test Ban (CTB) remains a long-term objective of the United States. As long as the United States and our friends and allies must rely upon nuclear weapons to deter aggression, however, some level of nuclear testing will continue to be required. We believe such a ban must be viewed in the context of a time when we do not need to depend on nuclear deterrence to ensure international security and stability and when we have achieved broad, deep, and verifiable arms reductions, substantially improved verification capabilities, expanded confidence-building measures, and greater balance in conventional forces.

The highest US priority in nuclear testing limitations is necessary verification improvements to the unratified Threshold Test Ban Treaty (TTBT) and Peaceful Nuclear Explosions Treaty (PNET). Over the last several years, the President has undertaken the following initiatives to achieve this goal:

- On several occasions during 1983 the United States sought unsuccessfully to engage the Soviet Union in discussions to improve essential verification procedures of the TTBT and PNET.
- September 1984. The President proposed direct, on-site yield measurements of US and Soviet nuclear weapon tests at each others test sites.
- July 1985. The President invited Soviet experts--without preconditions--to come to the US test site to measure the yield of a US test, bringing with them any instrumentation devices the USSR deemed necessary for this purpose.
- December 1985. The President proposed a meeting of technical experts to discuss US and Soviet approaches to verification.
- March 1986. The President invited the Soviets to come to the Nevada test site to discuss verification with US experts, examine CORRTEX, a direct, on-site hydrodynamic yield measurement system prefered by the US, and monitor a US test.

Since July 1986, US and Soviet experts have held six sessions in Geneva on issues relating to nuclear testing, most recently July 13-20, 1987. In these Nuclear Testing Experts Meetings the US has described our verification concerns regarding the TTBT and PNET. We have also described the CORRTEX technique and its use for on-site yield measurements. The USSR has provided its views on a CTB, and on seismic techniques for yield estimation. It has most recently described its proposal for joint experiments at nuclear test sites for improving verification.

The US is committed to seeking effective and verifiable agreements with the Soviet Union on nuclear testing limitations that could strengthen security for all nations. To this end, the President has proposed a practical, step-by-step process. He has proposed that the US and the Soviet Union immediately begin

negotiations on nuclear testing--first to solve verification problems with two existing, but unratified nuclear testing treaties, the Threshold Test Ban Treaty and the Peaceful Nuclear Explosions Treaty. Once our verification concerns have been satisfied and the treaties ratified, the US will propose that the US and USSR immediately enter into negotiations on ways to implement a step-by-step parallel program--in association with a program to reduce and ultimately eliminate all nuclear weapons--of limiting and ultimately ending nuclear testing.

At the conclusion of meetings held from September 15 through 17, Secretary of State Shultz and Soviet Foreign Minister Shevardnadze made the following announcement: "The US and Soviet sides have agreed to begin before December 1, 1987, full-scale stage-by-stage negotiations on nuclear testing which will be conducted in a single forum. As the first step in these negotiations, the sides will agree upon effective verification measures which will make it possible to ratify the US-USSR Threshold Test Ban Treaty of 1974 and Peaceful Nuclear Explosions Treaty of 1976, and proceed to negotiating further intermediate limitations on nuclear testing leading to the ultimate objective of the complete cessation of nuclear testing as part of an effective disarmament process. This process, among other things, would pursue, as the first priority, the goal of the reduction of nuclear weapons and, ultimately, their elimination. For the purpose of the elaboration of improved verification measures for the US-USSR treaties of 1974 and 1976 the sides intend to design and conduct joint verification experiments at each other's test sites. These verification measures will, to the extent appropriate, be used in further nuclear test limitation agreements which may subsquently be reached."

ISSUES BRIEF

U.S. ARMS CONTROL AND DISARMAMENT AGENCY, WASHINGTON, D.C. 20451 OFFICE OF PUBLIC AFFAIRS (202) 647-8714

Nuclear and Space Talks: U.S. and Soviet Proposals

October 1, 1987

UNITED STATES

SOVIET UNION

START Strategic Arms Reduction Talks

	United States	Soviet Union
General Approach:	50 percent reduction to equal levels in strategic offensive arms, carried out in a phased manner over seven years from the date the treaty comes into force.	50 percent reduction in strategic offensive arms within five years, with subsequent negotiations for additional reductions.
	Agreement not contingent upon the resolution of other issues outside START negotiations.	Agreement on 50 percent reductions within five years contingent upon the resolution of Defense and Space issues.
Delivery Vehicles:	1,600 ceiling on the number of deployed intercontinental ballistic missiles (ICBMs), deployed submarine-launched ballistic missiles (SLBMs) and heavy bombers.	1,600 ceiling on the number of deployed launchers for ICBMs and SLBMs and deployed heavy bombers.
Warheads:	6,000 warhead ceiling, to include ICBM and SLBM warheads and long-range ALCMs (air-launched cruise missiles), and with each heavy bomber equipped for gravity bombs and short-range attack missiles (SRAMs) counting as one warhead.	Same as the U.S. position.
Warhead Sublimits:	Sublimits of 4,800 ballistic missile warheads, 3,300 ICBM warheads, and 1,650 warheads on permitted ICBMs except those on silo-based light and medium ICBMs with six or fewer warheads.	Limit of no more than 60 percent of 6,000 warhead aggregate on any one leg of the Triad. (Triad refers to ICBMs, SLBMs and heavy bombers.)
Heavy ICBMs:	There must be substantial reductions in heavy ICBMs. Heavy ICBM warheads would be included in the 1,650 sublimit.	50 percent reduction from current level of heavy ICBM launchers, which the Soviets say means 1,540 warheads.
Throw-Weight:	50 percent reduction from the current Soviet throw-weight level, to be codified by direct or indirect limits.	The Soviets have stated that a 50 percent reduction in their throw-weight level would result from their overall proposal to reduce strategic arms by 50 percent and that their throw-weight would not subsequently increase. They resist codifying this commitment in a treaty.
Mobile ICBMs:	Banned.	Permitted.
Heavy Bombers:	Each heavy bomber counts as one strategic nuclear delivery vehicle (SNDV). Each heavy bomber equipped for gravity bombs and SRAMs would count as one warhead in the 6,000 limit. Each long-range ALCM would count as one warhead in the 6,000 ceiling.	Same as the U.S. position.
Verification of Compliance:	Exchange of data both before and after the reductions take place, on-site inspection to verify data exchange and to observe elimination of weapons, and an effective on-site monitoring arrangement for facilities following the elimination of weapons. Use of, and non-interference with, National Technical Means (NTM).	Agreement in principle to many aspects of the U.S. proposal for verification of compliance, but the Soviets have yet to give their position on some key details.

INF Intermediate-Range Nuclear Forces

LRINF Missiles:	Global elimination of U.S. and Soviet longer-range, ground-launched INF (LRINF) missiles (1,000-5,500 kilometer range) through phased reductions during three-year period from treaty entry into force.	Global elimination of U.S. and Soviet longer-range, ground-launched INF (LRINF) missiles (1,000-5,500 kilometer range) through phased reductions. The Soviets prefer reductions over five-year period from treaty entry into force, but propose to accept three-year period if shown possible, given technical and environmental considerations.
SRINF Missiles:	Global elimination within one year of treaty entry into force of U.S. and Soviet shorter-range, ground-launched INF (SRINF) missiles (500-1,000 kilometer range, to include the Soviet SS-23 and Scaleboard) as an integral part of an INF agreement. (The U.S. has no missiles deployed in this range.) These negotiations are bilateral and it is unacceptable to include third-country systems in a U.S./Soviet treaty or to affect established U.S. programs of cooperation with its allies.	Global elimination of U.S. and Soviet shorter-range, ground-launched INF (SRINF) missiles (500-1,000 kilometer range, to include the Soviet SS-23 and Scaleboard) as an integral part of an INF agreement. (The U.S. has no missiles deployed in this range.) The Soviets prefer reductions within a two-year period from treaty entry into force, but propose to accept a one-year period if shown possible, given technical and environmental considerations.
Elimination of Warheads:	Before INF ballistic missiles are eliminated, nuclear weapons and the guidance systems will be removed from the reentry vehicles and returned to national authorities. The remaining reentry vehicle structures will then be eliminated under agreed procedures. Such procedures should apply to all residual reentry vehicles, including those which by unilateral decision have been released from existing programs of cooperation.	Same as the U.S. position.
Verification of Compliance:	Detailed exchange of data on INF missiles and launchers and associated support facilities; notification of movement of missiles and launchers; baseline inspection to verify number of missiles and launchers; on-site inspection to verify elimination of missiles and launchers; short-notice inspection of declared facilities until missiles are eliminated; close out inspection to ensure that INF-related activities have ended at declared facilities; short-notice inspection of certain missile-related facilities in the U.S. and U.S.S.R. at which illegal missile activity is suspected.	Agreement in principle to many aspects of the U.S. proposal for verification of compliance, including exchange of data, baseline inspection and on-site inspection to confirm elimination of systems, but have yet to provide details.

Defense and Space

Strategic Defenses:	The U.S. has proposed a mutual commitment, through 1994, not to withdraw from the Anti-Ballistic Missile (ABM) Treaty for the purpose of deploying strategic defenses not permitted by the ABM Treaty; and during that period to observe strictly all ABM Treaty provisions while continuing research, development and testing, which are permitted by the ABM Treaty. No restrictions on SDI beyond those actually agreed in the ABM Treaty. Such a commitment would be contingent upon implementation of 50 percent reductions to 1,600 SNDVs/6,000 warheads, with appropriate sublimits, in strategic offensive arms over seven years from entry into force of a START agreement. Either side shall have the right to deploy advanced strategic defenses after 1994 if it so chooses, unless the parties agree otherwise. The right is preserved to withdraw from the proposed treaty for reasons of supreme interests or material breach of this treaty, START or the ABM Treaty. To enhance predictability in the area of strategic defenses, U.S. also proposed an annual exchange of data on planned strategic defense activities, reciprocal briefings on respective strategic defense efforts, visits to associated research facilities, and establishment of procedures for reciprocal observation of strategic defense testing. Alternatively, two previous U.S. proposals remain on the table: • At Reykjavik the President proposed a mutual commitment, through 1996, not to withdraw from the ABM Treaty. This commitment would be contingent upon 50 percent reductions in strategic offensive arms by the end of 1991 and the total elimination of all remaining U.S. and Soviet offensive ballistic missiles by the end of 1996. Either side would be free to deploy advanced strategic defenses after 1996 if it so chooses, unless the parties agreed otherwise. • In his July 25, 1986, letter to General Secretary Gorbachev, President Reagan proposed that the sides agree not to deploy advanced strategic defenses for a period through 1991. Thereafter, if either side wished to deploy such defenses, it would present a plan for sharing the benefits of strategic defense and eliminating ballistic missiles. The plan would be subject to negotiation for two years. If, at the end of two years, the sides were unable to reach agreement, either side would be free to deploy defenses after giving six months' notice.	Mutual commitment not to withdraw from the ABM Treaty for 10 years from entry into force of this agreement while strictly observing all the Treaty's provisions; both sides would agree on a list of space-based devices which would not be allowed to be put into space if they exceeded certain performance parameters. Devices on the list could be put into space for any reason if they did not exceed the parameters. All other space-related ABM research would be restricted to ground-based laboratories. (It is the U.S. view that this proposal would impose limitations beyond those actually agreed in the ABM Treaty.) As an alternative to the ban on placing in space devices exceeding certain performance parameters, the Soviets have proposed strict compliance with the ABM Treaty as "signed and ratified in 1972"; the Soviets have not offered details on this alternative. However, previous Soviet statements reflect a view that the ABM Treaty imposes limits on SDI which are far more restrictive than what the parties actually agreed to in the Treaty in 1972. Agreement in Defense and Space is a precondition for strategic offensive force reductions. If a side did not strictly observe the ABM Treaty, the other side would be released from START treaty obligations. Before the end of a 10-year commitment of non-withdrawal, the sides would begin negotiations to reach a mutually acceptable decision on how to proceed further; the Soviet position does not provide for the right to deploy in absence of an agreement.

SUPPLEMENTAL: MONDAY, 13 JULY 1987

arms control

THE WALL STREET JOURNAL 9 JULY 1987 Pg. 28

Nuclear NATO: A Moment of Truth

By IRVING KRISTOL

One of the more pernicious phrases that has gained currency in recent years is "the arms-control process." Note that word "process." There seems to be an overwhelming consensus, both in the U.S. and Western Europe, that whatever the difficulties encountered in specific arms-control negotiations, such negotiations are an integral part of some metaphysical process and that it is terribly important this process continue. Toward what end?

Well, the unstated—or at least rarely stated—hope is that arms-control negotiations in and of themselves will lead to "better understanding," a climate of greater civility, a dispelling of mutual suspicions, and eventually a radical reduction in the risk of war. This is, of course, a wishful fantasy. We have had a century of experience with arms-control negotiations and they have done absolutely nothing to avoid or even mitigate conflicts among nations. Such conflicts arise from a clash of strategic interests, nationalist ambitions or aggressive ideologies. Nations will not accept—or at least not accept for long—a level of armaments that hinders the pursuit of goals they deem important.

Negotiating 'Civilized' Warfare

If there is no such thing as an arms-control process, there is, however, such a thing as substantive arms-control negotiations. Such negotiations do not diminish the risks of war, but they may, if successfully concluded, establish a definition of "civilized" warfare, involving the non-use of various kinds of weapons. Thus we have had successful arms-control negotiations on bacterial warfare and certain kinds of chemical warfare, with treaties preventing their first use. It is important to realize, nevertheless, that such treaties are not self-enforcing. In all cases, the parties to the treaty are free to arm themselves with a minimum of such weapons, so as to preserve a second-strike capability should a violation occur. It is this second-strike capability that serves as a deterrent, not the treaty itself. And it is the first use of those weapons that is prohibited, not the existence of the weapons themselves—this latter prohibition being regarded as unrealistic because it is unenforceable.

In short, an arms-control negotiation makes sense when it focuses on the first use of a particular weapon or category of weapons. Efforts to define relative numerical limits may be useful in that context, but they are of secondary, not primary, importance. It is the failure to perceive this distinction and to take it seriously that is creating such extraordinary confusion around our current negotiations with the Soviets over the partial "de-nuclearization" of both the North Atlantic Treaty Organization and Soviet forces in Europe.

Most proponents of that mythical arms-control process are naturally pleased with the progress of such negotiations, since they are convinced that the removal of intermediate-range missiles from the European front, followed perhaps by a further reduction (or even removal) of shorter-range missiles, would lessen the probability not only of nuclear war, but of war itself. They may well be right on the first point, but are certainly utopian about the second. Indeed, it is this very prospect of a shift in probabilities from nuclear to conventional warfare that is giving rise to so much alarm and controversy.

> *We have had a century of experience with arms-control negotiations and they have done absolutely nothing to avoid or even mitigate conflicts among nations.*

One need have little sympathy with the anxiety of our Western European allies over the fact that Mr. Gorbachev has suddenly become "reasonable" about arms-control negotiations at the nuclear level. These countries are the ones that have placed the greatest emphasis on the arms-control process, and have even intermittently insinuated that the Reagan administration was not as enthusiastic about this process as it should have been. They are the ones, too, that made the original commitment to withdraw NATO's medium-range missiles if the Soviets would do likewise. Now they are very uncomfortable as they face, more nakedly, the massive Soviet superiority at the conventional level. But, in politics as in personal affairs, there are times when one has to take "yes" for an answer.

The same is true, one has to note sadly, for those American conservative strategists who, properly suspicious of the arms-control process, are equally suspicious of any agreement that emerges out of this process. They, too, note that any step toward denuclearizing NATO serves only to emphasize conventional-level Soviet superiority. Unfortunately, after publicly insisting for a decade that we had to install those medium-range missiles in order to get the Soviets to remove theirs, they cannot suddenly insist that, in retrospect, the installation of those missiles was a good idea in its own right, and that we should not remove our missiles until the Soviets reduce their conventional forces—which the Soviets clearly have no intention of doing. Here, again, it is a case of having to take "yes" for an answer.

But is it such a bad thing, in this instance, to have to take "yes" for an answer? In the end, it all depends on one's view of the role of nuclear weapons in modern warfare, and particularly their role in the defense of Western Europe.

Would we make such a commitment today? One very much doubts it. The situation has changed, after all. The Soviets are now our equal (at the least) in nuclear weaponry, so we would be committing ourselves to mutual assured destruction—in other words, to national suicide. As Charles de Gaulle tartly observed when France refused to join NATO, nations never do commit suicide for the sake of other nations. The American nuclear "umbrella" is now more fictional than real. It is really unthinkable that we should precipitate a nuclear exchange with the Soviets—or an exchange at any level, since escalation is so inherently likely—because of anything they do outside the Western Hemisphere.

It is not even clear the European members of NATO would allow us to use such weapons in response to a Soviet conventional thrust. Theory is one thing, reality is another, and while the nations of Western Europe wish to resist a Soviet occupation, they also shy away from becoming a radioactive battlefield. And who can blame them, especially when they harbor the suspicion that, after a nuclear exchange in Europe, the U.S. and the Soviets would prudently decide to spare each other? That suspicion is so reasonable as to be ineradicable.

Which leaves us with the oft-heard argument that, fictional as the American nuclear umbrella may be and implausible as a Western European nuclear response to a conventional attack might be, there is still enough uncertainty in this situation so that NATO's nuclear weapons do constitute a "deterrent." True enough—but one can assume that, some time or other in the future, the Soviets will explore this zone of uncertainty. They might, for instance, find occasion to occupy a "troubled" frontier area of Turkey or Norway, both members of NATO. And how would NATO respond?

CONTINUED NEXT PAGE

Visits between Eastern European and Chinese leaders this year are also seen as a step along the road to improved relations between the Kremlin and Beijing.

But two sticking points remain — Afghanistan and Cambodia. The Soviets are determined to get out of Afghanistan, but Mr. Gorbachev has not acceded to Chinese leader Deng Xiaoping's demand to put pressure on the Vietnamese to pull out of Cambodia.

"The reason is simple," a Soviet official explained this week. "He can't. The Vietnamese won't be pushed around like that."

Mr. Gorbachev has a standing invitation to visit Japan, and officials say he will eventually accept. But there are spy wars going on between the two countries, and Japan has annoyed Moscow with new increases in military spending at Washington's wish. In addition, the Soviets are not about to cave in on the Japanese demand that they hand back the Kuril Islands.

Western Europe

Polls indicate the Soviets have made sizeable inroads into European public opinion. On the personal level, Mr. Gorbachev has had reasonably sucessful meetings with British, French and Spanish leaders, all of whom have applauded his reform program and his capabilities.

If relations have deteriorated with any country on the continent it is with West Germany, where Chancellor Helmut Kohl ran afoul of the Kremlin boss by allegedly comparing him to Nazi propagandist Joseph Goebbels.

Last year the Soviets signed the Stockholm agreement governing, among other things, the monitoring of troop movements on European soil. An accord now seems likely on removing medium- and short-range missile systems from Europe, and that will be a major boost for the Soviets on the Continent — even though they started the missile buildup there by deploying SS-20s in Eastern Europe.

Eastern Europe

Mr. Gorbachev appears to adhere to the Brezhnev doctrine that once in the Soviet orbit, always in the Soviet orbit. But he has given more rope to the East European countries. During a trip to Prague he urged the type of reforms that the Czechoslovaks themselves tried in 1968, only to be quelled by Soviet tanks.

These calls for reform do not go over well with some of the aging Soviet-bloc leaders. But there are indications, as in Western Europe, that Mr. Gorbachev's popularity lies with the people. Even the Poles put him high on the list of most respected leaders in an opinion poll, a Soviet official claimed in an interview this week. "That's incredible," he said.

Although, as a Canadian diplomat pointed out, "the Poles will always hate the Russians," the looser Gorbachev rein has resulted in a calmer atmosphere in Poland.

Developing world

The Soviets are paying less attention to their old clients, such as Libya, Angola and Syria (countries that never enjoyed good relations with neighbors), and are concentrating their public-relations artillery on new targets. Not a week goes by without the wooing of a Third World leader or statesman in Moscow — flattering press coverage, long sessions with Mr. Gorbachev himself, accords on cultural exchanges, economic concessions and the like.

In cultivating new relationships, Mr. Gorbachev has nicely employed his disarmament rhetoric and refrained from pushing old-style Soviet dogma on anyone. The campaign is not for new clients but for new friends.

Diplomats recently noted, for example, the royal reception given Mexican Foreign Minister Bernardo Sepulveda Amor compared to the more distant treatment accorded his Libyan counterpart, Gaballah Azouz Talhi. Mr. Gorbachev reflected the new style of Soviet diplomacy in assuring Mr. Sepulveda that he is not interested in encouraging socialist revolutions in Latin America and does not wish to meddle in U.S.-Latin relations.

Kremlin officials stressed in interviews this week that the planned visit to Latin America "is not a challenge to the United States ... We're not looking for influence. We just want to make contact."

The new Third World ties, Western diplomats say, give the Soviets leverage in regional conflicts as well as more trade and better opportunities for integrating their economy into the world.

Afghanistan

If there is any one thing that becomes clear to a Western reporter in Moscow, it is the Kremlin's wish to be done with its seven-year fiasco in Afghanistan. A partial troop pullback, a unilateral ceasefire, a national reconciliation program and more United Nations-sponsored negotiations have been attempts that, while signalling a greater Soviet willingness to get out, have failed.

The latest move, the call to the old king and rebel leaders to join in a coalition government, also appears to be making little ground.

A Kremlin official said the authorities might go so far as to let Zahir Shah become the new president of Afghanistan, with Mohammed Najib as prime minister. In any event, "we won't be there for long."

The Soviets realize that withdrawal from Afghanistan would be a marvellous stroke in their greying-of-the-world campaign.

TECHNOLOGY REVIEW(MIT) JULY 1987 Pg. 79

New Tokamak

A new high-magnetic-field tokamak device to be known as Alcator C-MOD will be built at M.I.T. by 1990 under a $17.4 million fusion research program funded by the U.S. Department of Energy.

A device known as the Alcator C tokamak was C-MOD's predecessor in the M.I.T. Plasma Fusion Center. This instrument was the first to provide the temperature and density required for a controlled fusion reaction to achieve "break even," producing as much energy as it consumed. C-MOD's goal will be to achieve the first "ignited"—or self-sustaining—plasma. When completed, C-MOD "will be the centerpiece for fusion research and student training for the next decade," says the Plasma Fusion Center.

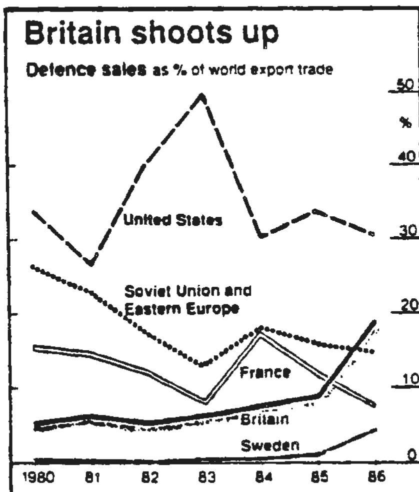
The Economist 4-10 JULY 1987 Pg. 57

Arms sales

Number two

Britain has now surpassed the Soviet Union to become the world's second biggest arms salesman. In 1986 Britain sold military equipment and services worth some $5.8 billion, a whisker above the best estimates for Russia and streets ahead of France, Britain's usual rival for third place (see chart).

Much of the big rise last year was due to the £3 billion-plus sale of Tornado interceptors and bombers and PC-9 and Hawk trainer aircraft to Saudi Arabia. Some arms-watchers argue that this sale was an aberration, and that Britain will sink to third place again this year. But the world's arms market has changed markedly since the days of the mid-1970s, when the Shah of Iran went to bed with defence magazines every night to prepare the next day's shopping list. Much good that did him.



Despite lots of small wars and the biggish one between Iran and Iraq, the value of worldwide arms sales has declined in real terms since the late 1970s. It is down by nearly 25% in the past two years alone, for several reasons:

- The lower oil price has left Middle-East countries poorer.
- Many smaller countries have begun making some of their own equipment.
- The United States, under pressure from its Congress, has turned down many sales that it would once have made.

In this declining market, Britain has profited from a wide range of good products and services, hard selling and luck. Much of the money comes from mundane things such as radios, Land Rovers, uniforms and ammunition. British training, one of the main "invisibles" of the arms trade, is much prized, particularly in former colonies. And Britain does better than any other country in selling to the Americans. Although it invests only a fraction as much in military research and development as America does, Britain's current ratio of imports to exports in arms trade with the United States is only around 1.5 to 1.

British salesmen, pushed hard by Mr Colin Chandler, the dynamic young head of the Ministry of Defence's sales organisation, are getting better at their jobs. Mrs Thatcher herself continually boosts British products overseas. And the government's consistent policies on arms transfers make it a more reliable supplier than the United States, which must submit proposed sales of any size to Congress, where they are often held up or forbidden. The Tornado sale would have been much smaller if the American Congress had not sucked its teeth over the proposed sale of a second batch of F-15 fighters to the Saudis.

Britain may be able to stay in second place for a while yet, now that it is again selling some big systems (which require follow-on sales of spares, ammunition, training and so on). It expects to sell three Type-23 frigates to Pakistan later this year for around £400m; possibly some Sea Harrier fighter-bombers to India and Italy. GKN has high hopes for its new Warrior armoured fighting vehicle. British Aerospaces's Rapier short-range anti-aircraft missile is becoming a world standard.

TRUTH ... CONTINUED

With sound and fury, no doubt, but signifying nothing. Can one envisage NATO forces attacking East Germany in response to a Soviet provocation in Turkey? Would any West German government allow it? No.

Actually, the Soviets are not likely to clash with Turkey, and there is a lesson to be learned here. The Turks have the largest army in NATO and they will offer fierce, determined and implacable resistance to any Soviet aggression. The Soviet regime is really in no position to contemplate such a costly and bloody adventure, no matter how preponderant its power. A strong military establishment (conventional) and an unambiguous will to fight in defense of one's nation are still the most authentic—because they are the most credible—deterrent.

Germany's Military Strength

So why can't West Germany be like Turkey? Because its national will has been corrupted by a reliance on NATO's nuclear "deterrent." The idea that Germany, with its powerful military traditions, should be as defenseless as NATO's commanders now assure us it is—four days to a Soviet victory, they say!—is preposterous. Something is wrong, and what is wrong is NATO's reliance on nuclear weapons, which permits the West German government (and others, as well) to avoid the military expenditures and strategy that would make a conventional defense plausible. Plausible enough, at any rate, to make a Soviet thrust into Europe an unattractive option.

The current crisis in NATO does not result from Mr. Gorbachev's cunning but rather from a reluctance to confront the issue of the role of nuclear weapons in the defense of Europe. Obviously, NATO—even a purely European NATO—would need a sufficiency of such weapons (just as it now needs a sufficiency of chemical weapons) to deter a Soviet first use of them, regardless of any arms-control treaties that might be signed. But reserving those weapons for this purpose would mean that Western Europe would finally have to face its moment of truth: the recognition that to deter the Soviets it would have to develop its conventional forces, and convincingly assert the will to use them. An American presence in Europe, supposedly representing a nuclear "trigger," is no longer a substitute for that strength. That will.

Mr. Kristol is the John M. Olin professor of social thought at the NYU Graduate School of Business and a senior fellow of the American Enterprise Institute.

SECURITY/ESPIONAGE

DEFENSE WEEK 8 JUNE 1987 Pg. 1

Army Passed Chance To Buy Soviet Battle Tank

BY TONY CAPACCIO

The U.S. Army last year quietly commissioned two British nationals to inspect a top Soviet Union main battle tank in Syria, but later passed up an opportunity to buy the vehicle, according to the middleman in the proposed deal.

The covert commercial episode was initiated in late 1985 by the Army attache in the U.S. Embassy in London, but "simply died" last July when service intelligence officials inexplicably lost interest, according to Richard Brenneke, a Lake Oswego, Ore., arms dealer who orchestrated the deal. The focus of the proposed deal was a 'B' model T-64, one of the three top Soviet main battle tanks. The other tanks are the T-80 and T-72.

A spokesman for the Army Intelligence and Security Command declined to confirm or deny the proposed deal.

The episode provides a rare glimpse of the cat-and-mouse game played by the superpowers to gather hard intelligence about each other's military systems. The T-64B is one of two Soviet tanks equipped to fire tank-killing Kobra missiles through its cannon barrel. It is a mainstay vehicle of Soviet ground forces based in East Germany and was first spotted by Western intelligence in 1984.

In an interview with *Defense Week*, Brenneke said that Pentagon budget constraints might have nixed the deal. He said he offered the tank to U.S. officials for $5 million, a figure which included his 7 percent commission on the deal, or $350,000.

The Army paid about $5,000 to the two British arms experts for the hands-on inspection in Syria. The inspection took place in March 1986, he said. Service officials also provided a letter on Army stationary, which the team carried into Syria, confirming their interest in the tank purchase, Brenneke said. A copy of the letter was made available to *Defense Week*.

The Army wanted to hire a foreign national team rather than send its own inspectors into Syria for security reasons, said Brenneke.

After the team's inspection report was delivered to Army intelligence officials, the proposed deal fell through, said Brenneke. The last formal discussion was during a May 28, 1986 meeting inside the Pentagon with representatives from the joint special operations agency, he said. A Pentagon spokesman confirmed that a "normal contractors meeting" took place but could not provide details.

Months before the British team went to Syria, Col. George M. Houser, the Army attache in London, prepared a list of eight questions he wanted answered before the U.S. would buy the tank.

Houser wanted a count of rounds the tank carried and their model numbers, photos of the tank's exterior and interior, a copy of the index to its operations and maintenance manual, and an indication of whether the tank carried smoke grenades. Houser also wanted to know whether a U.S. tank expert could examine the tank "prior to purchase," according to an "acquisition opportunity" memo he prepared for Brenneke. Brenneke provided a copy of the memo to *Defense Week*.

Reached by telephone in his London office, Houser said that he "didn't remember" the memo. "It could be, but I don't remember it," said the Army attache. He denied knowing Brenneke. Brenneke said, however, that Houser had contacted him to say "Let's make a deal."

"They were extremely serious about making a deal," Brenneke said.

Brenneke claimed to have hand-delivered a copy of the March 28, 1986 inspection report to Lt. Col. Larry Caylor, chief of the intelligence command's foreign military acquisition branch. Through a spokesman, Caylor declined to comment.

The information contained in the inspection report indicated that the tank was a "B" model Soviet T-64, according to armor expert Phillip Karber, vice president and general manager for national security programs at the BDM corporation. Karber reviewed the inspection report at the request of *Defense Week*.

The T-64B is one of the three tanks in the Soviet inventory equipped with the large, tank killing 125mm cannon. The tank inspected in Syria was also modified to carry a laser range finder, according to the report.

The inspection report revealed some "significant" details about the tank's capability that previously were not available in unclassified information, said Karber.

For example, Karber rated as "A-plus level significance" details contained in the report on the tank's armor protection. The protection was a five-layer mixture of steel and ceramics. Ceramics armor gives a tank enhanced protection from kinetic energy rounds. But, the report gave no indication whether this armor layer was located in the tank's front, turret or on its sides, said Karber.

Another significant bit of information was the 125mm cannon's muzzle velocity, Karber said. According to the inspection report, the tank could fire its kinetic energy rounds at 1,827 meters per second (mps). The latest version of *Soviet Military Power* said that the T-64 had a velocity of 1,750 mps. In contrast, the muzzle velocity of the U.S. 120mm cannon is 1,670 mps.

Edward L. Rowny

Current
Policy
No. 955

Effective Arms Control Demands a Broad Approach

United States Department of State
Bureau of Public Affairs
Washington, D.C.

Following is an address by Edward L. Rowny, Special Adviser to the President and the Secretary of State on Arms Control Matters, before the U.S. Air Force Academy, Colorado Springs, Colorado, April 27, 1987.

I would like to discuss with you some implications of Secretary Shultz's meetings in Moscow earlier this month with Soviet General Secretary Gorbachev and Foreign Minister Shevardnadze.

The Secretary traveled to the Soviet capital with a broad agenda in hand. President Reagan had asked him to press for improvement of relations between the United States and the Soviet Union with regard to four critical areas: bilateral affairs, regional conflicts, human rights, and arms control. On arms control, the United States wanted to discuss a wide range of topics, including nuclear testing, strategic and intermediate-range nuclear weapons, and conventional and chemical weapons. In the end, the most progress was made in the area of intermediate-range nuclear forces (INF). Even here, two formidable issues remain to be resolved before an agreement becomes possible—effective verification and global limits with equal deployment rights for shorter range INF (SRINF) missiles.

Before I discuss the newest developments in arms control, let me elaborate on why we attach so much importance to the first three "pillars" of the U.S.-Soviet relationship. A single sentence that comes closest to summarizing these thoughts is one that President Reagan often has articulated: nations do not distrust one another because they have weapons; they have weapons because they distrust one another. An arms control agreement will not ensure that we will have better relations. On the other hand, better relations will make the chances of achieving and keeping an arms control agreement much better.

"Four Pillars" of U.S.-Soviet Relations

This year marks the 70th anniversary of Lenin's rise to power and the establishment of the first modern totalitarian regime. Seven decades of devastating experience have taught the free world that there is no realistic way to seek to deal with any important aspect of international relations with the Soviet state without taking into account the entire spectrum of the attitudes and behavior of its Leninist leadership.

Thus, in seeking better U.S.-Soviet bilateral relations that would approximate the norms generally observed between civilized states, we must never lose sight of the goals and methods of their leadership. The Soviets' no-holds-barred espionage efforts against our embassy is a hard but much-needed lesson that not much change has taken place in the Soviet Union. And, as was evident in Secretary Shultz's recent trip to Moscow, Soviet diplomatic style still displays a Leninist edge.

As examples, the Soviet Foreign Minister's spokesman suggested that Secretary Shultz had perhaps not been authorized to conduct serious business in Moscow. The Soviets also censored a small portion of the Secretary's remarks as he was being interviewed on a live Soviet television broadcast. As the Secretary spoke of the Soviet military occupation of Afghanistan, the Soviet interpreters abruptly stopped translating his words into Russian.

While the Secretary enjoyed an unparalleled opportunity to address directly the Soviet people, the partial censorship of his remarks about Afghanistan, of course, also dramatizes the Soviet leadership's attitude on fundamental rights and freedoms. The media in the Soviet Union are not independent as they are in the United States; they are organs of the state. Dissemination of private publications can be treated as a crime which carries a heavy prison sentence. Obviously, the Soviet regime cannot enhance its credibility with us when it suppresses the truth and propagates lies to its people.

To put matters in perspective, I should acknowledge that Soviet viewers were allowed to hear some uncensored remarks by Secretary Shultz that departed quite dramatically from the usual fare in the Soviet media. The fact that the Secretary was allowed to talk directly to the Soviet people for 30 minutes on their television is an example of General Secretary Gorbachev's recently launched campaign of *glasnost,* or openness. Since last fall, some of the gestures of *glasnost* have included the

release of more than 100 prisoners of conscience from incarceration or exile, including such courageous defenders of human rights as Andrey Sakharov, Irina Ratushinskaya, and Sergey Khodorovich. Repression of free expression in the arts and in literature is also being somewhat loosened.

We can only hope that Mikhail Gorbachev's *glasnost* signals the beginning of a much greater easing of repression in the Soviet Union. But they have a long, long way to go. At this early stage we cannot with any prudence urge anyone to expect far-reaching reforms. The actions we have seen so far, welcome as they are, do not challenge the basic structure of the Soviet system. The laws, regulations, and secret police practices that send prisoners of conscience to the Gulag have not been changed. Furthermore, the religious or political prisoners released were pressured to sign statements admitting that their activities had been "illegal." Stern antireligious laws remain in force, abuse of psychiatry continues, and bans on private organizations and independently published news and literature are still in effect. The one-party system and the central power of the KGB remain intact.

True Openness: A Key to Confidence in Agreements

I believe the most constructive stance that westerners can take toward Gorbachev's *glasnost* would be to acknowledge it but not to praise too profusely what is, thus far, a very modest accomplishment. It would be premature and quite detrimental to Western security for us to make economic or military concessions to the Soviet state on the supposition that this would encourage more "openness." I know from long experience that the Soviets simply do not act that way. I agree with Irina Ratushinskaya who says "democratization" in the U.S.S.R. should be judged credible only when:

- All political prisoners are freed and the laws through which they had been punished repealed;
- Freedom of the press and speech is guaranteed; and
- Soviet borders are opened to travel by Soviet citizens.

The need for the West to encourage true reform of the Soviet system has more than merely moralistic implications. Andrey Sakharov remarked with great insight:

> As long as a country has no civil liberty, no freedom of information, no independent press [he wrote], then there exists no effective body of public opinion to control the conduct of the government and its functionaries. Such a situation is not just a misfortune for citizens unprotected against tyranny and lawlessness; it is a menace to international security.

As a longtime student of the Soviet Union and a specialist in arms control, I can attest that if truly profound openings in the Soviet system were to come about, our confidence in Soviet compliance with arms control agreements would become greater. The Soviets can verify our compliance with agreements very simply because of the openness of our government, our economy, and virtually every other element of our society. The Soviet system offers no such inherent means for penetrating or preventing strategic deception by its totalitarian regime.

Soviet Expansionism's Conventional Wars

The third topic that must be taken into account in our relationship with the Soviet Union is its role in the world's so-called regional conflicts, where the people in a number of formerly non-aligned countries are struggling to regain their freedom from communist dictators. These beleaguered nations include Afghanistan, Cambodia, Angola, and Nicaragua. In Angola and Nicaragua, the Soviets and their Cuban proxies have been pouring heavy amounts of military assistance into the communist regimes' efforts to crush popular resistance and consolidate their power. In Cambodia, the Soviet Union is heavily subsidizing Vietnam's military occupation. But the most chilling example is Afghanistan, where the Soviet Army itself is waging a furious war against civilians and armed freedom fighters.

For more than 7 years, the Red Army has occupied Afghanistan. Over 115,000 Soviet troops are in the country. Out of the prewar Afghan population of some 15 million, an estimated 4 million have fled to neighboring lands. Thousands of Afghan civilians have perished from aerial bombings and summary executions by Soviet forces and agents of the Soviets' puppet government in Kabul.

The Soviet war against Afghanistan presents a daunting example of the power of Soviet conventional and chemical forces and the unscrupulous manner in which the Red Army is willing to use them. According to reports by international human rights observers and a special rapporteur appointed by the United Nations, Soviet forces in Afghanistan have violated the 1949 Geneva conventions and international law which proscribe murder, mutilation, and the massive use of antipersonnel weapons. The Soviets have also violated the 1925 Geneva protocol by the use of chemical weapons in Afghanistan. Moreover, according to the the annual report of the Assistant Secretary of State for Human Rights and Humanitarian Affairs, the Soviets have practiced torture in violation of the International Covenant on Civil and Political Rights.

Outlook for Reducing Nuclear Arms

For 6 years now, President Reagan has responded to Soviet arms control propaganda with patience and strength. His steadfast approach now has brought us close to concluding an agreement for deep reductions in intermediate-range nuclear forces. Last Thursday, April 23, negotiators resumed work in Geneva that could, if the Soviets are serious, result in a verifiable treaty on INF. We have indicated we could sign a treaty, as an interim step, which embodies the Reykjavik formula of reducing U.S. and Soviet longer range INF (LRINF) missile warheads to a global limit of 100 warheads, with none in Europe. Those remaining would be deployed in the United States and Soviet Asia.

Our final goal, however, remains the complete global elimination of all LRINF systems. Since weapons of this class are easily moved, their complete elimination will aid in ensuring effective verification.

Together with our allies in Europe and Asia we are studying the new Soviet offer presented in Moscow on shorter range INF missiles. It may be that we decide it would be best to retain small, equal numbers of residual SRINF weapons. Or we may decide they should be eliminated altogether, both in Europe and in Asia. As with LRINF, the U.S. principles for dealing with SRINF include globality and equality. These principles are cornerstones of our negotiating position, and the United States will not deviate from them.

While we welcome any reductions of intermediate-range missiles, Western security requires that we make progress in reducing other weapons as well, both at the strategic and conventional/chemical warfare ends of the spectrum. Since his Eureka speech in 1982, President Reagan has been repeating his call for deep, equitable, and verifiable reductions of strategic offensive arms. Finally, in 1985, at the Geneva summit, General Secretary Gorbachev agreed to seek reductions of these weapons by 50%. Last year at Reykjavik a formula was found for doing this which formed a basis acceptable to both sides. It, too, reflects the merits of the President's

steadfast approach. What is necessary now is to push on toward agreement on other elements of an accord—particularly sublimits on particularly dangerous missiles and verification measures—that would make the agreement truly stabilizing and verifiable.

Earlier this month, in Prague, Gorbachev said the reduction of strategic arms was of paramount importance and called it "the root problem" of arms control. Yet, when he met a few days later with Secretary Shultz, he refused to drop his insistence that any reduction in offensive arms be linked to unreasonable restrictions on testing and development of strategic defenses. These constraints are not acceptable because they would cripple the U.S. Strategic Defense Initiative (SDI), our hope for a more stable deterrent which uses defensive systems. We need to challenge the Soviet leaders to get at the "root problem," the high levels of devastating weapons targeted against one another.

We also need to get the Soviets to deal rapidly and positively with conventional imbalances and a verifiable ban on chemical weapons. As we move to reduce nuclear weapons, we do not want to make the world "safe" for aggression or intimidation based on Soviet conventional superiority.

While we welcome reductions of LRINF and SRINF missiles, we should not be deluded into thinking that this precludes the need to reduce the central strategic and the conventional/chemical weapons threats as well. There is no objective reason why progress in these areas should not keep pace with progress in the INF area. We must press the Soviets to make progress across the board.

Verification will be our other major concern. It remains the Achilles' heel of any arms control agreement. This is not for lack of talent and resources in verification on the U.S. side—I have the highest respect for the professionalism and effectiveness of our officials responsible for monitoring Soviet activities. The concern stems from a realistic look at 70 years of the closed nature of the Soviet Union. This concern also stems from examples of internal repression, external aggression, and disregard for international law which I detailed earlier.

The President recognizes that the Soviets are masterful at 11th-hour negotiations. If we allow them, they will put off agreeing to the details of verification until the last minute. We must not permit a natural desire to reach an agreement to tempt us to take unwarranted risks with our national security. For this reason we will continue to insist that verification measures be negotiated concurrently with other aspects of the agreement.

Putting Competitive Advantage to Work for Western Security

Barring a profound and unexpected transformation of the Soviet system, Western confidence in new arms control agreements will have to be based not on trusting the Soviets but on trusting our own strength. The freedom of the Western democracies gives us tremendous competitive advantages over the stultified societies and stagnant economies of the Soviet empire. If we muster the full strength of our technological prowess, our political will, and—not least—our moral fiber, we can begin to make our defenses even stronger with less reliance on nuclear weapons. I would like to focus on three applications for these strengths.

- One is to complete our program of modernizing our arsenal. We need to complete the deployment of the full 100 Peacekeeper missiles, complete our submarine Trident D–5 program, and develop and deploy heavy bombers and cruise missiles emphasizing stealth technology.
- A second challenge is to proceed with President Reagan's Strategic Defense Initiative, toward a defense-dominant deterrence with less reliance on the threat of offensive ballistic missiles. The SDI program is founded on the moral and practical sense that while deterrence based on the threat of retaliation is necessary today, we can and should seek to move to a safer world in the future. Because they are fast-flying, nonrecallable systems, ballistic missiles are more destabilizing than other strategic systems. SDI offers great promise toward supplanting these systems as the central factor in the strategic balance between the United States and the U.S.S.R. By pursuing SDI, we can enhance U.S. and allied security by relying increasingly on defensive rather than offensive deterrence.
- Third, and analogous to SDI, I urge that the West apply its technological advantage to more vigorous pursuit of improved conventional defenses. The Warsaw Pact now holds a numerical advantage in a number of categories of conventional weapons and qualitative superiority in a few such categories. There is no reason this imbalance should be permanent.

Just as the Soviets want to prevent the full application of Western technological prowess to strategic defenses, they also have good reasons to respect the ability of Western scientists to exploit technology for conventional defenses. The leading military thinkers of the Soviet Union, including Marshal Ogarkov, former chief of the Soviet General Staff, have clearly seen that emerging technologies will change the way war may be fought in the future. They are uneasy in realizing that the free exchange of ideas and the mobility of capital and skilled labor found only in the industrialized free world make it extremely difficult for the Soviets to compete with us in the development of technology.

I support completely one of Secretary Weinberger's major themes, what he calls "competitive strategies." This theme involves the will to make the coming era of rapid technological change work to our advantage.

Thinking and acting confidently upon our competitive advantages is not merely a slogan. By no means is it simply an abstraction. After all, I see in front of me tonight several hundred of the proudest young competitors in uniform. The time now is very short before you will begin your service as officers in the U.S. Air Force. If you put your talent and courage to work to the fullest, I know that the cause of peace and true arms control can be advanced with no weakening of our nation's defenses.

Finally, we should do some clear thinking about arms control. We should welcome any progress the Soviets are willing to make in the reduction of longer range and shorter range INF weapons. We should not assume that this is inevitable. Much hard negotiating remains ahead of us, especially in insisting that the Soviets agree in writing to their oral statements regarding verification. But we should not be satified with progress in this field alone. We must insist that progress is made in the reduction of strategic weapons, the correction of imbalances in conventional weapons, and a ban on chemical weapons. Only then can we say we are doing everything we can to create a more stable deterrence and a safer world. ■

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Soviet Noncompliance With Arms Control Agreements

Following is the President's unclassified report on Soviet noncompliance with arms control agreements along with his letter of transmittal to the Speaker of the House of Representatives and to the President of the Senate on March 10, 1987.[1]

Transmittal Letter

Dear Mr. Speaker (Dear Mr. President):

In response to congressional requests as set forth in Public Law 99-145, I am forwarding herewith classified and unclassified versions of the Administration's report to the Congress on Soviet Noncompliance with Arms Control Agreements.

Detailed classified briefings will be available to the Congress in the near future.

I believe the additional information provided, and issues addressed, especially in the more detailed classified report, will significantly increase understanding of Soviet violations and probable violations. Such understanding, and strong congressional consensus on the importance of compliance to achieving effective arms control, will do much to strengthen our efforts both in seeking corrective actions and in negotiations with the Soviet Union.

Sincerely,

RONALD REAGAN

Unclassified Report

At the request of the Congress, I have, in the past three years, provided four reports to the Congress on Soviet noncompliance with arms control agreements. These reports include the Administration's reports of January 1984, and February and December 1985, as well as the report on Soviet noncompliance prepared for me by the independent General Advisory Committee on Arms Control and Disarmament. Each of these reports has enumerated and documented, in detail, issues of Soviet noncompliance, their adverse effects to our national security, and our attempts to resolve the issues. When taken as a whole, this series of reports also provides a clear picture of the continuing pattern of Soviet violations and a basis for our continuing concerns.

In the December 23, 1985, report, I stated:

> The Administration's most recent studies support its conclusion that there is a pattern of Soviet noncompliance. As documented in this and previous reports, the Soviet Union has violated its legal obligation under or political commitment to the SALT I [strategic arms limitation talks] ABM [Anti-Ballistic Missile] Treaty and Interim Agreement, the SALT II Agreement, the Limited Test Ban Treaty of 1963, the Biological and Toxin Weapons Convention, the Geneva Protocol on Chemical Weapons, and the Helsinki Final Act. In addition, the U.S.S.R. has likely violated provisions of the Threshold Test Ban Treaty (TTBT).

I further stated:

> At the same time as the Administration has reported its concerns and findings to the Congress, the United States has had extensive exchanges with the Soviet Union on Soviet noncompliance in the Standing Consultative Commission (SCC), where SALT-related issues (including ABM issues) are discussed, and through other appropriate diplomatic channels.

I have also expressed my personal concerns directly to General Secretary Gorbachev during my meetings with him, both in 1985 in Geneva and then again this past October in Reykjavik.

Another year has passed and, despite these intensive efforts, the Soviet Union has failed to correct its noncompliant activities; neither have they provided explanations sufficient to alleviate our concerns on other compliance issues.

Compliance is a cornerstone of international law; states are to observe and comply with obligations they have freely undertaken.

In fact, in December 1985, the General Assembly of the United Nations recognized the importance of treaty compliance for future arms control, when, by a vote of 131-0 (with 16 abstentions), it passed a resolution that:

- Urges all parties to arms limitation and disarmament agreements to comply with their provisions;
- Calls upon those parties to consider the implications of noncompliance for international security and stability and for the prospects for further progress in the field of disarmament; and
- Appeals to all UN members to support efforts to resolve noncompliance questions "with a view toward encouraging strict observance of the provisions subscribed to and maintaining or restoring the integrity of arms limitation or disarmament agreements."

Congress has repeatedly stated its concern about Soviet noncompliance. The U.S. Senate, on February 17, 1987, passed a resolution (S. Res. 94), by a vote of 93 to 2, which:

> . . . declares that an important obstacle to the achievement of acceptable arms control agreements with the Soviet Union has been its violations of existing agreements, and calls upon it to take steps to rectify its violation of such agreements and, in particular, to dismantle the newly-constructed radar sited at Krasnoyarsk, Union of Soviet Socialist Republics, since it is a clear violation of the terms of the Anti-Ballistic Missile Treaty. . . .

Compliance with past arms control commitments is an essential prerequisite for future arms control agreements. As I have stated before:

> In order for arms control to have meaning and credibly contribute to national security and to global or regional stability, it is essential that all parties to agreements fully comply with them. Strict compliance with all provisions of arms control agreements is fundamental, and this Administration will not accept anything less.

I have also said that:

> Soviet noncompliance is a serious matter. It calls into question important security benefits from arms control, and could create new security risks. It undermines the confidence essential to an effective arms control process in the future. . . . The United States Government has vigorously pressed, and will continue to press, these compliance issues with the Soviet Union through diplomatic channels.

The ABM Treaty

Today I must report that we have deep, continuing concerns about Soviet noncompliance with the ABM Treaty. For several reasons, we are concerned with the Krasnoyarsk radar, which appeared to be completed externally in 1986. The radar demonstrates that the Soviets were designing and programming a prospective violation of the ABM Treaty even while they were negotiating a new agreement on strategic offensive weapons with the United States.

The only permitted functions for a large, phased-array radar (LPAR) with a location and orientation such as that of the Krasnoyarsk radar would be space-tracking and national technical means (NTM) of verification. Based on conclusive evidence, however, we judge that this radar is primarily designed for ballistic missile detection and tracking, not for space-tracking and NTM as the Soviets claim. Moreover, the coverage of the Krasnoyarsk radar closes the remaining gap in the Soviet ballistic missile detection and tracking screen; its location allows it to acquire attack

characterization data that could aid in planning the battle for Soviet defensive forces and deciding timely offensive responses—a standard role for such radars.

All LPARs, such as the Krasnoyarsk radar, have the inherent capability to track large numbers of objects accurately. Thus, they not only could perform as ballistic missile detection and tracking radars, but also have the inherent capability, depending on location and orientation, of contributing to ABM battle management.

LPARs have always been considered to be the long lead-time elements of a possible territorial defense. Taken together, the Krasnoyarsk radar and other Soviet ABM-related activities give us concerns that the Soviet Union may be preparing an ABM defense of its national territory. Some of the activities, such as construction of the new LPARs on the periphery of the Soviet Union and the upgrade of the Moscow ABM system, appear to be consistent with the ABM Treaty. The construction of the radar near Krasnoyarsk, however, is a clear violation of the ABM Treaty, while other Soviet ABM-related activities involve potential or probable Soviet violations or other ambiguous activity. These other issues, discussed fully in the body of the report, are:

- The testing and development of components required for an ABM system that could be deployed to a site in months rather than years;
- The concurrent operation of air defense components and ABM components;
- The development of modern air defense systems that may have some ABM capabilities; and
- The demonstration of an ability to reload ABM launchers in a period of time shorter than previously noted.

Soviet activities during the past year have contributed to our concerns. The Soviets have begun construction of three additional LPARs similar to the Krasnoyarsk radar. These new radars are located and oriented consistent with the ABM Treaty's provision on ballistic missile early warning radars, but they would increase the number of Soviet LPARs by 50 percent. The redundancy in coverage provided by these new radars suggests that their primary mission is ballistic missile acquisition and tracking.

This year's reexamination of Soviet ABM-related activities demonstrates that the Soviets have not corrected their outstanding violation, the Krasnoyarsk radar. It is the totality of these Soviet ABM-related activities in 1986 and earlier years that gives rise to our continuing concerns that the USSR may be preparing an ABM defense of its national territory. The ABM Treaty prohibits the deployment of an ABM system for the defense of the national territory of the parties and prohibits the parties from providing a base for such a defense. As I said in last December's report:

> [This] would have profound implications for. . .the vital East-West. . .balance. A unilateral Soviet territorial ABM capability acquired in violation of the ABM Treaty could erode our deterrent and leave doubts about its credibility.

Chemical, Biological, and Toxin Weapons

The integrity of the arms control process is also hurt by Soviet violations of the 1925 Geneva Protocol on Chemical Weapons and the 1972 Biological and Toxin Weapons Convention. Information obtained during the last year reinforces our concern about Soviet noncompliance with these important agreements. Progress toward an agreement banning chemical weapons is affected by Soviet noncompliance with the Biological and Toxin Weapons Convention. Because of the record of Soviet noncompliance with past agreements, we believe verification provisions are a matter of unprecedented importance in our efforts to rid the world of these heinous weapons—weapons of mass destruction under international law.

The Soviets have continued to maintain a prohibited offensive biological warfare capability. We are particularly concerned because it may include advanced biological agents about which we have little knowledge and against which we have no defense. The Soviets continue to expand their chemical and toxin warfare capabilities. Neither NATO retaliatory nor defensive programs can begin to match the Soviet effort. Even though there have been no confirmed reports of lethal attacks since the beginning of 1984, previous activities have provided the Soviets with valuable testing, development, and operational experience.

Nuclear Testing

The record of Soviet noncompliance with the treaties on nuclear testing is of legal and military concern. Since the Limited Test Ban Treaty (LTBT) came into force over twenty years ago, the Soviet Union has conducted its nuclear weapons test program in a manner incompatible with the aims of the Treaty by regularly permitting the release of nuclear debris into the atmosphere beyond the borders of the USSR. Even though the debris from these Soviet tests does not pose calculable health, safety, or environmental risks, and these infractions have no apparent military significance, our repeated attempts to discuss these occurrences with Soviet authorities have been continually rebuffed. Soviet refusal to discuss this matter calls into question their sincerity on the whole range of arms control agreements.

During their test moratorium, the Soviets undoubtedly maintained their sites because they quickly conducted a test soon after announcing intent to do so. Furthermore, there were numerous ambiguous events during this period that can neither be associated with, nor disassociated from, observed Soviet nuclear test-related activities.

Soviet testing at yields above the 150 kt limit would allow development of advanced nuclear weapons with proportionately higher yields of weapons than the U.S. could develop under the Treaty.

The United States and the Soviet Union have met on four occasions during the past year for expert-level discussions on the broad range of issues related to nuclear testing. Our objective during these discussions consistently has been to achieve agreement on an effective verification regime for the TTBT and PNET [Peaceful Nuclear Explosions Treaty]. I remain hopeful that we can accomplish this goal.

The Helsinki Final Act

In 1981 the Soviet Union conducted a major military exercise without providing prior notification of the maneuver's designation and the number of troops taking part, contrary to its political commitment to observe provisions of Basket I of the Helsinki Final Act.

During the past year, we have reached an accord at the Stockholm Conference on Confidence- and Security-Building Measures that contains new standards for notification, observation, and verification of military activities, including on-site inspection. We will be carefully assessing Soviet compliance with these new standards, which went into effect January 1, 1987.

Recent Developments

At the end of 1986 and during the early weeks of 1987, new information pertaining to some of the issues in this report became available, but it was judged that the data did not necessitate a change in any of the findings. This was partially due to the developing nature of the information at the time and certain ambiguities associated with it. Furthermore, the Soviet Union resumed underground nuclear testing on February 26, 1987.

SALT II and the SALT I Interim Agreement

The Soviet Union repeatedly violated the SALT II Treaty and took other actions that were inconsistent with the Treaty's provisions. In no case where we determined that the Soviet Union was in violation did they take corrective action. We have raised these issues for the past three years in the SCC and in other diplomatic channels.

The Soviets committed four violations of their political commitment to observe SALT II; they were:

- The development and deployment of the SS-25 missile, a prohibited second new type of intercontinental ballistic missile (ICBM);
- Extensive encryption of telemetry during test flights of strategic ballistic missiles;
- Concealment of the association between a missile and its launcher during testing; and
- Exceeding the permitted number of strategic nuclear delivery vehicles (SNDVs).

In addition, the Soviets:

- Probably violated the prohibition on deploying the SS-16 ICBM;
- Took actions inconsistent with their political commitment not to give the Backfire bomber intercontinental operating capability by deploying it to Arctic bases; and
- Evidently exceeded the agreed production quota by producing slightly more than the allowed 30 Backfire bombers per year until 1984.

Concerning the SALT I Interim Agreement, the Soviets used former SS-7 ICBM facilities to support deployment of the SS-25 mobile ICBM, and thereby violated the prohibition on the use of former ICBM facilities.

Soviet Noncompliance and U.S. Restraint Policy

On June 10, 1985, I expressed concern that continued Soviet noncompliance increasingly affected our national security. I offered to give the Soviet Union additional time in order to take corrective actions to return to full compliance, and I asked them to join us in a policy of truly mutual restraint. At the same time, I stated that future U.S. decisions would be determined on a case-by-case basis in light of Soviet behavior in exercising restraint comparable to our own, correcting their noncompliance, reversing their military buildup, and seriously pursuing equitable and verifiable arms reduction agreements.

The December 23, 1985, report showed that the Soviets had not taken any actions to correct their noncompliance with arms control commitments. In May 1986, I concluded that the Soviets had made no real progress toward meeting our concerns with respect to their noncompliance, particularly in those activities related to SALT II and the ABM Treaty. From June 1985 until May 1986, we saw no abatement of the Soviet strategic force buildup.

The third yardstick I had established for judging Soviet actions was their seriousness at negotiating deep arms reductions. In May 1986 I concluded that, since the November 1985 summit, the Soviets had not followed up constructively on the commitment undertaken by General Secretary Gorbachev and me to build upon areas of common ground in the Geneva negotiations, including accelerating work toward an interim agreement on INF [intermediate-range nuclear forces].

In Reykjavik, General Secretary Gorbachev and I narrowed substantially the differences between our two countries on nuclear arms control issues. However, the Soviets took a major step backward by insisting that progress in every area of nuclear arms control must be linked together in a single package that has as its focus killing the U.S. Strategic Defense Initiative (SDI). Furthermore, it became clear that the Soviets intended to make the ABM Treaty more restrictive than it is on its own terms by limiting our SDI research strictly to the laboratory.

It was, however, the continuing pattern of noncompliant Soviet behavior that I have outlined above that was the primary reason why I decided, on May 27, 1986, to end U.S. observance of the provisions of the SALT I Interim Agreement and SALT II. The decision to end the U.S. policy of observing the provisions of the Interim Agreement (which had expired) and the SALT II Treaty (which was never ratified and would have expired on December 31, 1985) was not made lightly. The United States cannot, and will not, allow a double standard of compliance with arms control agreements to be established.

Therefore, on May 27, 1986, I announced:

> . . . in the future, the United States must base decisions regarding its strategic force structure on the nature and magnitude of the threat posed by Soviet strategic forces and not on standards contained in the SALT structure, which has been undermined by Soviet noncompliance, and especially in a flawed SALT II treaty, which was never ratified, would have expired if it had been ratified, and has been violated by the Soviet Union.

Responding to a Soviet request, the U.S. agreed to hold a special session of the SCC in July 1986 to discuss my decision. During that session, the U.S. made it clear that we would continue to demonstrate the utmost restraint. At this session we stated that, assuming there is no significant change in the threat we face, the United States would not deploy more strategic nuclear delivery vehicles or more strategic ballistic missile warheads than does the Soviet Union. We also repeated my May 27 invitation to the Soviet Union to join the U.S. in establishing an interim framework of truly mutual restraint pending conclusion of a verifiable agreement on deep and equitable reductions in offensive nuclear arms. The Soviet response was negative.

In my May 27 announcement, I had said the United States would remain in technical observance of SALT II until later in the year when we would deploy our 131st heavy bomber equipped to carry air-launched cruise missiles. The deployment of that bomber on November 28, 1986, marked the full implementation of that policy.

Now that we have put the Interim Agreement and the SALT II Treaty behind us, Soviet activities with respect to those agreements, which have been studied and reported to the Congress in detail in the past, are not treated in the body of this report. This is not to suggest that the significance of the Soviet violations has in any way diminished. We are still concerned about the increasing Soviet military threat.

A number of activities involving SALT II constituted violations of the

core or central provisions of the Treaty frequently cited by the proponents of SALT II as the primary reason for supporting the agreement. These violations involve both the substantive provisions and the vital verification provisions of the Treaty. Through violation of the SALT II limit of the one "new type" of ICBM, the Soviets are in the process of deploying illegal additions to their force that provide even more strategic capability.

Soviet encryption and concealment activities have, in the past, presented special obstacles to verifying compliance with arms control agreements. The Soviets' extensive encryption of ballistic missile telemetry impeded U.S. ability to verify key provisions of the SALT II Treaty. Of equal importance, these Soviet activities undermine the political confidence necessary for concluding new treaties and underscore the necessity that any new agreement be effectively verifiable.

Soviet Noncompliance and New Arms Control Agreements

Soviet noncompliance, as documented in this and previous Administration reports, has made verification and compliance pacing elements of arms control today. From the beginning of my Administration, I have sought deep and equitable reductions in the nuclear offensive arsenals of the United States and the Soviet Union and have personally proposed ways to achieve the objectives in my meetings with General Secretary Gorbachev. If we are to enter agreements of this magnitude and significance, effective verification is indispensable and cheating is simply not acceptable.

I look forward to continued close consultations with the Congress as we seek to make progress in resolving compliance issues and in negotiating sound arms control agreements.

The findings on Soviet noncompliance with arms control agreements follow.

THE FINDINGS

Anti-Ballistic Missile (ABM) Treaty

Treaty Status

The 1972 ABM Treaty and its Protocol ban deployment of ABM systems except that each Party is permitted to deploy one ABM system around the national capital area or, alternatively, at a single ICBM deployment area. The ABM Treaty is in force and is of indefinite duration. Soviet actions not in accord with the ABM Treaty are, therefore, violations of a legal obligation.

1. The Krasnoyarsk Radar

• **Obligation:** To preclude the development of a territorial defense or providing the base for a territorial ABM defense, the ABM Treaty provides that radars for early warning of ballistic missile attack may be deployed only at locations along the periphery of the national territory of each Party and that they be oriented outward. The Treaty permits deployment (without regard to location or orientation) of large phased-array radars for purposes of tracking objects in outer space or for use as national technical means of verification of compliance with arms control agreements.

• **Issue:** The December 1985 report examined the issue of whether the Krasnoyarsk radar meets the provisions of the ABM Treaty governing phased-array radars. We have reexamined this issue.

• **Finding:** The U.S. Government reaffirms the conclusion in the December 1985 report that the new large phased-array radar under construction at Krasnoyarsk constitutes a violation of legal obligations under the Anti-Ballistic Missile Treaty of 1972 in that in its associated siting, orientation, and capability, it is prohibited by this Treaty. Continuing construction and the absence of credible alternative explanations have reinforced our assessment of its purpose. Despite U.S. requests, no corrective action has been taken. This and other ABM-related Soviet activities suggest that the USSR may be preparing an ABM defense of its national territory.

2. Mobility of ABM System Components

• **Obligation:** Paragraph 1 of Article V of the ABM Treaty prohibits the development, testing, or deployment of mobile land-based ABM systems or components.

• **Issue:** The December 1985 report examined whether the Soviet Union has developed a mobile land-based ABM system, or components for such a system, in violation of its legal obligation under the ABM Treaty. We have reexamined this issue.

• **Finding:** The U.S. Government reaffirms the judgment of the December 1985 report that the evidence on Soviet actions with respect to ABM component mobility is ambiguous, but that the USSR's development and testing of components of an ABM system, which apparently are designed to be deployable at sites requiring relatively limited special-purpose site preparation, represent a potential violation of its legal obligation under the ABM Treaty. This and other ABM-related Soviet activities suggest that the USSR may be preparing an ABM defense of its national territory.

3. Concurrent Testing of ABM and Air Defense Components

• **Obligation:** The ABM Treaty and its Protocol limit the Parties to one ABM deployment area. In addition to the ABM systems and components at that one deployment area, the Parties may have ABM systems and components for development and testing purposes so long as they are located at agreed test ranges. The Treaty also prohibits giving components, other than ABM system components, the capability "to counter strategic ballistic missiles or their elements in flight trajectory" and prohibits the Parties from testing them in "an ABM mode." The Parties agreed that the concurrent testing of SAM [surface-to-air missile] and ABM system components is prohibited.

• **Issue:** The December 1985 compliance report examined whether the Soviet Union has concurrently tested SAM and ABM system components in violation of its legal obligation since 1978 not to do so. It was the purpose of that obligation to further constrain testing of air defense systems in an ABM mode. We have reexamined this issue.

• **Finding:** The U.S. Government reaffirms the judgment made in the December 1985 report that the evidence of Soviet actions with respect to concurrent operations is insufficient fully to assess compliance with Soviet obligations under the ABM Treaty. However, the Soviet Union has conducted tests that have involved air defense radars in ABM-related activities. The large number, and consistency over time, of incidents of concurrent operation of ABM and SAM components, plus Soviet failure to accommodate fully U.S. concerns, indicate the USSR probably has violated the prohibition on testing SAM components in an ABM mode. In several cases this may be highly probable. This and other ABM-related activities suggest the USSR may be preparing an ABM defense of its national territory.

4. ABM Capability of Modern SAM Systems

• **Obligation:** Under subparagraph (a) of Article VI of the ABM Treaty, each Party undertakes not to give non-ABM interceptor missiles, launchers, or radars "capabilities to counter strategic ballistic missiles or their elements in flight trajectory, and not to test them in an ABM mode. . . ."

• **Issue:** The December 1985 report examined whether the Soviet Union has tested a SAM system or component in an ABM mode or given it the capability to counter strategic ballistic missiles or their elements in flight trajectory in violation of their legal obligation under the ABM Treaty. We have reexamined this issue.

• **Finding:** The U.S. Government reaffirms the judgment made in the December 1985 report that the evidence of Soviet actions with respect to SAM upgrade is insufficient to assess compliance with the Soviet Union's obligations under the ABM Treaty. However, this and other ABM-related Soviet activities suggest that the USSR may be preparing an ABM defense of its national territory.

5. Rapid Reload of ABM Launchers

• **Obligation:** The ABM Treaty limits to 100 the number of deployed ABM interceptor launchers and deployed interceptor missiles. It does not limit the number of interceptor missiles that can be built and stockpiled. Paragraph 2, Article V, of the Treaty prohibits the development, testing, or deployment of "automatic or semi-automatic or other similar systems for rapid reload" of the permitted launchers.

• **Issue:** The December 1985 report examined whether the Soviet Union has developed, tested, or deployed automatic, semi-automatic, or other similar systems for rapid reload of ABM launchers in violation of its legal obligation under the ABM Treaty. We have reexamined this issue.

• **Finding:** The U.S. Government reaffirms the judgment made in the December 1985 report that, on the basis of the evidence available, the USSR's actions with respect to the rapid reload of ABM launchers constitute an ambiguous situation as concerns its legal obligations under the ABM Treaty not to develop systems for rapid reload. The Soviet Union's reload capabilities are a serious concern. These and other ABM-related Soviet activities suggest that the USSR may be preparing an ABM defense of its national territory.

6. ABM Territorial Defense

• **Obligation:** The ABM Treaty and Protocol allow each Party a single operational site, explicitly permit modernization and replacement of ABM systems or their components, and explicitly recognize the existence of ABM test ranges for the development and testing of ABM components. The ABM Treaty prohibits, however, the deployment of an ABM system for defense of the national territory of the parties and prohibits the Parties from providing a base for such a defense.

• **Issue:** The December 1985 report examined whether the Soviets have deployed an ABM system for the defense of their territory or provided a base for such a defense. We have reexamined this issue.

• **Finding:** The U.S. Government reaffirms the judgment of the December 1985 report that the aggregate of the Soviet Union's ABM and ABM-related actions (e.g., radar construction, concurrent testing, SAM upgrade, ABM rapid reload, and ABM mobility) suggests that the USSR may be preparing an ABM defense of its national territory. Our concern continues.

Biological Weapons Convention and 1925 Geneva Protocol

Chemical, Biological, and Toxin Weapons

• **Treaty Status:** The 1972 Biological and Toxin Weapons Convention (BWC) and the 1925 Geneva Protocol are multilateral treaties to which both the United States and the Soviet Union are Parties. Soviet actions not in accord with these treaties and customary international law relating to the 1925 Geneva Protocol are violations of legal obligations.

• **Obligations:** The BWC bans the development, production, stockpiling or possession, and transfer of microbial or other biological agents or toxins except for a small quantity for prophylactic, protective, or other peaceful purposes. It imposes the same obligation in relation to weapons, equipment, and means of delivery of agents or toxins. The 1925 Geneva Protocol and related rules of customary international law prohibit the first use in war of asphyxiating, poisonous, or other gases and of all analogous liquids, materials, or devices and prohibits use of bacteriological methods of warfare.

• **Issues:** The December 1985 report examined whether the Soviets are in violation of provisions that ban the development, production, transfer, possession, and use of biological and toxin weapons and whether they have been responsible for the use of lethal chemicals. We have reexamined this issue.

• **Finding:** The U.S. Government judges that continued activity during 1986 at suspect biological and toxin weapon facilities in the Soviet Union, and reports that a Soviet BW program may now include investigation of new classes of BW agents, confirm the conclusion of the December 1985 report that the Soviet Union has maintained an offensive biological warfare program and capability in violation of its legal obligation under the Biological and Toxin Weapons Convention of 1972.

There have been no confirmed attacks with lethal chemicals or toxins in Kampuchea, Laos, or Afghanistan in 1986 according to our strict standards of evidence. Although several analytical efforts have been undertaken in the past year to investigate continuing reports of attacks, these studies have so far had no positive results. Therefore, there is no basis for amending the December 1985, conclusion that, prior to this time, the Soviet Union has been involved in the production, transfer, and use of trichothecene mycotoxins for hostile purposes in Laos, Kampuchea, and Afghanistan in violation of its legal obligation under international law as codified in the Geneva Protocol of 1925 and the Biological and Toxin Weapons Convention of 1972.

Threshold Test Ban Treaty

Nuclear Testing and the 150 Kiloton Limit

• **Treaty Status:** The Threshold Test Ban Treaty was signed in 1974. The Treaty has not been ratified by either Party but neither Party has indicated an intention not to ratify. Therefore, both Parties are subject to the obligation under customary international law to refrain from acts that would defeat the object and purpose of the TTBT. Actions that would defeat the object and purpose of the TTBT are therefore violations of legal obligations. The United States is seeking to negotiate improved verification measures for the Treaty. Both Parties have separately stated they would observe the 150-kiloton threshold of the TTBT.

• **Obligation:** The Treaty prohibits, beginning March 31, 1976, any underground nuclear weapon tests having a yield exceeding 150 kilotons at any place under the jurisdiction or control of the Parties. In view of the technical uncertainties associated with estimating the precise yield of nuclear weapon tests, the sides agreed that one or two slight, unintended breaches per year would not be considered a violation.

• **Issue:** The December 1985 report examined whether the Soviets have conducted nuclear tests in excess of 150 kilotons. We have reexamined this issue.

• **Finding:** During the past year, the U.S. Government has been reviewing Soviet nuclear weapons test activity that occurred prior to the self-imposed moratorium of August 6, 1985, and has been reviewing related U.S. Government methodologies for estimating Soviet nuclear test yields. The work is continuing. In December 1985, the U.S. Government found that: "Soviet nuclear testing activities for a number of tests constitute a likely violation of legal obligations under the Threshold Test Ban Treaty." At present, with our existing knowledge of this complex topic, that finding stands. It will be updated when studies now under way are completed. Such studies should provide a somewhat improved basis for assessing past Soviet compliance. Ambiguities in the nature and features of past Soviet testing and significant verification difficulties will continue, and much work remains to be done on this technically difficult issue. Such ambiguities demonstrate the need for effective verification measures to correct the verification inadequacies of the Threshold Test Ban Treaty and its companion accord, the Peaceful Nuclear Explosions Treaty.

Limited Test Ban Treaty

Underground Nuclear Test Venting

• **Treaty Status:** The Treaty Banning Nuclear Weapon Tests in the Atmosphere, in Outer Space and Under Water (Limited Test Ban Treaty) is a multilateral treaty that entered into force for the United States and the Soviet Union in 1963. Soviet actions not in accord with this treaty are violations of a legal obligation.

• **Obligations:** The LTBT specifically prohibits nuclear explosions in the atmosphere, in outer space, and under water. It also prohibits nuclear explosions in any other environment "if such explosions cause radioactive debris to be present outside the territorial limits of the State under whose jurisdiction or control such explosion is conducted."

• **Issue:** The December 1985 report examined whether the USSR's underground nuclear tests have caused radioactive debris to be present outside of its territorial limits. We have reexamined this issue.

• **Finding:** The U.S. Government reaffirms the judgment made in the December 1985 report that the Soviet Union's underground nuclear test practices resulted in the venting of radioactive matter on numerous occasions and caused radioactive matter to be present outside the Soviet Union's territorial limits in violation of its legal obligation under the Limited Test Ban Treaty. The Soviet Union failed to take the precautions necessary to minimize the contamination of man's environment by radioactive substances despite numerous U.S. demarches and requests for corrective action.

Helsinki Final Act

Helsinki Final Act Notification of Military Exercises

• **Legal Status:** The Final Act of the Conference on Security and Cooperation in Europe was signed in Helsinki in 1975. This document represents a political commitment and was signed by the United States and the Soviet Union, along with 33 other States. Soviet actions not in accord with that document are violations of their political commitment.

• **Obligation:** All signatory States of the Helsinki Final Act are committed to give prior notification of, and other details concerning, major military maneuvers, defined as those involving more than 25,000 troops.

• **Issue:** The December 1985 report examined whether notification of the Soviet military exercise "Zapad–81" was inadequate and therefore a violation of the Soviet Union's political commitment under the Helsinki Final Act. We have reexamined this issue.

• **Finding:** The U.S. Government previously judged and continues to find that the Soviet Union in 1981 violated its political commitment to observe provisions of Basket I of the Helsinki Final Act by not providing all the information required in its notification of exercise "Zapad–81." Since 1981, the Soviets have observed provisions of the Helsinki Final Act in letter, but rarely in spirit. The Soviet Union has a very restrictive interpretation of its obligations under the Helsinki Final Act, and the Soviet implementation of voluntary confidence-building measures has been the exception rather than the rule. The Soviets have notified all exercises requiring notification (i.e., those of 25,000 troops or over), but have failed to make voluntary notifications (i.e., those numbering fewer than 25,000 troops). In their notifications, they have provided only the bare minimum of information. They have also observed only minimally the voluntary provision providing that observers be invited to exercises, having invited observers to only fifty percent of notified activities.

[1]Texts from Weekly Compilation of Presidential Documents of Mar. 16, 1987. ■

U.S. Compliance With Arms Control Agreements

The President on February 17, 1987, delivered to Congress a report prepared by the U.S. Arms Control and Disarmament Agency (ACDA) in coordination with the Department of State, Department of Defense (DOD), the Joint Chiefs of Staff, Department of Energy, and the intelligence community concerning U.S. compliance with arms control agreements. The first part of the report details the procedures and mechanisms which the United States uses to ensure and monitor compliance with international agreements. The bulk of the report responds to Soviet allegations of U.S. noncompliance.

The Soviet Union, in recent years, has raised a number of compliance charges against the United States, clearly in an attempt to invent countercharges to legitimate U.S. statements regarding Soviet noncompliance. In all cases, the United States has provided full responses which clearly established that we were and are in compliance with all treaty obligations and political commitments.

It is the strongly held belief of the United States that to be serious about arms control is to be serious about compliance. The U.S. record of compliance is deeply rooted in our legal system and fundamental values which govern our attitudes toward our international obligations.

The report responds at length to false Soviet allegations regarding several issues within the Antiballistic Missile (ABM) Treaty, including Strategic Defense Initiative (SDI)-related testing, modernization of existing radars, and territorial defense, as well as the confidentiality of discussions of matters before the Standing Consultative Commission (SCC). The report responds to Soviet allegations of U.S. noncompliance with portions of the Threshold Test Ban Treaty (TTBT), the Limited Test Ban Treaty (LTBT), chemical warfare discussions, and the Helsinki Final Act.

I. U.S. COMPLIANCE WITH ARMS CONTROL AGREEMENTS

A. Effective arms control requires that compliance be taken seriously. Compliance is a cornerstone of international law; states must honor obligations they have solemnly undertaken. The U.S. record of compliance is deeply rooted in its own legal system and a set of fundamental principles and values which govern American attitudes toward both arms control and international obligations. These factors—a deep-seated legal tradition, a commitment to arms control agreements that can enhance our security and that of our allies, and the workings of an open society—are basic and enduring. They create powerful incentives to comply with agreements to control nuclear and other weapons. Legal and institutional procedures to ensure compliance have been established, and they reflect the seriousness with which these obligations are taken and reinforce these underlying principles. Attachment 1 details these procedures.

B. Pursuant to Section 36 of the Arms Control and Disarmament Act, ACDA provides on a yearly basis a description of all major DOD programs and an analysis of the arms control implications of each program. (Reference *Fiscal Year 1987 Arms Control Impact Statements,* April 1986.)

C. The Soviet Union has in recent years raised a number of compliance charges against the United States. Some of these charges date back over several years, while a few are new. There has been a clear attempt on the Soviet Union's part to invent countercharges in response to legitimate U.S. statements regarding Soviet noncompliance. In all cases, once the issue was clearly defined, the U.S. Government has provided full responses that should have removed any doubt that the United States was and remains in compliance with all treaty obligations and political commitments.

On May 27, 1986, the President decided that, largely due to the continuing pattern of Soviet noncompliance, the United States must base future 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 the SALT [strategic arms limitation talks] structure. As part of the implementation of that policy, the United States deployed the 131st heavy bomber equipped to carry air-launched cruise missiles without dismantling other systems to remain within SALT limits. The decision to end the U.S. unilateral observance of the provisions of the Interim Agreement (which had expired) and the SALT II Treaty (which codified major arms buildups, was never ratified, and would have expired on December 31, 1985) was not made lightly. It was made only after intensive efforts in diplomatic channels to persuade the U.S.S.R. to end their noncompliance. The Soviets refused to do so. As part of the implementation of the President's May 27, 1986, decision, the Secretary of Defense, on December 22, 1986, amended the DOD directives and instruction that ensure U.S. compliance with existing arms control treaties by rescinding those portions pertaining to observance of the Interim Agreement on Strategic Offensive Arms and the SALT II Treaty. The Secretary of Defense also directed the DOD to ensure observance of the President's policy of restraint that states "assuming no significant change in the threat we face, the U.S. will not deploy more strategic nuclear delivery vehicles or more strategic ballistic missile warheads than does the Soviet Union." Since SALT is now behind us, Soviet allegations and the facts of U.S. compliance with regard to the Interim Agreement and SALT II, reported in last year's report, are not discussed.

Attachment 2 details each Soviet allegation of U.S. noncompliance that is not related to the Interim Agreement or the SALT II Treaty and provides the facts of U.S. compliance.

II. OTHER NATIONS' COMPLIANCE WITH ARMS CONTROL AGREEMENTS

A. The President's Report to Congress on Soviet Noncompliance with Arms Control Agreements that covers the period through the end of 1986 details the significant issues involving Soviet noncompliance. Third country actions for the last 6 years inconsistent with their obligations under the 1972 Biological and Toxin Weapons Convention and the 1925 Geneva protocol on chemical weapons are outlined in Attachment 3, provided under separate cover.

After concluding that Iraq used chemical weapons in its war with Iran, the United States has presented several diplomatic demarches since 1983 to the Iraqi Government, attempting to dissuade Iraq from further use of these weapons. The United States also sought the cooperation of allies and friends in this effort. In March 1984, the United States issued a public statement strongly condemning Iraq and pointing out there can be no justification for use of such weaponry by any country.

In 1984 the United States imposed foreign policy export controls on certain chemicals useful in the production of chemical weapons to deny their export to Iran and Iraq to inhibit the further production and use of chemical weapons. In 1986 the United States extended these controls to include Syria. Similar controls have since been implemented to varying degrees by 17 other Western nations.

The United States has been in the forefront of international efforts to halt the proliferation and use of chemical weapons. In addition to the imposition of export controls described above, the United States actively participates in informal consultations on chemical weapons use and proliferation led by Australia and met with the Soviet Union twice in 1986 to discuss prevention of chemical weapons proliferation.

In 1986, the United States adopted an active policy of presenting demarches to governments whose commercial firms have been determined by the United States to be actually or potentially involved in gulf war belligerents' and their allies' efforts to procure chemicals for use in manufacturing chemical weapons.

The United States continues to support efforts in the United Nations to condemn the use of chemical weapons wherever and whenever it occurs and to conduct investigations of use. In 1986 the United States sponsored a resolution

condemning the use of chemical weapons and the need to curb their spread which was approved by the UN General Assembly on December 3, 1986. On the same date, the UN General Assembly adopted by consensus a U.S. resolution regarding compliance with arms control agreements.

B. The President's December 23, 1985, report to Congress briefly addresses the U.S. assessment of possible Soviet gains from each of the major issues addressed. The yearly DOD publication *Soviet Military Power* also provides DOD's assessment of the impact of Soviet actions.

C. Steps to redress any damage to U.S. national security and to reduce compliance problems have been discussed in a White House fact sheet of May 27, 1986; the White House message to the Congress of June 3, 1986, on strategic modernization (pp. 5–6); and the *ICBM Modernization Program: Annual Progress Report to the Committees on Armed Services of the Senate and House of Representatives*, January 1987 (Classified).

Attachments:
1. United States Compliance with Arms Control Agreements
2. Soviet Charges of U.S. Noncompliance

ATTACHMENT 1

U.S. Compliance With Arms Control Agreements

Effective arms control requires that compliance be taken seriously. The U.S. record of compliance is deeply rooted in its own legal system and a set of fundamental principles and values which govern American attitudes toward both arms control and international obligations. These factors—a deep-seated legal tradition, a commitment to arms control agreements that can enhance our security and that of our allies, and the workings of an open society—are basic and enduring. They create powerful incentives to comply with agreements to control nuclear and other weapons. Legal and institutional procedures to ensure compliance have been established, and they reflect the seriousness with which these obligations are taken and reinforce these underlying principles.

There are three major U.S. institutional and legal procedures for ensuring that U.S. plans and programs remain consistent with its international obligations. These procedures include internal Department of Defense controls, separate evaluations produced by the U.S. Arms Control and Disarmament Agency, and congressional oversight.

In 1972, by direction of the President, the Department of Defense (DOD) established a process to ensure that all DOD programs complied with U.S. international obligations undertaken in the Strategic Arms Limitation Agreements.[1] Responsibility for monitoring and ensuring compliance of DOD programs was assigned to the Under Secretary of Defense for Acquisition (USD(A)). These responsibilities include: (a) reviewing quarterly reports from each of the U.S. Armed Services and designated DOD agencies; (b) submitting timely reports on compliance to the Secretary of Defense; (c) providing general instructions and procedures as well as specific guidance as needed; and (d) conducting and directing inspections.[2] The DOD General Counsel provides advice and assistance with respect to implementation of the compliance process and interpretation of arms control agreements.

The implementation of the process rests with the services and defense agencies which must certify quarterly to the USD(A) that their programs comply with all U.S. international obligations and must establish internal procedures and offices to monitor and ensure internal compliance. This process is facilitated by a DOD Compliance Review Group chaired by USD(A) with representatives from the DOD General Counsel, the Under Secretary of Defense for Policy, and the JCS [Joint Chiefs of Staff] which reviews compliance issues, prepares related reports, and responds to *ad hoc* compliance matters as they arise.

Separate from and independent of the above DOD process, other procedures and mechanisms are in place to monitor U.S. compliance with international obligations. An independent evaluation of all DOD program elements meeting certain congressionally mandated criteria[3] is performed on an annual basis to determine whether they may have any impact on existing arms control obligations or on the arms control process itself. This evaluation is conducted by an interagency group chaired by the U.S. Arms Control and Disarmament Agency and is reported to the Congress in the annual Arms Control Impact Statement (ACIS) submitted at the same time as the President's budget request.

The interagency-approved ACIS provides annual documentation of the effects of U.S. defense programs on arms control and is provided to the Congress in both classified and unclassified versions. The unclassified version is subsequently published alternately by the House Committee on Foreign Affairs and the Senate Foreign Relations Committee and is available to the public through the Government Printing Office.

Finally, the Congress may direct specific reports from the executive branch. These reports may involve specific programs, such as the March 1984 report to the Congress on U.S. policy on ASAT [antisatellite system] arms control covering antisatellite systems and the annual report to Congress on the Strategic Defense Initiative, or it may be general, such as the annual report specifying the steps the United States has taken to ensure compliance with existing arms control agreements.

ATTACHMENT 2

Soviet Charges of U.S. Noncompliance

The Soviet Union has in recent years raised a number of compliance charges against the United States. Some of these charges date back over several years, while a few are new. There has been a clear attempt on the Soviet Union's part to invent countercharges in response to legitimate U.S. compliance issues. In all cases, once the issue was clearly defined, the U.S. Government has provided full responses that should have removed any doubt that the United States was and remains in compliance with all treaty obligations and political commitments.

ABM ISSUES

ABM Treaty: Strategic Defense Initiative

Soviet Allegation: Territorial Defense. The Soviet Union asserts that the Strategic Defense Initiative (SDI) is a program which is designed to establish an antiballistic missile (ABM) defense of the territory of the United States and its NATO allies which will include space-based elements and violates the prohibition in the ABM Treaty against providing the base for a territorial defense of the country and the Article V provision not "to develop, test, or deploy ABM systems or components which are sea-based, air-based, space-based, or mobile land-based."

The Facts. Both Soviet assertions are false. The Strategic Defense Initiative is a research program. Hence it could not possibly constitute a base for a

deployed ABM system for a defense of the territory of a country. The Soviets also know that such research is allowed and willingly acknowledged it when, in a major statement before the Soviet Presidium in 1972, Soviet Defense Minister Grechko stated that the ABM Treaty "... places no limitations whatsoever on the conducting of research and experimental work directed toward solving the problem of defending the country from nuclear missile strike." SDI is a program to explore promising new technologies and will permit informed policy decisions regarding possible future deployment options which meet our criteria as early as possible. Under Presidential direction, the overall SDI program is under constant review to ensure that all efforts on SDI will be fully consistent with our international legal obligations, including the ABM Treaty.

ABM Treaty: SDI-Related Tests

The Soviets have raised questions about the following areas of the SDI program. However, they have not charged that these specific experiments are violations of the ABM Treaty.

Soviet Allegation: Laser Tests. The Soviet Union has questioned how experiments involving laser devices under SDI programs conform to the provisions of the ABM Treaty, in particular, the provisions of Article V prohibiting the development, testing, and deployment of ABM systems and components that are space-based. Specific references have been made to laser beams aimed at mirrors on a space shuttle and on a missile during the early portion of the missile's flight and to a test at White Sands Missile Test Range involving a laser and a Titan ICBM [intercontinental ballistic missile] stage.

The Facts. None of the tests cited used ABM components or devices capable of substituting for ABM components. None of the experiments involved strategic ballistic missiles or their elements in flight trajectory. These experiments were designed to test various techniques of high precision tracking and of atmospheric compensation for lasers or, in the case of the static test against a Titan second-stage rocket motor, to provide an understanding of the effects of directed energy on structural materials.

Soviet Allegation: Space-Based Tests. The Soviet Union charges that the creation of space-based elements under the Strategic Defense Initiative is already directly contrary to Article V of the ABM Treaty which prohibits the development, testing, and deployment of "ABM systems or components that are space-based." In particular, on September 5, 1986, the United States conducted an experiment in the course of which, after two objects were placed in orbit by a Delta missile, missions of acquisition, inertial tracking, and targeting and destruction were carried out.

The Facts. The ABM Treaty includes the terms "ABM system" and "component," but the new Soviet term "element" has no meaning in the treaty. The Soviet charge represents a distortion of the limitation of the ABM Treaty and an apparent attempt to broaden the scope of that agreement beyond what was agreed in 1972. In the case of the significant technical milestone (STM) test, conducted in September 1986, the experiment was fully compliant with the ABM Treaty. No ABM components were used during the experiment, nor did any of the devices used have the capability to substitute for an ABM component. Neither vehicle was flying a ballistic missile trajectory. The experiment was developed so that the range, speed, orbital parameters, relative velocities, and sensor limitations precluded any possibility that the vehicles had ABM capability or that the experiment involved a test in an ABM mode. Plans for the experiment were reported in the 1986 SDI annual report to Congress.

Soviet Allegation: Nuclear Tests Underground and in Space. The Soviet Union charges that conducting underground nuclear tests for SDI purposes at the Nevada test site does not correspond to the obligation under the ABM Treaty which bans testing for ABM purposes except at previously designated ABM test ranges. The designated ABM test ranges for the United States are Kwajalein Atoll and White Sands, New Mexico. The Soviets have also stated that as part of SDI, the United States is engaged in the creation of lasers fed by energy from a nuclear explosion, that the siting of such explosive devices in space would violate Article IV of the 1967 Outer Space Treaty, and that conducting test explosions in space to complete work on nuclear triggered lasers is also prohibited by the 1963 Treaty Banning Nuclear Weapon Tests in the Atmosphere, in Outer Space and Underwater.

The Facts. While the U.S. Government does not characterize the nature or purpose of particular underground nuclear tests, it is true that phenomenology experiments are being conducted within the SDI program to understand the applicability of nuclear directed energy concepts. Testing related to the feasibility of such concepts is in conformity with the ABM Treaty. It does not involve an ABM component (an ABM launcher, an ABM interceptor missile, or an ABM radar) or a device which could substitute for an ABM component.

While the SDI program is focused primarily on non-nuclear technologies, it is important to explore the promising concepts which use nuclear energy to power devices which could destroy ballistic missiles at great distances. Further it is necessary to study these concepts to determine the feasibility and effectiveness of similar defensive systems that an adversary may develop to use against future U.S. surveillance, defensive, or offensive systems.

In fact the Soviets have pursued research relevant to nuclear-driven directed energy weapons and some of their research predates our own. That the Soviets are willing to incorporate nuclear technologies in their defensive systems is demonstrated by the fact that their traditional antiballistic missile system around Moscow utilizes interceptors carrying nuclear warheads.

ABM Treaty: Modernization of the Thule and Fylingdales Radars

Soviet Allegations. The Soviets claim that deployment of a "new" large phased-array radar (LPAR) underway at Thule, Greenland, and the planned deployment of a similar radar near Fylingdales, England, are contrary to Article VI and Agreed Statement "F" of the ABM Treaty. Article VI prohibits deployment in the future of radars for early warning of strategic ballistic missile attack except at locations along the periphery of a party's national territory and oriented outward. Agreed Statement "F" prohibits the deployment of LPARs over a certain radar potential except as provided for in Articles III, IV, VI, or for use in space track or national technical means of verification.

The Facts. The restrictions contained in the ABM Treaty on early warning radars and LPARs do not apply to the existing sites such as those at Thule and Fylingdales. Article VI, which obligates the parties "not to deploy in the future" early warning radars except

at locations along the periphery of its national territory and oriented outward, prohibits only ***future deployments.*** Neither side proposed, and the treaty does not contain, any limitations on the modernization or replacement of permitted early warning radars. Therefore, there was no need to provide in the treaty explicit permission for the modernization of radars that are outside the coverage of the treaty restrictions, i.e., those already deployed. This is consistent with the treaty's approach of permitting even the modernization and replacement of ABM systems and components which are restricted by the treaty.

Nor does Agreed Statement "F" prohibit modernization of the early warning radars at Thule and Fylingdales by replacement with LPARs. In Agreed Statement "F," the parties agreed not to deploy LPARs, "except as provided for in Articles III, IV, and VI of the treaty, or except for the purposes of tracking objects in outer space or for use as national technical means of verification." Thus the agreed statement limits LPARs to five kinds: those permitted in the ABM deployment areas (Article III), those permitted at test ranges (Article IV), ballistic missile early warning radars at locations provided for in Article VI, space tracking radars, and radars for national technical means of verification. Since the facilities at Thule and Fylingdales are for early warning and were deployed prior to signature of the treaty, the modernization of the early warning radar facilities at these locations with an LPAR is completely consistent with Article VI and hence Agreed Statement "F" as well. Put another way, Article VI "grandfathered" the Thule radar site for ballistic missile early warning (BMEW) purposes, not merely the specific equipment there at the time of the signing of the ABM Treaty. Since the United States is only modernizing that equipment, Agreed Statement "F" does not apply.

ABM Treaty: Pave Paws Radars

Soviet Allegations. The Soviet Union has continued to note that the United States has deployed new, large Pave Paws radars on the Atlantic and Pacific coasts and is deploying Pave Paws type radars in the South. It asserts that these radars have characteristics similar to old U.S. ABM radars and have capabilities to provide a base for ABM radar coverage of a significant portion of U.S. territory. The Soviets charge that this is contrary to the obligation in the ABM Treaty not to deploy ABM systems for defense of the territory of the country and not to create the base of such a defense.

The Facts. There is no merit whatsoever in the charge that U.S. deployment of Pave Paws radars is contrary to the ABM Treaty. All of these radars are for early warning of strategic ballistic missile attack. As required by the treaty, they are located on the periphery of our national territory and are oriented outward.

ABM Treaty: Other Issues

Soviet Allegations. The Soviet Union asserts that, "in clear conflict" with the ABM Treaty, the United States:

- Has deployed a radar on Shemya Island with ABM capabilities;
- Has undertaken to develop mobile ABM radars;
- Is testing Minuteman ICBMs to provide them with ABM capabilities; and
- Is developing multiple warheads for ABM interceptor missiles.

The Facts. These multiple charges are false. They include U.S. actions which are not in conflict with the provisions of the treaty, as well as false accusations about the kinds of activities the United States has undertaken.

- The function of the radar on Shemya Island in the Aleutians is national technical means of verification, as its location and orientation make clear. It also has secondary missions of early warning and space track. The radar is located on the periphery of the United States and oriented outward. Like any large phased-array radar, it utilizes technology and some subcomponents which are applicable to phased-array radars generally (including ABM radars), but it is not an ABM radar. It is on an isolated island approximately 1,500 km from the Alaska mainland and approximately 4,200 km from the northwest portion of the contiguous 48 States, a location that would be inexplicable if the radar were intended for an ABM mission.
- The reference to mobile ABM radars relates to an instrumentation radar at the Kwajalein missile range. The Soviets claim that this radar is a mobile ABM radar. It was an instrumentation radar, not an ABM radar, under the provision of the ABM Treaty which established criteria for such radars. When its mission was completed, this radar was dismantled.
- Two stages of the Minuteman I ICBM, but not the whole missile, which is no longer deployed by the United States, were used as part of a research program conducted in full conformity with the ABM Treaty. The test missile in question was observably different from Minuteman I.
- The United States is not developing ABM interceptors with multiple warheads and has never pursued such a program.

The Standing Consultative Commission (SCC): Confidentiality

Soviet Allegation. The Soviet Union asserts that the United States "systematically violates" the agreed principle of confidentiality of discussion of matters before the SCC.

The Facts. The Soviet assertion is false. The U.S. Government has remained committed to the agreed principle of confidentiality and has not made public the proceedings of the commission. Press reports of SCC discussions do not reflect a U.S. Government decision to violate the principle of confidentiality; rather they reflect the operation of a free press.

OTHER TREATY ISSUES

Threshold Test Ban Treaty (TTBT): The 150 Kiloton Limit

Soviet Allegation. The Soviet Union asserts that the United States has conducted, and continues to conduct, numerous nuclear weapon tests that exceed the limits established by the TTBT and the Peaceful Nuclear Explosions Treaty (PNET).

The Facts. The Soviets' assertion is false. The United States does not conduct PNEs and, since 1976, when according to international law, the parties assumed an obligation not to undercut the purpose of the TTBT—in effect, not to test above the 150 kiloton threshold. The United States has been in full compliance with the **TTBT**.

The United States has developed a practical, accurate, and proven system for direct, on-site, hydrodynamic yield measurements of nuclear detonations—a system known as CORRTEX—that would provide for effective verification of the TTBT and PNET. The United States has met with the Soviets on four separate occasions in 1986 and 1987 at the Geneva nuclear testing experts'

meetings where the United States has presented extensive technical briefings on CORRTEX to the Soviet experts. The United States has also reiterated the President's invitation to Soviet Government experts to come to the U.S. test site, where they could observe CORRTEX in use on a U.S. nuclear weapon test and clear up any remaining questions. We have prepared the basis for the serious negotiation of necessary verification improvements of the TTBT and PNET which, as the President has promised, would lead to ratification of the treaties. If the Soviets were truly concerned that some U.S. tests had exceeded the 150 kt. threshold, they could readily accept these verification improvements. The Soviets, however, have not as yet taken a constructive approach to the question of necessary verification improvements to the TTBT and PNET.

Limited Test Ban Treaty (LTBT): Underground Nuclear Test Venting

Soviet Allegation. The Soviet Union asserts that radioactive fallout from U.S. nuclear tests has spread beyond national boundaries, in violation of the 1963 LTBT.

The Facts. Over the past decade, there have been no ventings and only two incidents of local seepage of radioactive gases at the Nevada test site, which were detected at levels barely above natural levels and certainly did not result in any spread of radioactivity beyond our national boundaries. Since 1976 the Soviet Union has not raised, until now, its concerns over this issue. In contrast, prior to the Soviet's declared unilateral moratorium on nuclear testing that began in August 1985, there were numerous Soviet ventings of radioactive materials beyond Soviet borders in violation of the LTBT and numerous U.S. demarches protesting this practice. The Soviet Union did not take action to prevent such venting, even though the United States had offered to make available current containment technology to prevent contamination of the environment.

Chemical Weapons

Soviet Allegations. The Soviet Union asserts that the United States has obstructed negotiations at the Conference on Disarmament and refused to respond to the proposal for a European chemical weapon-free zone, in order to allow the production of binary chemical agents and increase its chemical weapons stockpile "twofold."

The Facts. The Soviet assertion does not charge the United States with noncompliance because the United States is, in fact, abiding by all obligations under the 1925 Geneva protocol. However, the United States has produced no chemical weapons for 16 years and the proposed U.S. binary chemical weapons program represents a belated attempt to counter Soviet chemical warfare capabilities. The U.S. program will not increase U.S. stocks "twofold" but, instead, will give us a smaller and safer stockpile to deter a Soviet chemical attack. In the Conference on Disarmament, the United States has tabled a comprehensive treaty proposal that would prohibit, on a global basis, the production of chemical weapons and provide for the destruction of existing stocks. Since the November 1985 summit, we also have held four rounds of intensive bilateral talks on a comprehensive chemical weapons ban with the U.S.S.R. Soviet involvement in the use of toxins and chemical warfare agents in Southeast Asia and Afghanistan does not inspire confidence that the Soviets will comply with a chemical weapons ban which does not include effective verification measures.

The Helsinki Final Act

Soviet Allegation. The Soviet Union asserts that in contradiction to the commitments made under the Helsinki Final Act, the United States has "undertaken a whole series of actions which led to a sharp increase in the war danger in Europe." This, above all, concerns the deployment of American Pershing II missiles and ground-launched cruise missiles (GLCMs) in Europe and the equipping of U.S. forces with both nuclear and chemical weapons.

The Facts. The Soviet assertions are misleading and self-serving. It is the Soviets who have greatly increased the number of nuclear warheads in Europe. As U.S. efforts to reduce substantially or preferably eliminate all land-based, longer range INF missiles met with persistent Soviet intransigence during the INF [intermediate-range nuclear forces] negotiations beginning in 1981, the NATO counterdeployments of Pershing II missiles and GLCMs were necessary to strengthen deterrence and consequently reduce rather than increase the danger of war. It was the Soviet Union that broke off the INF negotiations and refused to return to Geneva until March 1985. Moreover Soviet charges lack credibility in light of the large reductions in the total NATO nuclear stockpile in Europe. The United States and NATO are withdrawing 1,400 nuclear warheads, in addition to the 1,000 warheads already withdrawn as a result of NATO's 1979 decision. The limited U.S. chemical weapons retaliatory capability in Europe is intended to deter the use of the extensive Soviet chemical weapons arsenal.

Helsinki Final Act: Exercise Notification Provisions

Soviet Allegation. The Soviet Union asserts that the United States every year stages "enormous" exercises, and that "mere notifications of those exercises without reducing their scope do not eliminate the dangerous character of such actions."

The Facts. The U.S. military activities have been completely in accordance with the provisions of the Final Act. We and our allies have notified all exercises which have exceeded the threshold of 25,000 troops as established by the Final Act and often have notified smaller-scale military maneuvers as a voluntary effort to strengthen mutual confidence. We regret that the Soviet Union has not always reciprocated.

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[1]Department of Defense Directive 5100.70, 9 January 1973, *Implementation of Strategic Arms Limitation (SAL) Agreements,* as amended by Secretary of Defense memorandum of December 22, 1986, which rescinded those portions pertaining to observance of the Interim Agreement on Strategic Offensive Arms and the SALT II Treaty.

[2]Department of Defense Instruction S-5100.72 establishes general instructions, guidelines, and procedures for ensuring the continued compliance of all DOD programs with existing agreements, as amended by Secretary of Defense memorandum of December 22, 1986, which rescinded those portions pertaining to observance of the Interim Agreement on Strategic Offensive Arms and the SALT II Treaty.

[3]Section 36, *Arms Control Impact Information and Analysis,* added to the Arms Control and Disarmament Act by Section 146 of Public Law 94-141 (22 *USC 2576). ■

Senate Consideration of Unratified Treaties To Limit Nuclear Testing

The following items, relating to the Administration's request for Senate advice and consent to ratification of the Threshold Test Ban Treaty and the Peaceful Nuclear Explosions Treaty, are herein reprinted in their entirety: (1) presidential letter (January 13, 1987) formally requesting the Senate's advice and consent to these treaties; (2) nuclear testing treaty safeguards as recommended by the Administration, on the recommendation of the Joint Chiefs of Staff, for incorporation in the TTBT and PNET ratification legislation to minimize the military risks inherent in ratifying these two treaties (January 13, 1987); (3) presidential letter (October 10, 1986) to the chairmen of the Senate and House Armed Services Committees regarding the President's intention to seek Senate advice and consent on these treaties; (4) statement by the White House Principal Deputy Press Secretary (October 10, 1986) regarding U.S. nuclear testing policy; and (5) statement by Amb. H. Allen Holmes, Assistant Secretary of State for Politico-Military Affairs, before the Senate Foreign Relations Committee (January 13, 1987).

LETTER TO THE SENATE, JAN. 13, 1987[1]

Two treaties between the United States of America and the Union of Soviet Socialist Republics on (1) the Limitation of Underground Nuclear Weapon Tests, and the Protocol thereto, known as the Threshold Test Ban Treaty (TTBT) signed in Moscow on July 3, 1974, and (2) Underground Nuclear Explosions for Peaceful Purposes, and the Protocol thereto, known as the Peaceful Nuclear Explosions Treaty (PNET) signed in Washington and Moscow on May 28, 1976, were transmitted to the Senate by President Ford on July 29, 1976, with a view to receiving advice and consent to ratification. (Senate Executive N, 94th Cong., 2d Sess.) Although hearings were held a year later, the Senate itself has not acted on the treaties. I ask the Senate to consider these important treaties anew in light of developments that have taken place over the last decade.

On August 14, 1986, I transmitted to the Congress a comprehensive study[2] which stated U.S. national security concerns as well as our views on necessary verification improvements to the TTBT and the PNET, in response to the requirements of Section 1003 of the FY 1986 Department of Defense Authorization Act (P.L. 99-145). I am enclosing a copy of this study and commend it to your attention.

The security of the United States and the entire free world, today and for the foreseeable future, depends on the maintenance of an effective and credible nuclear deterrent by the U.S. This is a considerable challenge, in light of continuing efforts by the Soviet Union to undercut the effectiveness of our deterrent. With the support of Congress we have succeeded in meeting this challenge, and together we must continue to do so in the future.

Today I am requesting per my October 10, 1986, letter that the Senate give advice and consent, subject to the condition set out below, to two pending treaties that have significant implications for Western security: the TTBT and PNET. These treaties have the common purpose of limiting individual nuclear explosions to no more than 150 kilotons. The TTBT, which prohibits nuclear weapon tests above 150 kilotons, places significant constraints on the efforts we may undertake in the U.S. nuclear test program to respond to Soviet nuclear and non-nuclear activities aimed at undercutting our deterrent. Hence, it is imperative that we have the necessary provisions that will make the TTBT effectively verifiable and thus assure ourselves that the Soviet Union is fulfilling its obligations and is thereby equally constrained.

Unfortunately, as I have frequently stated and the enclosed study makes clear, the TTBT and PNET are not effectively verifiable in their present form. Large uncertainties are present in the current method employed by the United States to estimate Soviet test yields. I have on several occasions reported to the Congress on the problems with Soviet compliance with the TTBT. Therefore, achieving Soviet agreement to improved verification measures that would provide for effective verification of these treaties has been my highest priority in the area of nuclear testing limitations.

As I stated in my March 14, 1986, letter to General Secretary Gorbachev, effective verification of the TTBT and PNET requires that we reduce the current unacceptable level of uncertainty in our estimates of the yields of nuclear tests. Indeed, leaders in previous Congresses have shared my view that the present large degree of uncertainty in such estimates is unacceptable, as well as my desire for sharp improvements. In this regard, we require—and have conveyed to the Soviets that we require—effective verification through direct, on-site hydrodynamic yield (CORRTEX) measurement of all appropriate high-yield nuclear detonations. Further, I informed General Secretary Gorbachev that, if the Soviet Union would agree to essential verification procedures for the TTBT and the PNET, I would then be prepared to request the advice and consent of the Senate to ratification of the treaties. Ratification of the treaties without such provisions would be contrary to the national security interests of the United States.

As written, the TTBT relies solely on teleseismic detection and yield measurement systems and on inadequate and unverifiable data exchange. The Soviet Union has apparently had problems in correctly assessing the yields of U.S. nuclear tests. Despite our best efforts, the Soviet Union has so far not accepted our practical proposal for achieving the necessary verification improvement of the TTBT and the PNET. We have not yet found any alternative approach which equals the effectiveness of CORRTEX—we are striving to achieve a yield-estimation accuracy of about 30 percent by this method. We have, nonetheless, advised the Soviets, at three Geneva nuclear testing experts meetings in 1986, that the U.S. is willing to consider any other direct yield measurement method the Soviets might propose, provided it is at least as capable (in terms of accuracy and non-intrusiveness) as CORRTEX. To date, they have not been forthcoming in proposing or explaining alternative verification techniques that would meet our requirements.

Recognizing the role of the Senate in the ratification process, I am therefore requesting that the Senate give its advice and consent to ratification of the TTBT and the PNET, subject to a condition in the following form:

> "The Senate's Resolution of advice and consent to ratification is subject to the condition that the President shall not proceed with ratification of the Treaty on Limitation of Underground Weapon Tests and the Treaty on Underground Nuclear Explosions for Peaceful Purposes until the President has certified to the Senate that the Union of Soviet Socialist Republics has concluded with the United States additional agreements expanding upon the obligations stated in Article II of the Treaty on Limitation of Underground Weapon Tests and including provisions for direct, accurate yield measurements taken at the site of all appropriate nuclear detonations so that the limitations and obligations of these treaties, *inter alia* the 150 kiloton limit, are effectively verifiable, and until such agreements have been submitted to the Senate, and the Senate has advised and consented to their ratification."

I am hopeful we can reach an agreement with the Soviet Union which will allow me to certify that the treaties are effectively verifiable. I will be prepared to ratify the TTBT and the PNET at such time as the condition cited above has been fulfilled.

Further, I informed the General Secretary in Reykjavik that, once our verification concerns have been satisfied and the treaties have been ratified, and in association with a program to reduce and ultimately eliminate all nuclear weapons, I would propose that the United States and the Soviet

Union immediately engage in negotiations on ways to implement a step-by-step parallel program of limiting and ultimately ending nuclear testing.

The steps in this program would take into account our long-standing position that a comprehensive test ban is a long-term objective which must be viewed in the context of a time when we do not need to depend on nuclear deterrence to ensure international security and stability, and when we have achieved broad, deep, and verifiable arms reductions, substantially improved verification capabilities, expanded confidence-building measures, and greater balance in conventional forces.

RONALD REAGAN

NUCLEAR TESTING TREATY SAFEGUARDS, JAN. 13, 1987

Now and for the foreseeable future, our nuclear weapons stockpile plays a prominent role in our national security posture. As long as this is the case, we must safeguard the efficacy of that stockpile and our confidence in it. These safeguards are considered an essential element in ensuring the nation's ability to have the technical means and knowledge necessary to support the nuclear deterrent and existing and future national security policy.

Safeguard "A": The conduct, within the constraints of existing treaties on nuclear testing, of comprehensive, aggressive, and continuing underground nuclear test programs designed to add to our knowledge and improve our weapons in all areas of significance to our military posture for the future.

For the purpose of Safeguard "A," the underground nuclear test programs shall include, but not be limited to, tests sufficient to ensure that our nuclear forces and their supporting command, communications, and intelligence systems are safe, secure, effective, reliable, and survivable, and to advance our understanding of nuclear weapon effects.

Safeguard "B": The maintenance of modern nuclear laboratory facilities and programs in theoretical and exploratory nuclear technology which will attract, retain, and ensure the continued application of our human scientific resources to those programs on which continued progress in nuclear technology depends.

Safeguard "C": The maintenance of the basic capability to resume essential nuclear test programs, in prohibited environments; and to conduct testing promptly in prohibited yield ranges, should such tests be deemed essential to our national security.

Safeguard "D": In conjunction with a vigorous verification program, the conduct of a comprehensive and continuing research and development program to improve our monitoring capabilities and operations with a goal of providing high-confidence monitoring of those actions from which noncompliance with existing nuclear testing treaties could be inferred.

Safeguard "E": The continuing development of a broad range of intelligence gathering and analytical capabilities and operations to improve our knowledge of the nuclear arsenals, nuclear weapons development programs, related nuclear programs, and the capabilities and achievements of the Soviet Union and other nations.

Safeguard "F": The conduct of a governmental review at periodic intervals to determine whether continued compliance with the provisions of existing treaties on nuclear testing is in the U.S. national security interests.

LETTER TO THE CONGRESS, OCT. 10, 1986

As I meet this week with General Secretary Gorbachev in Reykjavik, Iceland, I believe it is crucial that the Congress join with me in forging a strong bipartisan consensus on a nuclear testing policy that promotes our national security interests and advances long-standing U.S. arms control objectives.

As you are well aware, the Senate and House versions of the National Defense Authorization Act for Fiscal Year 1987 contain different amendments on the nuclear testing issue. The Senate bill includes non-binding language urging me, at the earliest possible date, to request advice and consent of the Senate (if necessary, with a reservation on the subject of verification) to the Threshold Test Ban and Peaceful Nuclear Explosions Treaties (TTBT/PNET) and to propose to the Soviet Union the immediate resumption of negotiations toward conclusion of a verifiable comprehensive test ban (CTB) treaty. The House bill would mandate a one-year moratorium on U.S. nuclear tests above one kiloton in yield, provided the Soviet Union demonstrates matching restraint and agrees to reciprocal in-country monitoring arrangements.

I fully recognize the difficult challenge you have faced in trying to reconcile these differing positions in the conference on this bill. However, I do not believe it is the best interests of our Nation for this dispute to remain unresolved. I think it may be helpful if I were to identify some basic principles upon which I believe we all agree and to outline my plans for discussing this issue in Reykjavik.

First, let me emphasize that I am committed to the ultimate attainment of a total ban on nuclear testing, a goal that has been endorsed by every U.S. President since President Eisenhower. I am determined to take practical steps in the near future toward this goal.

Second, I am sure we are in full accord that any treaties with the Soviet Union in the arms control area—whether they be treaties requiring reductions in deployed weapons or treaties limiting nuclear testing—must be verifiable. In recent years, advances in technology have made possible methods of improved verification in the nuclear testing area that can and should be incorporated in both pending and any future nuclear testing agreements with the Soviet Union.

Third, I believe that we fully recognize that for over four decades we have relied upon nuclear weapons for the deterrence of war and that nuclear testing has been instrumental in ensuring the safety and reliability of these weapons. A CTB would necessarily require a completely different approach to meeting our crucial interests in the areas of nuclear weapons safety and reliability—interests that will remain vital as long as the United States continues to depend on the threat of nuclear retaliation to deter aggression. Thus how one transitions to a total test ban regime is no less critical a concern than verification or any other national security issue related to an eventual implementation of a CTB.

With these principles in mind, I am prepared to take two important steps toward limiting nuclear testing. First, I intend to inform General Secretary Gorbachev in Reykjavik that as a first order of business for the 100th Congress, if the Soviet Union will, prior to the initiation of ratification proceedings in the Senate next year, agree to essential TTBT/PNET verification procedures which could be submitted to the Senate for its consideration in the form of a protocol or other appropriate codicil, I will request the advice and consent of the Senate to ratification of the TTB and PNE Treaties. However, if the Soviet Union fails to agree to the required package of essential procedures prior to the convening of the 100th Congress, I will still make ratification of these treaties a first order of business for the Congress, with an appropriate reservation to the treaties that would ensure they would not take effect until they are effectively verifiable. I will work with the Senate in drafting this reservation.

Second, I intend to inform the General Secretary in Reykjavik that, once our verification concerns have been satisfied and the treaties have been ratified, I will propose that the United States and the Soviet Union immediately engage in negotiations on ways to implement a step-by-step parallel program—in association with a program to reduce and ultimately eliminate all nuclear weapons—of limiting and ultimately ending nuclear testing. These steps we can take in the near future—steps which will show the world that the United States is moving forward.

I believe that the approach outlined in this letter is consistent with the broad purposes and objectives of the Congress with respect to limiting nuclear testing. I hope that this communication will prove constructive in assisting you to reach final agreement on a Fiscal Year 1987 defense authorization bill and will provide a foundation for a bipartisan consensus on this important policy issue.

Sincerely,

RONALD REAGAN

WHITE HOUSE STATEMENT, OCT. 10, 1986[3]

As the President meets this week with General Secretary Gorbachev in Reykjavik, Iceland, he believes it is crucial that all Americans join with him in forging a strong, bipartisan consensus on a nuclear testing policy that promotes our national security interests and advances longstanding U.S. arms control objectives.

In recent weeks there has been substantial disagreement in the Congress and in the nation over the best approach to reach the goal we all seek—a world in which there will be no nuclear testing because the need for it has vanished. The dispute threatened to give General Secretary Gorbachev the false impression of a divided America. The President did not believe it was in the best interests of our nation to create this impression.

United States policy on nuclear testing limitations is clear:

- Our highest arms control priority in the area of nuclear testing has been, and remains, to seek the necessary verification improvements to the existing Threshold Test Ban Treaty and Peaceful Nuclear Explosions Treaty.
- Once our verification concerns have been satisfied and the treaties have been ratified, and in association with a program to reduce and ultimately eliminate all nuclear weapons, we are prepared to engage in discussions on ways to implement a step-by-step, parallel program of limiting and ultimately ending nuclear testing.
- We remain committed to the ultimate goal of the total elimination of nuclear testing, but only when we do not need to depend on nuclear deterrence to ensure international security and stability, and when we have achieved broad, deep, and verifiable arms reductions, substantially improved verification capabilities, expanded confidence-building measures, and greater balance in conventional forces.

In order to make progress toward our goals, encourage the Soviet Union to negotiate verification improvements, and ensure the necessary national consensus for our objectives, the President has decided to take two new steps:

First, the President will inform General Secretary Gorbachev in Reykjavik that if the Soviet Union will, prior to the initiation of ratification proceedings in the Senate next year, agree to essential TTBT/PNET verification procedures which could be submitted to the Senate for its consideration in the form of a protocol or other appropriate codicil, the President will, as a first order of business for the 100th Congress, request the advice and consent of the Senate to ratification of the TTBT and PNET. However, if the Soviet Union fails to agree to the required package of verification improvements prior to the convening of the 100th Congress, the President will still seek Senate advice and consent, but with an appropriate reservation to the treaties that would ensure they would not take effect until they are effectively verifiable.

Second, the President will inform the General Secretary that, once our TTBT/PNET verification concerns have been satisfied and the treaties have been ratified, the President will propose that the United States and the Soviet Union immediately engage in negotiations on ways to implement a step-by-step, parallel program—in association with a program to reduce and ultimately eliminate all nuclear weapons—of limiting and ultimately ending nuclear testing.

The congressional leadership has responded to the President's decision in a bipartisan spirit and is supporting the President's proposal. The President is grateful for this show of unity. As a result, the President can make it clear to General Secretary Gorbachev that America is united in its determination to take prompt, practical steps to limit nuclear testing, that the first requirement is for him to act now to resolve the verification problems with the existing treaties, and that the United States and the world are awaiting his response.

While the President believes these new steps will allow progress in this area, they must not divert us from the primary goal: elimination of the weapons themselves. Broad, deep, equitable, and verifiable reductions in offensive arms remain our highest priority. Here, too, we have made significant proposals and await a constructive Soviet response. If they are willing, the road to a safer world is open before us.

AMBASSADOR HOLMES' STATEMENT, JAN. 13, 1987[4]

I welcome this opportunity to appear before you for the purpose of addressing the Administration's request for the Senate's advice and consent—with an appropriate reservation—to ratification of the Threshold Test Ban Treaty and the Peaceful Nuclear Explosions Treaty. I am pleased to note that Administration officials and members of the Senate staff have held thorough consultations on this subject. I appreciate the cooperation of your professional staff.

U.S. Nuclear Testing Policy

U.S. policy with respect to the broad issue of nuclear testing limitations has been clear and consistent throughout this Administration. We are committed to the ultimate attainment of a total ban on nuclear testing under appropriate circumstances, a goal that has been endorsed by every president since President Eisenhower.

But for the present, the United States, its allies, and its friends depend on nuclear weapons for deterrence. So long as we must continue to rely on a secure and credible nuclear deterrent as the ultimate guarantor of peace with freedom, some level of testing will be necessary to ensure the safety, reliability, effectiveness, and survivability of our nuclear weapons. We want to make progress in this area, however, as the President outlined in his letter of last October [see p. 49]. We are here today to testify in support of the Administration's approach to nuclear testing limits.

History of These Two Treaties

The negotiations and support of these treaties represent long and serious efforts by several administrations. They reflect the considered judgment of several presidents that carefully structured limitations on the nuclear weapons development process, if fully observed by both sides, are positive steps.

In 1974, the United States and the Soviet Union negotiated the Threshold Test Ban Treaty, and in 1976, they signed the Peaceful Nuclear Explosions Treaty. Neither of these treaties has been subsequently ratified by either the United States or the Soviet Union. Since 1983, the President has sought verification improvements that would enable him to move forward on ratification.

For its part, the Soviet Union has claimed that if the United States would

ratify the TTBT and PNET and implement their verification provisions, our verification and compliance concerns would be promptly resolved. However, our problems would not be resolved; large uncertainties would remain. For example, the data to be exchanged upon ratification of the TTBT would itself be unverified. Nor would the verification measures in the PNET resolve our concerns about that treaty.

Ratification of the TTBT/PNET

With the necessary verification improvements we seek, we believe these treaties would be in our national interest. The treaties were negotiated as important parts of the longstanding U.S. policy of controlling the development and inhibiting the spread of nuclear weapons.

Specifically, these two treaties, which we have scrupulously observed for over a decade, prohibit larger yield nuclear explosions, such as tests once carried out by the Soviets at levels 15–20 times greater than 150 kilotons (kt). This restriction imposes a significant qualitative limit on one aspect of nuclear weapons development competition.

Then Under Secretary of State for Political Affairs Philip Habib testified before this committee about 10 years ago. He said: "I believe the political benefits which can accrue to us by the ratification of these treaties are as significant as the contributions which they make to the control of nuclear weapons." Formal agreement to this limitation on nuclear testing, by ourselves and our principal adversary, will be seen by other parties as a positive and stabilizing step. It will be viewed as demonstrating leadership in the critical task of peacefully managing our relationship with the Soviet Union while providing an example of self-restraint to all.

In addition, ratification of these treaties will build confidence and meet the reasonable expectations of our negotiating partners and others that arms control negotiations with the United States will result in concrete progress. More importantly, we are hopeful that ratification of improved, verifiable agreements will open the path to more stable and predictable relations with the Soviets. As the President said in his letter requesting your advice and consent, ratification of improved treaties that are effectively verifiable is a necessary first step to further progress.

If the Soviets agree to our proposals to make the treaties effectively verifiable, we will move into a new area of bilateral cooperation between our governments in the area of verification. For the first time, both countries will allow direct, onsite measurements at nuclear testing sites. This will be a beneficial precedent for other arms control negotiations as well as a good step toward further limitations on nuclear testing.

TTBT/PNET Verification is Highest U.S. Priority

Over the past 2 years, we have placed the highest priority in the area of nuclear testing limits on finding an effective means of verification of the 1974 Threshold Test Ban Treaty and the 1976 Peaceful Nuclear Explosions Treaty. We have proposed concrete means of building confidence by extending a unilateral and unconditional invitation to the Soviet Union to send experts to measure directly the yield of a nuclear test at our test site.

In March 1986, the President urged the Soviet Union to join the United States in discussions on finding ways to reach agreement on essential verification improvements of the TTBT and PNET. He invited Soviet scientists to come to our Nevada test site to examine our proposed verification system fully. He said the United States would be prepared to move forward on ratification of the TTBT and PNET if the Soviets would agree to effective verification.

The President has undertaken a series of additional, concrete, and practical steps.

- After several years of trying to engage the Soviets in expert-level discussions, agreement was finally reached last summer. A first meeting was held in July, a second meeting was held in September, and a third meeting took place in November.
- On October 10, 1986, in Reykjavik, the President announced that as a first order of business for the 100th Congress, he would request the advice and consent of the Senate to ratification of the TTBT and PNET, but with an appropriate reservation to the treaties, which you have, ensuring they would not take effect until they are effectively verifiable.
- Further, the President said that once our TTBT/PNET verification concerns have been satisfied and the treaties have been ratified, he would propose that the United States and the Soviet Union immediately engage in negotiations on ways to implement a step-by-step parallel program—in association with a program to reduce and ultimately eliminate all nuclear weapons—of limiting and ultimately ending nuclear testing.

In our view, this is a most practical and serious approach to nuclear testing limitations. Yet, despite our efforts, the Soviets have not agreed to it. We remain hopeful they will join us. We have left the door open to negotiation and, in fact, we have recently reiterated through diplomatic channels our proposals for the opening of negotiations with the Soviets in January.

The President's proposals in the nuclear testing and other arms control areas demonstrate our commitment to achieving the conditions necessary for possible additional limitations on nuclear testing in the context of a process of nuclear arms reductions. It is now up to the Soviet Union to make a similar commitment, which they can demonstrate by negotiating in good faith on the President's proposals for essential verification improvements to the existing treaties.

Moratorium

Some argue that these treaties do not go far enough, that the United States should seek a moratorium on testing instead. I want to make a few comments on that proposition. First, as I have already said, nuclear testing is critical to nuclear deterrence, and deterrence is what has kept the peace in the Atlantic treaty area for over four decades. That is a singular achievement. Second, a moratorium or a comprehensive test ban has no effect on the numbers or deployment of nuclear weapons; more important, it would not affect the threats to our security which forced us to arm in the first place. Moreover, it is possible that focus on a comprehensive test ban will divert attention and energy from the practical and achievable steps of arms control represented by these treaties. These treaties can enhance stability and security now, rather than in some distant future, and open the way to that future if the Soviets will agree to address it sincerely and meaningfully. They constitute a significant step along an important path.

Safeguards

I wish also to point out the importance of maintaining adequate safeguards in conjunction with these treaties. We consider safeguards essential to ensuring the nation's ability to retain the technical means and knowledge necessary to support the nuclear deterrent and existing and future national security policies. A description of these

safeguards will be submitted for the record at the conclusion of our testimony [see p. 49]. The military authorities who will make presentations to this committee are prepared to give further details regarding safeguards.

Conclusion

In conclusion, we think there are good opportunities for progress on arms control, including nuclear testing. So far, however, the Soviets have been more interested in the grand gesture than in practical steps. To summarize:

- We have made it absolutely clear that we require nuclear testing for our security and the security of our allies. We intend to continue with our testing programs.
- A nuclear testing moratorium is unacceptable. It diverts attention from the real issues.
- What is needed now is to enhance confidence in verification of the TTBT and PNET. We place top priority on the achievement of a reasonable and effective system by which we can verify compliance with the Threshold Test Ban Treaty and the Peaceful Nuclear Explosions Treaty. The United States has made a series of concrete proposals to the U.S.S.R. in this regard.
- We are prepared to open negotiations with the Soviets now. Once these treaties are effectively verifiable and have been ratified, we would proceed in accordance with the step-by-step process outlined by the President in Reykjavik in October.
- We seek the Senate's advice and consent to these two treaties, with an appropriate reservation.

I ask for your continued support in our responsible approach to nuclear testing limitations.

[1]Text from Weekly Compilation of Presidential Documents of Jan. 19, 1987.
[2]See Special Report No. 152, "Verifying Nuclear Testing Limitations: Possible U.S.-Soviet Cooperation," Aug. 14, 1986.
[3]Text from Weekly Compilation of Presidential Documents of Oct. 20, 1987.
[4]The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Countering Today's Security Challenges

by Ronald I. Spiers

Statement before the Senate Select Committee on Intelligence on April 23, 1987. Ambassador Spiers is Under Secretary for Management.[1]

I welcome the opportunity to meet with this committee today. Over the last few weeks, much of our nation's attention has been focused on the unfolding stories of espionage, electronic bugging, and allegations of treason in our Embassy in Moscow and our Consulate General in Leningrad. These are serious and chilling charges. Unfortunately, neither the facts nor the solutions can be easily summarized in banner headlines. The facts are often overshadowed by the atmospherics. We are committed to providing the highest degree of physical and technical security possible. At the same time, we have to keep in mind that security is not an end in itself. It is a tool which enhances our ability to pursue the interests of the United States abroad.

We are deeply concerned about what has happened in Moscow and in Leningrad. Frankly, it is almost beyond belief that Marine security guards could do what they allegedly did in Moscow. The United States has relied on the integrity of the Marine security guard system for almost 40 years. The program has a proud history. We never considered that we needed guards to guard the guards. But several of these guards now stand charged with espionage. Treason cannot be justified or rationalized by a harsh or isolated environment, or by youth, or by the quality of supervision. We had clear rules restricting fraternization in East European countries; sexual entrapment is an age-old staple of intelligence services. The Marines in Moscow understood this, but some of them knowingly violated the rules.

We cannot absolve the State Department or any other agency of responsibility. All concerned agencies, and especially the State Department, must look within to see where our policies, procedures, and/or personnel have failed us. With the help of Anne Armstrong of the President's Foreign Intelligence Advisory Board, former Secretary of Defense Mel Laird, Ambassador Bill Brown, and others, we are investigating the security breaches, assessing the damage we've suffered, and determining how we can prevent future recurrences in Moscow and elsewhere.

I do not believe, however, that what happened in Moscow can be taken as an across-the-board condemnation of the security policies of Embassy Moscow, of the Department of State, or of this Administration. The fact of the matter is that this Administration—and particularly the Secretary of State—has taken the lead in correcting many of the long-neglected physical and technical security problems at our overseas missions. The Department of State has taken the lead in pursuing a wide range of security initiatives over the past several years at all overseas posts—and in Moscow, in particular.

Efforts To Address Security Concerns

In early 1984, we concluded that we needed a major new program to cope with contemporary security challenges. For this reason, we recommended that the Secretary establish a panel of experienced outsiders to examine the entire range of security threats—both physical and counterintelligence—against our overseas posts. We recommended that Adm. Bobby Inman head the panel. We knew that any comprehensive security program recommended by such a panel would require a tremendous amount of additional resources but felt that the time had come to lay out for the Congress and for the American public a security program which they could accept or reject. The Secretary approved our plan without hesitation.

The Inman panel made its report to the Secretary in mid-1985, and within weeks, we had put together a 5-year, $4.4-billion program to implement most of the panel's 91 recommendations. At the same time:

- We established a new bureau in the Department devoted exclusively to security. If the committee wishes, I will submit a detailed description of the organization and functions of the Bureau of Diplomatic Security for the record.
- We set up recruitment and training programs for a new, expanded generation of security officers. Our security specialist corps has grown from 572 in 1985, to 675 in 1986, to 1,017 by the end of fiscal year 1987.

Kenneth L. Adelman

Current
Policy
No. 987

Verification in an Age of Mobile Missiles

United States Department of State
Bureau of Public Affairs
Washington, D.C.

Following is an address by Kenneth L. Adelman, Director of the U.S. Arms Control and Disarmament Agency, before The City Club, San Diego, California, June 26, 1987.

One of the areas of arms control that the American people feel most strongly about, opinion polls consistently show, is verification. Exact numbers vary, but polls generally indicate that about 80% of the public disapprove of arms agreements that cannot be effectively verified, and I think rightly so.

However, the American attitude toward verification is a bit paradoxical. On the one hand, we seem to care very much about it. On the other hand, we sometimes tend to take it for granted.

Verification is one of those fields where we have become, to some extent, victims of our own success. It took quite a number of years to persuade the American people and Congress that satellites and other electronic intelligence could make possible arms control agreements that otherwise would be beyond our reach. Such methods are referred to euphemistically in arms control treaties as each nation's "national technical means" of verification.

The use of satellites to verify arms control agreements was probably the single most important breakthrough in arms control in the 1960s and 1970s. It made feasible the SALT [strategic arms limitation talks] agreements of the 1970s. Up to that time, the Soviet obsession with secrecy, and the refusal of the Soviet Union to permit overflights of Soviet territory or onsite inspection in any form, made such arms limitation agreements unwise, if not impossible.

However, now that Americans have become convinced of the supposedly wondrous things we can do with our reconnaissance satellites, it is sometimes difficult to persuade them that these tools have some real limitations. There is much misinformation in the public domain concerning the capabilities of satellites.

Verification More Difficult

My message this afternoon may, therefore, strike you as a bit surprising: today it is tougher, not easier, than it was 10 years ago to guarantee effective verification of arms control agreements we may sign with the Soviet Union. Why? Basically three reasons:

- First, technology. Owing to advances in technology, nuclear weapons systems today are becoming smaller and more mobile and hence a lot more difficult for satellites to find, much less track.
- Second, Soviet noncompliance. While we have always understood that the Soviet Union was capable of violating agreements, the strong presumption in the 1970s was that it was unlikely that the Soviet Union would violate arms control agreements. However, we now know that the Soviets are capable of violating arms control agreements—in fact, we know that they are engaging in serious violations of major arms agreements at this very moment. Consequently, in negotiating future agreements, including their verification measures, we have to take the real prospect of Soviet noncompliance into account. Soviet noncompliance is a big problem for which we do not yet have an entirely satisfactory answer.
- Third, increasing Soviet concealment and deception. A number of Soviet violations involve forbidden forms of concealment. In general, we have seen an increasing pattern of concealment and deception. Improvements in technology only exacerbate this problem.

Underlying Problem of Soviet Secrecy

The basic, underlying problem in all this is the continuing Soviet obsession with secrecy. Despite all the talk under Gorbachev about a new "openness" or *glasnost* in Soviet society, the Soviet regime remains today as secretive as ever. What we have seen from the Soviets thus far in this respect is, for the most part, a change in rhetoric rather than a change in policy. Soviet secrecy continues to be one of the major barriers to getting effective arms control and remains a destabilizing influence in U.S.-Soviet relations.

Add to all this the fact that today in our START [strategic arms reduction talks] proposals we are trying to get at more meaningful measures of strategic capabilities. We are attempting to reduce the total number of missiles, the number of warheads, and the throw-weight

comes to two conclusions. They will push ambiguous language to the limit. On the other hand, they will abide by clear straightforward language and carry it out.

The working assumption in those days was twofold: first, that the Soviets would be deterred from violating arms agreements by the mere fact that the United States could detect such violations; and second, that the consequences for the Soviets of violating these agreements would be so grave that they never would attempt it.

Unambiguous Violations

Neither contention has proved out. Take the 1972 ABM [Anti-Ballistic Missile] Treaty. The ABM Treaty is often considered the jewel in the crown of arms control, the central achievement of the SALT process. No one could have mistaken the seriousness with which the United States regarded the ABM Treaty when it was signed. And yet in the early 1980s, we detected a large phased-array radar under construction near Krasnoyarsk in Siberia. By virtue of its location and capabilities, this radar—several football fields across and many stories high—is a blatant violation of the ABM Treaty. It violates a key provision covering such radars, which our negotiators spent hours and hours of hard bargaining to pin down. No one could mistake this violation; and no informed person today disagrees with our judgment that the Krasnoyarsk radar is a violation. Indeed, recently the House of Representatives voted unanimously, 418–0, to declare the Krasnoyarsk radar to be illegal under the treaty. There is nothing ambiguous about it.

Or take SALT II. SALT II, which the United States and the Soviet Union made political commitments to observe, forbids either side from deploying a second "new type" of ICBM. It defines a new type—among other parameters—as differing by 5% in throw-weight of an existing type. In addition to their declared new type—the new mobile SS–X–24—the Soviets, as I have mentioned, have begun deploying the mobile SS-25, a missile with about twice the throw-weight of its predecessor, or 20 times the permitted increase—a clear second new type and clear violation.

SALT II also forbids the encryption of telemetry to impede verification, but the Soviets have been encrypting missile telemetry heavily. Indeed, encryption for some time has been more than 90%. These are not ambiguous cases.

So much for the first contention—that our capacity to detect violations would deter the Soviets from committing them. Such capacity has not deterred. The Soviets have violated arms control treaties; in fact, we have instances of noncompliance on almost every major arms agreement we have with them.

But what of the second contention—that the Soviets would be deterred from cheating by the strong U.S. response? In 1979, Secretary Vance told the Senate Armed Services Committee:

> [The Soviets] know that if they violate the [SALT II] treaty, the consequences are very serious, not only in terms of the fact that we could terminate the treaty if there was a serious violation of the treaty, but second, the effect that this would have on how they were viewed in the world, and their relationships with others, including our Allies, and those in the nonaligned world as well.

Well, let me tell you. The news is out that the Soviets are violating these treaties, and I have not yet heard the predicted outcry from the "nonaligned world." On the contrary, it is hard enough to get our own Congress to respond sensibly and constructively to the problem of Soviet noncompliance.

Congress and SALT

In 1982, President Reagan made a political commitment not to undercut SALT II as long as the Soviets did not undercut it. SALT II, remember, was never ratified. It failed to gain ratification largely because it was a flawed agreement in the first place. In addition, it would have expired by now on its own terms. On top of all this, the Soviets began to undercut it. They are seriously violating key provisions of the agreement, provisions which were declared by the agreement's proponents in 1979 to be central to the treaty. In a press conference in April of 1979, President Carter said that the Soviets would know that any violation of SALT II would be grounds for the United States rejecting the treaty.

And yet President Reagan's May 1986 decision that the United States would no longer be bound by this unratified, expired, flawed, and violated agreement has been resisted by Congress every step of the way. And this despite the fact that we have shown the Congress in detail, in careful analyses, why this move does not harm the United States, why, indeed, it will serve our security.

The President has declared that the United States will no longer abide by SALT, and the House has voted again and again to force him to do so. Indeed, the argument has even been made in the halls of Congress that the President was contradicting his own no-undercut policy—even though this policy was always conditioned on the assumption that the Soviets would themselves not undercut the agreement. Congress wants the United States to abide selectively by an unratified and expired agreement that the Soviet Union has chosen to violate. So much for the strong, unambiguous U.S. response to Soviet arms control violations that was predicted in 1979.

Not that this problem was unanticipated. As long ago as 1961, the present Under Secretary of Defense for Policy, Fred C. Ikle, wrote an article about the problem of arms control compliance for *Foreign Affairs* titled "After Detection, What?" That article was written before we had signed a single arms agreement with the Soviet Union. Several agreements and—in recent years—many violations later, we still do not have an adequate answer to that question, and Congress, unfortunately, isn't helping.

Increasing Concealment and Deception

Finally, there is the problem of detection itself and the increasing pattern, over the past couple of decades, of Soviet concealment and deception. Some of these instances of concealment involve actual violations of agreements, as is the case with telemetry encryption and the concealment of the association between the SS–25 and its launcher. Others do not necessarily involve explicit violations, but they still make the job of verification more difficult. As Amrom Katz has observed, we have never found anything that the Soviets successfully concealed.

Note that deliberate, orchestrated deception of the outside world has been a constant of Soviet history and, indeed, Russian history. The Potemkin village has been an enduring motif. In 1944, Vice President Henry Wallace visited the Soviet Union and stayed briefly at a mining camp in Kolyma, the notorious site of labor camps in the Soviet Union where literally millions suffered and perished. During the visit, the Soviets sent the prisoners away, dressed the prison guards up in peasant clothing, shined the place up, and Wallace came back with glowing reports of mining life in the socialist paradise. He was neither the first nor the last foreigner to be deceived.

Verification and the Open Society

There is a change that would solve all these problems, of course, and that is if the Soviet Union were to become a

nuinely open society. If the Soviet nion were a truly open society, we ould not need satellites to verify arms reements—just as the Soviets do not ed satellites to verify our compliance th arms control. (They have the *ashington Post,* the *New York Times,* *viation Week,* and a host of other dependent publications—not to menon the *Congressional Record*—to help em with the job of verifying U.S. comiance with arms treaties. Obviously, we ve no comparable independent sources the Soviet side.) Indeed, if the Soviet nion were a truly open society, I doubt e would find ourselves at odds with the oviet Government. I doubt the Soviet overnment would be pouring 15%–17% that nation's GNP [gross national roduct] into military hardware and ilitary activities, attempting to timidate the surrounding world into bmission. If the Soviet Union were an en society like Britain or France or est Germany, I doubt we would have ything to fear. But it is not. It is not open society, and we must remain ear about this fact.

Today we hear a lot of talk of "openss" from the Soviet Union. We should wary of it. The moves that the oviets have made in the direction of enness—the release of some ssidents, the greater coverage of gative news in the state-owned press, e limited measure of cultural loosening at observers report—we should elcome all this. But we should also be ary.

Much that the Soviet Union has done s been calculated to gain maximal blicity for minimal concessions. By d large, it is the most famous ssidents who have been released, while erally thousands of others remain in mps, prisons, or psychiatric hospitals. emember that over 30 years ago, ikita Khrushchev released thousands, d yet the basic nature of the system d not change.

lasnost and Arms Control

far, moreover, *glasnost* has had no al impact on arms control. Take a matr as simple as military budgets. The nited States publishes its military dget in great detail. The Congress bates the U.S. military budget in great tail. In 1985, that budget came to out $250 billion. Our best estimates ggest that in that year the Soviets also ent the equivalent of $250 billion. In at year the Soviets claimed to have ent 20.3 billion rubles on defense. ssuming the official exchange rate of .50 per ruble, that comes to about $35 billion—about a seventh of the real total and a ridiculously small sum for the budget of a military superpower.

Or take the example of chemical weapons. For the past 17 years, the United States has not produced any chemical weapons. During that same period, Soviet production of chemical weapons has gone full steam ahead. The Soviets have extensively upgraded their chemical warfighting capabilities, with 80,000 specially trained and equipped troops. We have nothing comparable, and, in fact, Congress keeps postponing and killing funding for new Western chemical weapons absolutely essential to strengthen deterrence against chemical warfare.

But, meanwhile, in addition to producing chemical weapons in large quantities, the Soviets until very recently denied even possessing chemical weapons. Then, all of a sudden, they announced the creation of a facility for the destruction of chemical weapons. That is pretty much how it goes with *glasnost* sometimes. Having refused to admit that it possesses chemical weapons, the Soviet Government then announces that there is a chemical weapons destruction facility—which presumably means there are chemical weapons somewhere to be destroyed. Well, at Moscow, Secretary Shultz proposed to Foreign Minister Shevardnadze that the two sides exchange visitors to each other's chemical weapons destruction facilities. The Soviets agreed, all right. The problem was that no one on the Soviet delegation could tell us the location of that facility or anything else about it. Such are the trials and tribulations of the new Soviet "openness."

Test of Openness

One test of openness will be whether the Soviets are willing to accept the verification provisions we are proposing in the agreement on intermediate-range nuclear forces (INF) that the two delegations are negotiating now in Geneva. This agreement involves mobile missiles and all the verification problems that such missiles bring. Our key purpose in these negotiations has been to remove the threat posed to Europe and Asia beginning in 1977 with the deployment of the Soviets' mobile SS–20 missile. In 1981, President Reagan proposed the "zero-zero option" for these missiles—global elimination of all longer range intermediate-range nuclear missiles. We are, at present, close to an agreement that would either radically reduce or eliminate such missiles—the SS–20 and the SS–4 on the Soviet side and the Pershing II and ground-launched cruise missiles which NATO deployed beginning in 1983 in response to the SS–20.

But because of the problems associated with mobile missiles, we have proposed an extensive verification package—the most comprehensive ever—which will involve, among other things, not only the first onsite inspection of Soviet missiles being destroyed, but a round-the-clock Western presence at the gates of Soviet INF weapons facilities, as well as other forms of inspection.

A comprehensive verification approach that goes beyond satellite monitoring is not optional with this agreement. It will have to be more intrusive if the Soviets insist on keeping some of these mobile missiles than if they agree to eliminate all of them. It is absolutely essential if the agreement is to be effective. So a test of Soviet willingness to work toward genuine arms control with us will be whether the U.S.S.R. is ready to accept the INF verification package. Watch the progress of these talks. Arguments from Moscow to the effect that Washington's insistence on adequate verification is an impediment to an agreement should be taken as a sign that *glasnost* is little more than empty rhetoric.

But how far even these kinds of verification measures can take us toward genuine arms control remains an open question. Onsite inspection of Soviet territory would be progress. But there is more to establishing trust than allowing another nation's representatives to set foot on one's military reservations. We should be clear about this. Onsite inspection is not a panacea for verification problems. History shows that onsite inspection can be thwarted; it can be circumvented. During the Second World War, the Red Cross inspected a Nazi concentration camp and came back with positive reports. Remember Henry Wallace's experience in Kolyma. By itself, inspection is no guarantee. It is necessary. But how much it can compensate for the gaps left by satellite reconnaissance remains to be seen.

We should face the facts. In an age of small, mobile weapons, we are butting up against the outer limits of "national technical means." We are butting up against the limits of what arms control can achieve without a fundamental change in the way the Soviets do business. Already verification requires more than national technical means; and already confidence in Soviet compliance with arms control is beginning to require more than any mere verification package can offer.

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genuinely open society. If the Soviet Union were a truly open society, we would not need satellites to verify arms agreements—just as the Soviets do not need satellites to verify our compliance with arms control. (They have the *Washington Post*, the *New York Times*, *Aviation Week*, and a host of other independent publications—not to mention the *Congressional Record*—to help them with the job of verifying U.S. compliance with arms treaties. Obviously, we have no comparable independent sources on the Soviet side.) Indeed, if the Soviet Union were a truly open society, I doubt we would find ourselves at odds with the Soviet Government. I doubt the Soviet Government would be pouring 15%–17% of that nation's GNP [gross national product] into military hardware and military activities, attempting to intimidate the surrounding world into submission. If the Soviet Union were an open society like Britain or France or West Germany, I doubt we would have anything to fear. But it is not. It is not an open society, and we must remain clear about this fact.

Today we hear a lot of talk of "openness" from the Soviet Union. We should be wary of it. The moves that the Soviets have made in the direction of openness—the release of some dissidents, the greater coverage of negative news in the state-owned press, the limited measure of cultural loosening that observers report—we should welcome all this. But we should also be wary.

Much that the Soviet Union has done has been calculated to gain maximal publicity for minimal concessions. By and large, it is the most famous dissidents who have been released, while literally thousands of others remain in camps, prisons, or psychiatric hospitals. Remember that over 30 years ago, Nikita Khrushchev released thousands, and yet the basic nature of the system did not change.

Glasnost and Arms Control

So far, moreover, *glasnost* has had no real impact on arms control. Take a matter as simple as military budgets. The United States publishes its military budget in great detail. The Congress debates the U.S. military budget in great detail. In 1985, that budget came to about $250 billion. Our best estimates suggest that in that year the Soviets also spent the equivalent of $250 billion. In that year the Soviets claimed to have spent 20.3 billion rubles on defense. Assuming the official exchange rate of $1.50 per ruble, that comes to about $35 billion—about a seventh of the real total and a ridiculously small sum for the budget of a military superpower.

Or take the example of chemical weapons. For the past 17 years, the United States has not produced any chemical weapons. During that same period, Soviet production of chemical weapons has gone full steam ahead. The Soviets have extensively upgraded their chemical warfighting capabilities, with 80,000 specially trained and equipped troops. We have nothing comparable, and, in fact, Congress keeps postponing and killing funding for new Western chemical weapons absolutely essential to strengthen deterrence against chemical warfare.

But, meanwhile, in addition to producing chemical weapons in large quantities, the Soviets until very recently denied even possessing chemical weapons. Then, all of a sudden, they announced the creation of a facility for the destruction of chemical weapons. That is pretty much how it goes with *glasnost* sometimes. Having refused to admit that it possesses chemical weapons, the Soviet Government then announces that there is a chemical weapons destruction facility—which presumably means there are chemical weapons somewhere to be destroyed. Well, at Moscow, Secretary Shultz proposed to Foreign Minister Shevardnadze that the two sides exchange visitors to each other's chemical weapons destruction facilities. The Soviets agreed, all right. The problem was that no one on the Soviet delegation could tell us the location of that facility or anything else about it. Such are the trials and tribulations of the new Soviet "openness."

Test of Openness

One test of openness will be whether the Soviets are willing to accept the verification provisions we are proposing in the agreement on intermediate-range nuclear forces (INF) that the two delegations are negotiating now in Geneva. This agreement involves mobile missiles and all the verification problems that such missiles bring. Our key purpose in these negotiations has been to remove the threat posed to Europe and Asia beginning in 1977 with the deployment of the Soviets' mobile SS–20 missile. In 1981, President Reagan proposed the "zero-zero option" for these missiles—global elimination of all longer range intermediate-range nuclear missiles. We are, at present, close to an agreement that would either radically reduce or eliminate such missiles—the SS–20 and the SS–4 on the Soviet side and the Pershing II and ground-launched cruise missiles which NATO deployed beginning in 1983 in response to the SS–20.

But because of the problems associated with mobile missiles, we have proposed an extensive verification package—the most comprehensive ever—which will involve, among other things, not only the first onsite inspection of Soviet missiles being destroyed, but a round-the-clock Western presence at the gates of Soviet INF weapons facilities, as well as other forms of inspection.

A comprehensive verification approach that goes beyond satellite monitoring is not optional with this agreement. It will have to be more intrusive if the Soviets insist on keeping some of these mobile missiles than if they agree to eliminate all of them. It is absolutely essential if the agreement is to be effective. So a test of Soviet willingness to work toward genuine arms control with us will be whether the U.S.S.R. is ready to accept the INF verification package. Watch the progress of these talks. Arguments from Moscow to the effect that Washington's insistence on adequate verification is an impediment to an agreement should be taken as a sign that *glasnost* is little more than empty rhetoric.

But how far even these kinds of verification measures can take us toward genuine arms control remains an open question. Onsite inspection of Soviet territory would be progress. But there is more to establishing trust than allowing another nation's representatives to set foot on one's military reservations. We should be clear about this. Onsite inspection is not a panacea for verification problems. History shows that onsite inspection can be thwarted; it can be circumvented. During the Second World War, the Red Cross inspected a Nazi concentration camp and came back with positive reports. Remember Henry Wallace's experience in Kolyma. By itself, inspection is no guarantee. It is necessary. But how much it can compensate for the gaps left by satellite reconnaissance remains to be seen.

We should face the facts. In an age of small, mobile weapons, we are butting up against the outer limits of "national technical means." We are butting up against the limits of what arms control can achieve without a fundamental change in the way the Soviets do business. Already verification requires more than national technical means; and already confidence in Soviet compliance with arms control is beginning to require more than any mere verification package can offer.

In short, there is a direct, practical link between openness and progress in arms control. That link lies in the problem of verification. Verification has always defined the outer frontier of what we can achieve in arms control. We can control effectively only what we can effectively verify. But verification is often directly limited, in turn, by the degree of openness permitted by the states that subscribe to an arms control agreement.

Too, there is a clear connection between openness and international trust, between peace and the open society. Societies that respect the rights of their citizens, that respect freedom of speech, freedom of religion, freedom of the press, freedom to travel and to emigrate, freedom of assembly—that defend the rights of individuals to criticize their leaders and to vote them in and out of office—such societies also keep their international treaty commitments. Such societies can be expected to behave in a fashion that promotes world peace. Such societies do not crave new territory. Such societies do not menace their neighbors. Conversely, as President Reagan said not long ago, "...a government that will break faith with its own people cannot be trusted to keep faith with foreign powers."

The day of real *glasnost,* real openness, in the Soviet Union, may be long distant. We must hope. But we must also ensure, as long as such a day fails to come, that our own freedom and our children's freedom and their children's freedom are safeguarded and secure. ■

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Edward L. Rowny

Current
Policy
No. 955

Effective Arms Control Demands a Broad Approach

United States Department of State
Bureau of Public Affairs
Washington, D.C.

Following is an address by Edward L. Rowny, Special Adviser to the President and the Secretary of State on Arms Control Matters, before the U.S. Air Force Academy, Colorado Springs, Colorado, April 27, 1987.

I would like to discuss with you some implications of Secretary Shultz's meetings in Moscow earlier this month with Soviet General Secretary Gorbachev and Foreign Minister Shevardnadze.

The Secretary traveled to the Soviet capital with a broad agenda in hand. President Reagan had asked him to press for improvement of relations between the United States and the Soviet Union with regard to four critical areas: bilateral affairs, regional conflicts, human rights, and arms control. On arms control, the United States wanted to discuss a wide range of topics, including nuclear testing, strategic and intermediate-range nuclear weapons, and conventional and chemical weapons. In the end, the most progress was made in the area of intermediate-range nuclear forces (INF). Even here, two formidable issues remain to be resolved before an agreement becomes possible—effective verification and global limits with equal deployment rights for shorter range INF (SRINF) missiles.

Before I discuss the newest developments in arms control, let me elaborate on why we attach so much importance to the first three "pillars" of the U.S.-Soviet relationship. A single sentence that comes closest to summarizing these thoughts is one that President Reagan often has articulated: nations do not distrust one another because they have weapons; they have weapons because they distrust one another. An arms control agreement will not ensure that we will have better relations. On the other hand, better relations will make the chances of achieving and keeping an arms control agreement much better.

"Four Pillars" of U.S.-Soviet Relations

This year marks the 70th anniversary of Lenin's rise to power and the establishment of the first modern totalitarian regime. Seven decades of devastating experience have taught the free world that there is no realistic way to seek to deal with any important aspect of international relations with the Soviet state without taking into account the entire spectrum of the attitudes and behavior of its Leninist leadership.

Thus, in seeking better U.S.-Soviet bilateral relations that would approximate the norms generally observed between civilized states, we must never lose sight of the goals and methods of their leadership. The Soviets' no-holds-barred espionage efforts against our embassy is a hard but much-needed lesson that not much change has taken place in the Soviet Union. And, as was evident in Secretary Shultz's recent trip to Moscow, Soviet diplomatic style still displays a Leninist edge.

As examples, the Soviet Foreign Minister's spokesman suggested that Secretary Shultz had perhaps not been authorized to conduct serious business in Moscow. The Soviets also censored a small portion of the Secretary's remarks as he was being interviewed on a live Soviet television broadcast. As the Secretary spoke of the Soviet military occupation of Afghanistan, the Soviet interpreters abruptly stopped translating his words into Russian.

While the Secretary enjoyed an unparalleled opportunity to address directly the Soviet people, the partial censorship of his remarks about Afghanistan, of course, also dramatizes the Soviet leadership's attitude on fundamental rights and freedoms. The media in the Soviet Union are not independent as they are in the United States; they are organs of the state. Dissemination of private publications can be treated as a crime which carries a heavy prison sentence. Obviously, the Soviet regime cannot enhance its credibility with us when it suppresses the truth and propagates lies to its people.

To put matters in perspective, I should acknowledge that Soviet viewers were allowed to hear some uncensored remarks by Secretary Shultz that departed quite dramatically from the usual fare in the Soviet media. The fact that the Secretary was allowed to talk directly to the Soviet people for 30 minutes on their television is an example of General Secretary Gorbachev's recently launched campaign of *glasnost,* or openness. Since last fall, some of the gestures of *glasnost* have included the

release of more than 100 prisoners of conscience from incarceration or exile, including such courageous defenders of human rights as Andrey Sakharov, Irina Ratushinskaya, and Sergey Khodorovich. Repression of free expression in the arts and in literature is also being somewhat loosened.

We can only hope that Mikhail Gorbachev's *glasnost* signals the beginning of a much greater easing of repression in the Soviet Union. But they have a long, long way to go. At this early stage we cannot with any prudence urge anyone to expect far-reaching reforms. The actions we have seen so far, welcome as they are, do not challenge the basic structure of the Soviet system. The laws, regulations, and secret police practices that send prisoners of conscience to the Gulag have not been changed. Furthermore, the religious or political prisoners released were pressured to sign statements admitting that their activities had been "illegal." Stern antireligious laws remain in force, abuse of psychiatry continues, and bans on private organizations and independently published news and literature are still in effect. The one-party system and the central power of the KGB remain intact.

True Openness: A Key to Confidence in Agreements

I believe the most constructive stance that westerners can take toward Gorbachev's *glasnost* would be to acknowledge it but not to praise too profusely what is, thus far, a very modest accomplishment. It would be premature and quite detrimental to Western security for us to make economic or military concessions to the Soviet state on the supposition that this would encourage more "openness." I know from long experience that the Soviets simply do not act that way. I agree with Irina Ratushinskaya who says "democratization" in the U.S.S.R. should be judged credible only when:

- All political prisoners are freed and the laws through which they had been punished repealed;
- Freedom of the press and speech is guaranteed; and
- Soviet borders are opened to travel by Soviet citizens.

The need for the West to encourage true reform of the Soviet system has more than merely moralistic implications. Andrey Sakharov remarked with great insight:

> As long as a country has no civil liberty, no freedom of information, no independent press [he wrote], then there exists no effective body of public opinion to control the conduct of the government and its functionaries. Such a situation is not just a misfortune for citizens unprotected against tyranny and lawlessness; it is a menace to international security.

As a longtime student of the Soviet Union and a specialist in arms control, I can attest that if truly profound openings in the Soviet system were to come about, our confidence in Soviet compliance with arms control agreements would become greater. The Soviets can verify our compliance with agreements very simply because of the openness of our government, our economy, and virtually every other element of our society. The Soviet system offers no such inherent means for penetrating or preventing strategic deception by its totalitarian regime.

Soviet Expansionism's Conventional Wars

The third topic that must be taken into account in our relationship with the Soviet Union is its role in the world's so-called regional conflicts, where the people in a number of formerly nonaligned countries are struggling to regain their freedom from communist dictators. These beleaguered nations include Afghanistan, Cambodia, Angola, and Nicaragua. In Angola and Nicaragua, the Soviets and their Cuban proxies have been pouring heavy amounts of military assistance into the communist regimes' efforts to crush popular resistance and consolidate their power. In Cambodia, the Soviet Union is heavily subsidizing Vietnam's military occupation. But the most chilling example is Afghanistan, where the Soviet Army itself is waging a furious war against civilians and armed freedom fighters.

For more than 7 years, the Red Army has occupied Afghanistan. Over 115,000 Soviet troops are in the country. Out of the prewar Afghan population of some 15 million, an estimated 4 million have fled to neighboring lands. Thousands of Afghan civilians have perished from aerial bombings and summary executions by Soviet forces and agents of the Soviets' puppet government in Kabul.

The Soviet war against Afghanistan presents a daunting example of the power of Soviet conventional and chemical forces and the unscrupulous manner in which the Red Army is willing to use them. According to reports by international human rights observers and a special rapporteur appointed by the United Nations, Soviet forces in Afghanistan have violated the 1949 Geneva conventions and international law which proscribe murder, mutilation, and the massive use of antipersonnel weapons. The Soviets have also violated the 1925 Geneva protocol by the use of chemical weapons in Afghanistan. Moreover, according to the the annual report of the Assistant Secretary of State for Human Rights and Humanitarian Affairs, the Soviets have practiced torture in violation of the International Covenant on Civil and Political Rights.

Outlook for Reducing Nuclear Arms

For 6 years now, President Reagan has responded to Soviet arms control propaganda with patience and strength. His steadfast approach now has brought us close to concluding an agreement for deep reductions in intermediate-range nuclear forces. Last Thursday, April 23, negotiators resumed work in Geneva that could, if the Soviets are serious, result in a verifiable treaty on INF. We have indicated we could sign a treaty, as an interim step, which embodies the Reykjavik formula of reducing U.S. and Soviet longer range INF (LRINF) missile warheads to a global limit of 100 warheads, with none in Europe. Those remaining would be deployed in the United States and Soviet Asia.

Our final goal, however, remains the complete global elimination of all LRINF systems. Since weapons of this class are easily moved, their complete elimination will aid in ensuring effective verification.

Together with our allies in Europe and Asia we are studying the new Soviet offer presented in Moscow on shorter range INF missiles. It may be that we decide it would be best to retain small, equal numbers of residual SRINF weapons. Or we may decide they should be eliminated altogether, both in Europe and in Asia. As with LRINF, the U.S. principles for dealing with SRINF include globality and equality. These principles are cornerstones of our negotiating position, and the United States will not deviate from them.

While we welcome any reductions of intermediate-range missiles, Western security requires that we make progress in reducing other weapons as well, both at the strategic and conventional/chemical warfare ends of the spectrum. Since his Eureka speech in 1982, President Reagan has been repeating his call for deep, equitable, and verifiable reductions of strategic offensive arms. Finally, in 1985, at the Geneva summit, General Secretary Gorbachev agreed to seek reductions of these weapons by 50%. Last year at Reykjavik a formula was found for doing this which formed a basis acceptable to both sides. It, too, reflects the merits of the President's

steadfast approach. What is necessary now is to push on toward agreement on other elements of an accord—particularly sublimits on particularly dangerous missiles and verification measures—that would make the agreement truly stabilizing and verifiable.

Earlier this month, in Prague, Gorbachev said the reduction of strategic arms was of paramount importance and called it "the root problem" of arms control. Yet, when he met a few days later with Secretary Shultz, he refused to drop his insistence that any reduction in offensive arms be linked to unreasonable restrictions on testing and development of strategic defenses. These constraints are not acceptable because they would cripple the U.S. Strategic Defense Initiative (SDI), our hope for a more stable deterrent which uses defensive systems. We need to challenge the Soviet leaders to get at the "root problem," the high levels of devastating weapons targeted against one another.

We also need to get the Soviets to deal rapidly and positively with conventional imbalances and a verifiable ban on chemical weapons. As we move to reduce nuclear weapons, we do not want to make the world "safe" for aggression or intimidation based on Soviet conventional superiority.

While we welcome reductions of LRINF and SRINF missiles, we should not be deluded into thinking that this precludes the need to reduce the central strategic and the conventional/chemical weapons threats as well. There is no objective reason why progress in these areas should not keep pace with progress in the INF area. We must press the Soviets to make progress across the board.

Verification will be our other major concern. It remains the Achilles' heel of any arms control agreement. This is not for lack of talent and resources in verification on the U.S. side—I have the highest respect for the professionalism and effectiveness of our officials responsible for monitoring Soviet activities. The concern stems from a realistic look at 70 years of the closed nature of the Soviet Union. This concern also stems from examples of internal repression, external aggression, and disregard for international law which I detailed earlier.

The President recognizes that the Soviets are masterful at 11th-hour negotiations. If we allow them, they will put off agreeing to the details of verification until the last minute. We must not permit a natural desire to reach an agreement to tempt us to take unwarranted risks with our national security. For this reason we will continue to insist that verification measures be negotiated concurrently with other aspects of the agreement.

Putting Competitive Advantage to Work for Western Security

Barring a profound and unexpected transformation of the Soviet system, Western confidence in new arms control agreements will have to be based not on trusting the Soviets but on trusting our own strength. The freedom of the Western democracies gives us tremendous competitive advantages over the stultified societies and stagnant economies of the Soviet empire. If we muster the full strength of our technological prowess, our political will, and—not least—our moral fiber, we can begin to make our defenses even stronger with less reliance on nuclear weapons. I would like to focus on three applications for these strengths.

- One is to complete our program of modernizing our arsenal. We need to complete the deployment of the full 100 Peacekeeper missiles, complete our submarine Trident D-5 program, and develop and deploy heavy bombers and cruise missiles emphasizing stealth technology.
- A second challenge is to proceed with President Reagan's Strategic Defense Initiative, toward a defense-dominant deterrence with less reliance on the threat of offensive ballistic missiles. The SDI program is founded on the moral and practical sense that while deterrence based on the threat of retaliation is necessary today, we can and should seek to move to a safer world in the future. Because they are fast-flying, nonrecallable systems, ballistic missiles are more destabilizing than other strategic systems. SDI offers great promise toward supplanting these systems as the central factor in the strategic balance between the United States and the U.S.S.R. By pursuing SDI, we can enhance U.S. and allied security by relying increasingly on defensive rather than offensive deterrence.
- Third, and analogous to SDI, I urge that the West apply its technological advantage to more vigorous pursuit of improved conventional defenses. The Warsaw Pact now holds a numerical advantage in a number of categories of conventional weapons and qualitative superiority in a few such categories. There is no reason this imbalance should be permanent.

Just as the Soviets want to prevent the full application of Western technological prowess to strategic defenses, they also have good reasons to respect the ability of Western scientists to exploit technology for conventional defenses. The leading military thinkers of the Soviet Union, including Marshal Ogarkov, former chief of the Soviet General Staff, have clearly seen that emerging technologies will change the way war may be fought in the future. They are uneasy in realizing that the free exchange of ideas and the mobility of capital and skilled labor found only in the industrialized free world make it extremely difficult for the Soviets to compete with us in the development of technology.

I support completely one of Secretary Weinberger's major themes, what he calls "competitive strategies." This theme involves the will to make the coming era of rapid technological change work to our advantage.

Thinking and acting confidently upon our competitive advantages is not merely a slogan. By no means is it simply an abstraction. After all, I see in front of me tonight several hundred of the proudest young competitors in uniform. The time now is very short before you will begin your service as officers in the U.S. Air Force. If you put your talent and courage to work to the fullest, I know that the cause of peace and true arms control can be advanced with no weakening of our nation's defenses.

Finally, we should do some clear thinking about arms control. We should welcome any progress the Soviets are willing to make in the reduction of longer range and shorter range INF weapons. We should not assume that this is inevitable. Much hard negotiating remains ahead of us, especially in insisting that the Soviets agree in writing to their oral statements regarding verification. But we should not be satified with progress in this field alone. We must insist that progress is made in the reduction of strategic weapons, the correction of imbalances in conventional weapons, and a ban on chemical weapons. Only then can we say we are doing everything we can to create a more stable deterrence and a safer world. ■

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Nuclear Risk Reduction Centers

June 1987

Background: The US has long sought agreements with the Soviet Union that would increase confidence between the two countries, thus making for a more stable and secure world. Since the early 1960s, the US and the USSR have agreed on a number of measures to reduce the risk of nuclear war arising from misunderstanding or miscalculation. For example, in 1963 they established the "hotline," a direct communications link between their leaders. This system has been upgraded on several occasions, most recently in 1986. In addition, in 1971 the US and the USSR concluded an "Accidents Measures" Agreement that requires notifications in the event of certain nuclear-related incidents. Obligations under this agreement were clarified when the two countries signed a "common understanding" in 1985.

As the result of a US initiative based on ideas originally advocated by Senators Sam Nunn and John Warner, President Reagan and General Secretary Gorbachev agreed at the November 1985 Geneva summit to have experts study the question of establishing centers to reduce the risk of nuclear war. US and Soviet experts held informal meetings in Geneva on May 5-6 and August 25, 1986.

US-Soviet agreement: At their October 1986 meeting at Reykjavik, the President and Mr. Gorbachev indicated satisfaction with the progress made at the experts meetings and agreed that the two countries begin formal negotiations to establish Nuclear Risk Reduction Centers. These negotiations--held in Geneva on January 13 and May 3-4, 1987--resulted in an agreement, subject to final approval by the heads of government, to establish centers in Washington and Moscow. Once the agreement receives this approval, a time and place for signature will be arranged.

Purpose: The purpose of the Nuclear Risk Reduction Centers is to reduce the risk of a US-USSR conflict--particularly nuclear conflict--that might result from accident, misinterpretation, or miscalculation. The centers are not intended to supplant existing channels of communication or to have a crisis management role.

The centers will exchange information and notifications as required under certain existing--and possible future--arms control and confidence-building measures agreements. By expediting this exchange, the centers will complement US efforts in the nuclear and space talks at Geneva to reach equitable and effectively verifiable agreements with the Soviets for deep reductions in nuclear arms. Additional functions for the centers could be added later, as agreed by the two sides.

Operation: Under the agreement, each side will set up a Nuclear Risk Reduction Center in its capital. The US center will be staffed by Americans, the Soviet center by Soviets. Decisions about where the

centers will be housed and the composition of the staff will be made at each country's discretion. The centers will communicate at the government-to-government level by means of direct satellite links similar to, but separate from, the hotline, which is reserved for use by heads of government. The communication links between the centers will be capable of rapid transmission of text and graphics.

Harriet Culley, Editor (202) 647-1208

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Requirements for US Nuclear Testing

June 1987

Background: For the past four decades a strong nuclear deterrent has ensured the security of the US and helped to preserve the freedom of its allies and friends. As long as the US must depend on nuclear weapons for its security, it must ensure that those weapons are safe, secure, reliable, effective, and survivable--in other words, that the US nuclear deterrent is credible. This requires some underground nuclear testing, as permitted by existing treaties.

US requirements: Specifically, the US tests to:

- Ensure effectiveness of our nuclear deterrent. Testing enables continuation of our weapons modernization program, required because of the continuing expansion and improvement of Soviet strategic offensive and defensive systems and the fact that older US strategic weapons are reaching the end of their effective life.

- Maintain reliability. Nuclear testing is needed to detect deterioration or other problems that may occur with stockpiled weapons. For example, testing enabled the US to correct problems with the warhead on the Polaris submarine-launched ballistic missile that, if left uncorrected, could have neutralized our sea-based deterrent. Stockpile testing helps to confirm that the weapons we are depending on to keep the peace remain a reliable and credible deterrent.

- Ensure survivability. Nuclear testing allows us to subject our military and command and control equipment to actual nuclear effects. This enables us to improve the survivability of our equipment, thus enhancing the credibility of our deterrent.

- Improve safety and security. Nuclear tests enable us to improve further the safety and security features that prevent accidental detonation or unauthorized use of nuclear weapons. For example, nuclear testing has contributed to designs that incorporate advanced features against terrorists and prevent scattering of radioactive material in the unlikely event of an accident.

Differing US and Soviet requirements for testing: Significant differences exist between the approaches used by the US and the Soviet Union to develop and maintain nuclear forces. These differences have a crucial bearing on the ability of the US to forego testing:

- Reliance on nuclear deterrent. Under present circumstances, the West is uniquely dependent on nuclear weapons for deterrence. Soviet advantages in conventional as well as chemical warfare capabilities could be used to intimidate the West, if confidence in the US nuclear deterrent were to deteriorate.

- Development strategy. Traditionally the US has relied on high technology to develop small, accurate weapons--a strategy that requires a steady nuclear testing program. The Soviet Union has, we believe, pursued less complex and larger weapons, enabling it to abstain from testing for a longer period.

- Safety standards. US safety standards for nuclear weapons are undoubtedly higher than those of the Soviet Union. Our greater reliance on advanced safety devices, which are an integral part of nuclear weapons designs, translates into a greater US need for nuclear testing.

- Infrastructure. Experience with nuclear testing moratoriums has demonstrated that the US cannot keep laboratories on a standby basis or prevent skilled personnel from leaving the field during extended cessations of nuclear testing. The Soviet Union, on the other hand, can keep its nuclear weapons testing infrastructure intact, as it has in the past, and maintain a ready capability to resume testing.

US policy on nuclear testing limitations: The US is committed to seeking effective and verifiable agreements with the Soviet Union on nuclear testing limitations that could strengthen security for all nations. To this end, the President has proposed a practical, step-by-step process. He has proposed that the US and the Soviet Union immediately begin negotiations on nuclear testing--first to solve verification problems with two existing, but unratified nuclear testing treaties, the Threshold Test Ban Treaty and the Peaceful Nuclear Explosions Treaty. Once these verification concerns have been satisfied and the treaties ratified, the US and USSR would immediately engage in negotiations on ways to implement a step-by-step parallel program--in association with a program to reduce and ultimately eliminate all nuclear weapons--of limiting and ultimately ending nuclear testing.

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VITAL SPEECHES OF THE DAY

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IMPARTIAL • CONSTRUCTIVE • AUTHENTIC

THE BEST THOUGHT OF THE BEST MINDS ON CURRENT NATIONAL QUESTIONS

be wisdom, to use deterrence to build a more peaceful international order in which democratic values can flourish.

Experience with deterrence thus far teaches that these elements are interrelated. The failure of one is likely to result in the failure of all. By now, diplomats know the truth that the arguments of interest and right must be escorted by the argument of countervailing force if our positions are to be taken seriously by our adversaries, especially Moscow. We also know — or should know — that diplomacy will never win at the bargaining table what we are unwilling or unable to do for ourselves. And every democratic leader has come to understand that the buildup of military power, while necessary, will never merit lasting public support in the absence of constructive efforts to reduce international tensions.

Today, this well knit and effective structure of deterrence faces a determined and dangerous assault. By far the greatest threat stems from a relentless Soviet military buildup across the board. Far from interpreting arms control agreements as a signal for restraint, Moscow has exploited every loophole to improve its forces. The prompt, hard target ballistic missiles that threaten the survival of U.S. ICBMs are bieng modernized. Not content with the SS-20, that endangered the theater balance in Europe, the Soviets are now deploying shorter range mobile weapons — the SS-21, 22 and 23 which can be equipped with conventional, nuclear or chemical warheads. Where loopholes could not be found, the Soviets simply violated agreements, most notoriously the ABM treaty, through the Krasnoyarsk radar. This radar, the SS-10 and SS-12 surface-to-air missiles, extensive ABM research, a vast civil defense program and a deployed anti-satellite system, may be parts of a larger pattern. Some analysts believe that the USSR is preparing a "break-out" in missile defenses — a strategic surprise equivalent to a latter-day Sputnik.

We also face a lower level, conventional attack on deterrence. We call it terrorism. Fanatical groups, too often supported by governments, are attempting, often successfully, to intimidate the U.S. and other democracies into conceding vital values and interests. The terrorists evidently believe that no matter how powerful our military forces, their tactics enable them to slip beneath deterrence to work their will.

We are now in the midst of a corrosive controversy stemming from the divided counsels and questionable policies that have marked our approach to terrorism thus far. Yet in the end I believe we face more danger from the near mishap at the Reykjavik summit than the actual mishap in Tehran. Our confusion about the role of deterrence is eroding our moral convictions, clouding our understanding of how our interests can be defended, and finally, obstructing the measures we must take to strengthen our security.

All of the illusions, uncertainty and error that characterize our debates have been translated into a posture best described as the "three zeros." The first "zero" is the proposal to remove U.S. and Soviet intermediate nuclear missiles from Europe. The second "zero" is to eliminate offensive ballistic missiles from the U.S. and Soviet arsenals. The third "zero" is to set the superpowers — and the other nuclear powers — with them, on the road to a nuclear free world, in which deterrence presumably will be upheld by conventional forces, or to become unnecessary altogether.

Some believe that contrary to the laws of mathematics, these three zeros add up to something — a safer world. But these zeros will never be more than what they are. They will always add up to less than something. The deterrence we have now, dangerous though it may be, will be vastly diminished by each and every one of these proposals. While we debate the pros and cons of SDI, while the lawyers have been set loose to discover what they will from the carefully drawn imprecision of the ABM treaty, the "zeros" continue to infiltrate our thinking and even our diplomatic positions.

Let me begin with the first zero option, the proposal to eliminate U.S. and Soviet intermediate nuclear forces from Europe, the most heavily armed continent in the world. The background to this proposal can be stated briefly.

From the beginning of their deployment in the late 70s, the Soviet SS-20s threatened the North Atlantic Treaty Organization's deterrence because these multiple-warhead ballistic mobile missiles added an overwhelming intermediate nuclear imbalance to the existing western-theater nuclear deficiencies. These nuclear imbalances, together with longstanding conventional shortfalls, compelled the alliance to rely illogically even more heavily on American strategic forces at a time when the U.S. strategic arsenal was itself in urgent need of improvement. Modernization of Alliance Theater Nuclear Forces was therefore essential — along with conventional enhancement — to restore the "flex" in the Alliance strategy of flexible response and to strengthen the credibility of the Transatlantic link.

That is why, as Secretary of State, I opposed the so-called zero option in 1981 because in my view moderization was essential to the Alliance's basic military capability. We had to establish two cardinal principles:

First, that Soviet attempts to gain unilateral advantage would be countered by comparable western systems which would lay the basis for effective arms control by demonstrating the futility of their buildup. We sustained this principle through the deployment of Pershing 2s, with their rapid response, high speed and great accuracy, leaving the Soviets to reflect upon the wisdom of a strategy that had resulted in U.S. missiles five minutes from Soviet territory rather than fifteen.

Second, that arms control in theater weapons would be measured by its impact on overall global nuclear balances, lest the result reduce the effectiveness of our deterrence, not just in Europe but world-wide. We could sustain this principle by insisting that deterrence at lower levels meant real reduction in Soviet capability, not just a temporary shifting of the risk from west of the Urals to points farther east.

Today, we are in great danger of violating both of these principles. Reviving the zero option is to revisit the original mistake of trading necessary modernization for only one Soviet system. Trading all the Pershings for reduction of SS-20s in Europe — a version of the famous "walk in the woods" formula, properly rejected until now by the President — grants the Soviets unilateral military advantage.

To do so while ignoring the recent Soviet deployment of shorter range missiles that can substitute for the SS-20s would actually worsen NATO's military situation. Both Alliance solidarity and the real, if modest improvement in NATO's capability represented by the Pershing/cruise missile deployment would be lost.

Taking either of these options while leaving SS-20s at large in Asia compounds the blunder, burning our Alliance candle at both the European and Asian ends. Does anyone believe that the mobile SS-20s will be restricted to eastern latitudes and longitudes during a crisis? Could there be any clearer signal to our allies and friends — including the People's Republic of China — that "improved" U.S.-Soviet relations improvement at their expense?

The European reaction to the reappearance of the zero option at the Reykjavik summit should instruct us about the reality of this false course. Some Pentagon officials have been complaining lately that our European allies lack forthrightness, which leads to con-

fusion and wishful thinking. It is true that on the subject of nuclear weapons the Europeans suffer from a schizophrenia: they want desperately to be defended but they want equally desperately to avoid war — any war, nuclear or conventional. Sometimes, this psychology breeds illusions about Soviet ambitions. Yet sometimes it also inspires great clarity. In the wake of the summit, our allies were much less perturbed that the zero options failed because of SDI and much more disturbed that it might have succeeded even if the Soviets had accepted SDI. Surely, our much maligned European friends did not sacrifice clarity simply to achieve consensus.

Their concern is both logical and clear — the zero option should be put into the realm of the future while, for the sake of European security, the necessary modernization of NATO's intermediate nuclear forces should continue. Such a course does not rule out reduction of INF on both sides but only if both the new Soviet short range missiles and the conventional imbalances are also taken into account. The Europeans should repeat this formulation often, so that even those least willing to hear it in Washington do not fail to hear it.

What of the second zero option, the idea of eliminating strategic ballistic missiles, leaving deterrence in the hands of bombers, cruise missiles and conventional forces? Some proponents of this scheme argue that the speed and accuracy of ballistic missiles tempt a first strike. Eliminating them therefore constitutes a step towards stability. Presumably, in this view, the additional time made available by the slower moving bombers and cruise missiles gives the target country more options, including the option of a more capable defense, while making the results more uncertain in the aggressor's calculation.

Upon closer analysis, however, this zero option emerges as dubious, to say the least. As Henry Kissinger has pointed out, the American people and their allies would still be vulnerable to nuclear attack. The Soviets could overcome part of the timing problem by forward basing. Surely the Soviets would not be found lacking in ways to station their aircraft and submarines within shorter range of our territory. Many are so deployed today. Thus, the opportunities and advantages of preemption could be recreated.

In Europe, of course, the argument that the elimination of ballistic missiles would reduce the danger, does not apply. Shorter distances mean that existing Soviet cruise missiles and bombers would hardly be slower to arrive on NATO targets than ICBMs. From the perspective of our allies, both "intermediate range" as well as short range weapons, are already strategic.

Even more importantly, the uncertainty that muddies the aggressor's calculations will distort our own. Deterrence depends upon uncertainty to the extent that an attacker should not be sure that a war will be waged only at the level of force that he chooses to employ. But he is deterred decisively when he knows for certain that his objectives, at whatever level of force, will not be achieved.

Can we be more confident that our bombers and cruise missiles rather than ICBMs, will penetrate already formidable Soviet air defenses to reach their targets?

Would we be more ready to use nuclear weapons in the defense of our allies if we can be attacked by cruise missiles or bombers rather than ICBMs? These uncertainties undermine rather than strengthen deterrence.

Finally, we should face up to the third zero — the nuclear free world. It is easy enough to castigate this vision for the illusion that it is. The issue of verification alone defeats it. As the old saying has it, in the kingdom of the blind, the one-eyed man is king. In an otherwise non-nuclear world, the one-bomb power would dominate.

Yet this vision retains its popular hold on the imagination. After all, nuclear holocaust could destroy our civilization. Is nuclear deterrence immoral because it must be based on threats that if carried out would obliterate much of the world? Are we not much better off to accept the risks of conventional defeat than a "successful" defense by weapons as dangerous to us as to our opponents?

Immorality is a word often abused. To me it means an action unworthy of man or against the essence of humanity. In the final analysis, we oppose tyranny and totalitarianism because these doctrines are immoral. We oppose the subjugation of individual freedom — the birthright of every human being — to an arbitrary human will. But the values of freedom and democracy do not exist as hothouse plants. They must be allowed to flourish. They can take root in every land. And while we do *not* insist that the world be remade in our own image, we *do* insist that it not be remade through force in someone else's image. Twice in this century we have fought world wars to defend this principle. We know from bitter experience that if we are not prepared to respect our own values, no one else will do it for us.

The power of nuclear weapons and Soviet hostility to democracy confront us with seemingly impossible choices. If we say "better red than dead," then we sacrifice our essential humanity, that which makes life worth living. If we say we shall defend ourselves by committing suicide, then we sacrifice life itself. Clearly, in this world, the only moral choice is to deter such alternatives, which are not choices at all. The President has said, "A nuclear war cannot be won and must never be fought." The only way to assure that and to preserve freedom is to deter it with all of the capabilities at our disposal, including nuclear weapons.

Can we deter war with conventional weapons alone? Clearly not, if the other side has nuclear bombs. But even if this were not the case, the history of this century tells a cautionary tale about conventional deterrence. We should face the truth. Only an overwhelming superiority of conventional forces could do the job. The Secretary of State has declared his conviction that we would have the "will" to provide such forces. That would mean not only much larger budgets but a much greater degree of regimentation to provide the ships, the planes, the tanks, the artillery, the rifles — and the men and women — to succeed. Are we prepred to convert to a war economy? And even if we were, would the permanent mobilization of a larger part of America and Europe still deter against the size and power of the Red army? Would we not find ourselves engaged in an even greater arms race, with less security to show for it?

The zero option in Europe, the zero option for ballistic missiles and the illusion of a world free of nuclear weapons are all dangerous distractions from the real problem of sustaining deterrence. If adopted, in practice or even as goals, such fallacies have the power to damage our existing defenses against war or coercion without putting anything in their place. The current arguments over SDI and arms control should be seen in the general framework of deterrence, not simply as single issues to be decided on a case by case basis.

Let me state my views on SDI. I support the exploration of strategic defense. As the United States noted after signing the ABM treaty, lack of progress in dealing with the threat of an offensive missile imbalance would compel us to reopen the defense issue. I do not know — no one knows — whether one day we can create a leak proof defense for all Americans against nuclear weapons. Yet it seems clear that research along these lines will

surely yield technology, which will complicate the calculation of an aggressor. We simply cannot afford to yield the right to explore strategic defense as an important element in our deterrence.

SDI, however, is not the only element nor can it be the sole salvation of deterrence. To prevent aggression, we must be prepared to show the Soviets that they cannot out-arm us, that they cannot over-awe us and that, when all is said and done, they will be able neither to coerce us nor to defeat us. The sad story of our inability to deploy MXs even in the modest numbers specified by the Scowcroft Commission, of our continuous conflict over the follow-on "Midgetman" and of our confused debate over SDI, has left us little choice. We search in vain for the consensus that will enable us to put into place those capabilities that set the stage for genuine arms control. I mean arms control that strengthens deterrence at lower levels of risk and preferably at lower level of arms.

Arms control today appears to be a rickety and half-dismantled structure. The fact is that if arms control alone must bear the burden of compensating for our unwillingness to offset Soviet capabilities, it will always be a failure. To put it bluntly, it is that very unwillingness on our part to do what we need to do, in the face of increased Soviet capability which has brought us to the current impasse. The great national consensus to strengthen our defenses, so evident a few years ago, has now dissolved in confusion about deterrence, arms control and the demands of the budget deficit.

At Reykjavik, the President and Mr. Gorbachev came to a moment of truth on this score. Perhaps the Soviets believed on the basis of the Daniloff affair, the forthcoming Congressional elections and the White House's determination to sell subsidized grain, that Mr. Reagan would choose the zeros for the sake of his political future. The President, however, has grasped in his way that without SDI — an offsetting capability against the Soviet threat — no solid or stable foundation for real arms control could be laid.

Now we see the unedifying spectacle of arguments over the "loose" or "tight" interpretation of the ABM treaty. The record will show that we and the Soviets have reversed ourselves on this issue since 1972. At that time, the Soviets wanted a loose interpretation. Later, for reasons we can only speculate, they changed their minds. We have followed the opposite course.

These arguments can only be a prelude to a rerun of all or part of Reykjavik, but this time with a happy ending for the Soviets. Moscow has seen that each and every one of three zero options is a potent weapon to disrupt the west and forestall the modernization of our capabilities. So they will seek through new-found flexibility on SDI to bind the United States to a framework that contains one or more of those options. They know that such a framework would inflict serious political and military damage upon the structure of deterrence that currently preserves the peace long before SDI arrived to supplement it. The outcome would be a folly of truly historic proportions.

To sustain deterrence in the near term, we must do something to relieve the mounting vulnerability of our land-based ICBMs to a first strike. Only a larger deployment of the MX, as advocated by the Scowcroft Commission, offers the best opportunity to remedy our deficiency in prompt, hard target retaliation over the next five years. Only the development of the Midgetman gives us a better shot at a less vulnerable land-based missile force over the next ten years. These actions would show the Soviets that we will not permit them to enjoy a lasting unilateral advantage. By doing so, we would also solidify the basis for equitable arms control.

But if we do not seize these options, what are the alternatives? Can we really expect the Soviets to trade their existing ICBM advantages for a research program, the results of which cannot be foreseen? Can we contemplate any form of arms agreement which will not constrain our exploration of an SDI that might protect our cities? Will there be any other choice than to plan for the earliest possible deployment of a defensive system which reduces our ballistic vulnerability?

Only if we pursue a balanced program of both actual strategic modernization and SDI research will we be able to reduce our existing vulnerabilities. Only if we lift from SDI the burden of being the sole incentive for the Soviets to negotiate will we be able to achieve a useful arms control agreement. And only if we reject the various zero options, will we be able to avoid the weakening of our deterrence. To do otherwise is to risk repeating the very errors that have put us in our current predicament. Such a course offers neither safety for ourselves nor for the world.

Thirty-two years ago, Winston Churchill made a fateful observation. "It may well be," he said, "that we shall, by a process of sublime irony, have reached a state in this story where safety will be the sturdy child of terror, and survival the twin brother of annihilation." It may be a noble objective to try to separate this often unhappy family, to try to escape this sublime irony, but before we do so, we ought to be sure which brother will survive and whether the child can live apart from its parent. In the final analysis, freedom itself and our own survival depend upon the future of a secure deterrence.

Blundering Into Disaster

THE FIRST CENTURY OF THE NUCLEAR AGE

By ROBERT S. McNAMARA, *Former U.S. Secretary of Defense*

Delivered before The Economic Club of Detroit, Detroit, Michigan, February 17, 1987

THIS afternoon I want to address the question: Is the risk of nuclear war unacceptably high and, if so, what can we do about it? Will Reykjavik prove to be a step toward reducing that risk?

Let me begin by recalling that it is nearly fifty years since Albert Einstein sent his historical letter to President Roosevelt warning him that it was essential that the United States move quickly to develop the nuclear bomb. In that half-century the world's inventory of such weapons has increased from zero to fifty thousand. On average, each of them has a destructive power thirty times that of the Hiroshima bomb. A few hundred of the fifty thousand could destroy not only the United States, the Soviet Union, and their allies, but, through atmospheric effects, a major part of the rest of the world as well.

The weapons are widely deployed. They are supported by war-fighting strategies. Detailed war plans for their use are in the hands

of the field commanders. And the troops of each side routinely undertake exercises specifically designed to prepare for that use. General Bernard Rogers, the Supreme Allied Commander of NATO forces in Europe, has said it is likely that in the early hours of a military conflict in Western Europe, he would in fact ask for the authority to initiate such use.

This situation has evolved over the years through a series of incremental decisions. I myself participated in many of them. Each of the decisions, taken by itself, appeared rational or inescapable. But the fact is that they were made without reference to any overall master plan or long-term objective. They have led to nuclear arsenals and nuclear war plans that few of the participants either anticipated or would, in retrospect, wish to support.

Although four decades have passed without the use of nuclear weapons, and though it is clear that both the United States and the U.S.S.R. are aware of the dangers of nuclear war, it is equally true that for thousands of years the human race has engaged in war. There is no sign that is about to change. And history is replete with examples of occasions in such wars when emotions have taken hold and replace reason.

I do not believe the Soviet Union wants war with the West. And certainly the West will not attack the U.S.S.R. or it allies. But dangerous frictions between East and West have developed in the past and are likely to do so in the future. If deterrence fails and conflict develops, the present Western strategy carries with it a high risk that our civilization will be destroyed.

During the seven years I served as Secretary of Defense, confrontations carrying a serious risk of military conflict developed on three separate occasions: over Berlin in August of 1961; over the introduction of Soviet missiles into Cuba in October of 1962; and in the Middle East in June of 1967. In none of these cases did either side want war. In each of them we came perilously close to it.

It is correct to say that no well-informed, coolly rational political or military leader is likely to initiate the use of nuclear weapons. But political and military leaders, in moments of severe crisis, are likely to be neither well informed nor coolly rational.

Today we face a future in which for decades we must contemplate continuing confrontation between East and West. Any one of these confrontations can escalate, through miscalculation, into military conflict. And that conflict will be between blocs that possess fifty thousand nuclear warheads — warheads that are deployed on the battlefields and integrated into the war plans. A single nuclear-armed submarine of either side would unleash more firepower than man has shot against man throughout history.

In the tense atmosphere of a crisis, each side will feel pressure to delegate authority to fire nuclear weapons to battlefield commanders. As the likelihood of attack increases, these commanders will face a desperate dilemma: use the weapons or lose them. And because the strategic nuclear forces and the complex systems designed to command and control them, are perceived by many to be vulnerable to a preemptive attack, they will argue the advantage of a preemptive strike.

But it is a fact that in the face of the Soviet nuclear forces the West has not found it possible to develop plans for the use of its own nuclear weapons in a conflict with the U.S.S.R. in ways that would both assure a clear advantage to the West and at the same time avoid the very high risk of escalating to all-out nuclear war.

The risk that military conflict will quickly evolve into nuclear war, leading to certain destruction of our society is far greater than I am willing to accept on military, political, or moral grounds. And I submit, it is far greater than you should be willing to continue to accept.

The conviction, therefore, that we must change course is shared by groups and individuals as diverse as the anti-nuclear movements, the majority of the world's top scientists, Soviet leader Mikhail Gorbachev and President Reagan, and such leaders of Third World and independent nations as Rajiv Gandhi and the late Olof Palme. All agree that we need a plan to reduce the long-term risk of nuclear war, but there is no consensus on what course to take. The changes of direction being advocated follow from very different diagnoses of our predicament.

Five quite different proposals have been presented to deal with the problem. They include:

—Achieving political reconciliation between East and West.

—Eliminating all nuclear weapons through negotiation (as proposed by General Secretary Gorbachev).

—Replacing "deterrence" with "defense" — the elimination of nuclear weapons by the substitution of defensive forces for offensive forces (as proposed by President Reagan).

—Strengthening deterrence by adding defensive forces to the offense (as proposed by Henry Kissinger and others).

—Accepting the proposition that nuclear warheads have no military use whatsoever except to deter one's opponent's use of such weapons.

Do any of these alternatives offer hope that the risk of nuclear war can be significantly reduced in the second half century of the nuclear age?

I will discuss each of them in turn beginning with East-West Reconciliation.

The East-West military rivalry is, of course, a function of the political conflict that divides the two blocs. Many have argued, therefore, that any long-term attempt to bring a halt to the arms race and to reduce the risk of nuclear war must begin by addressing the source of the tensions — the political rivalry.

It is clear that the West — North America, Western Europe and Japan — lacks an agreed conceptual framework for the management of relations with the Soviet Union and its allies.

We need a coherent, widely supported policy, rooted in reality and pressed with conviction and determination. It must be a policy which protects our vital interests, enhances political cohesion, and offers the hope of influencing the Soviets to move in a favorable direction. A long-term, stable relationship between East and West is both desirable and attainable. Even in an atmosphere of competition and mutual suspicion there are common interests, and the pursuit of each side's competitive goals can take place in an atmosphere of moderation.

The relationship must rest on the twin pillars of firmness and flexibility. It is abundantly clear that both of these elements are essential if our policies are to command public support and have a chance of succeeding. There is not a contradiction here: detente without defense would amount to surrender on the installment plan; defense without detente would increase tensions and the risk of conflict. The two are mutually reinforcing.

Therefore, I strongly urge that we embark upon a program of "sustained engagement." It cannot be stressed enough, however, that this process will require time, patience, and consistency of purpose. And there are limits to the results. It cannot be expected to eliminate the periods of tension and confrontation which have characterized East-West relations over the past four decades. It is not, therefore, a substitute for other actions designed to reduce the risk that military conflict, rising out of such confrontation, will lead to the use of nuclear weapons. Steps to control directly and reverse the arms race must go forward in parallel with efforts to reduce political tension.

I turn, therefore, to consideration of the four different approaches to controlling directly the "volume" and "use" of such weaponry.

Mikhail Gorbachev, General Secretary of the Soviet Communist Party, has proposed that the United States and the Soviet Union aim at achieving the total elimination of nuclear weapons by the year 2000.

Is a nuclear-free world desirable if attainable? I believe it is, and I think most Americans would agree.

However, NATO's current military strategy and war plans are based on the opposite premise. And many — I would say most " U.S. military and civilian officials, as well as European leaders, hold the view that nuclear weapons are a necessary deterrent to Soviet aggression with conventional forces. Thus, these individuals do not favor a world without nuclear weapons. Zbigniew Brzezinski, President Carter's national security advisor, said of Gorbachev's proposal, "It is a plan for making the world safe for conventional warfare. I am therefore not enthusiastic about it."

My criticism of Gorbachev's vision, however, is not that it is undesirable, but that it is infeasible under foreseeable circumstances.

Unless we can develop technologies and procedures to ensure detection of any steps toward building a single nuclear bomb by any nation or terrorist group, an agreement for total nuclear disarmament will almost certainly degenerate into an unstable rearmament race. Thus, despite the desirability of a world without nuclear weapons, an agreement to that end does not appear feasible either today or for the foreseeable future.

On March 23, 1983, President Reagan proposed his solution to the problem of security in the nuclear age. He launched the Strategic Defense Initiative (SDI), a vast program that promised to create an impenetrable shield to protect the entire nation against a missile attack. With the shield in place, the President argued, we would be able to discard not just nuclear deterrence but nuclear weapons themselves.

The President and Secretary of Defense, Caspar Weinberger, continue to promise that this strategic revolution is at hand.

Virtually all others associated with the SDI have recognized and admitted that such a leakproof defense is so far in the future, if indeed it ever proves feasible, that it offers no solution whatsoever to our present dilemma. Therefore, they are advocating missions for a Star Wars system other than a perfect "security shield." These alternative aims range from defense of hardened targets — for example, missile silos and command centers — to partial protection of our populations.

For the sake of clarity I will call these alternative programs Star Wars II, to distinguish them from the President's original proposal, which will be labeled Star Wars I. It is essential to understand that Star Wars I and Star Wars II have diametrically opposite objectives. The President's program, if achieved, would substitute defensive for offensive forces. In contrast, Star Wars II systems have one characteristic in common: they would all require that we continue to maintain offensive forces but add the defensive systems to them.

Until there are inventions that have not yet been imagined, a defense robust and cheap enough to replace deterrence will remain a pipe dream. Given that harsh reality, President Reagan's claims that defensive forces are "morally preferable" to offensive forces and that we have a "moral obligation" to pursue them are, as James Schlesinger has put it, "pernicious."

Former Secretary of State Henry Kissinger agrees that achievement of Star Wars I in any time period relevant to our current problem is impossible. But Kissinger has become a supporter of Star Wars II. He believes that deploying strategic defenses while maintaining our offensive systems will strengthen deterrence.

The most powerful argument put forward by those who favor "offense plus defense" is that presented by Kissinger: even a partially effective defense would introduce an element of uncertainty into Soviet attack plans and would thereby enhance deterrence. This assumes that the Soviet military's sole concern is to attack us and that any uncertainty in this minds is therefore to our advantage. But any suspicions they may harbor about our wishing to achieve a first-strike capability — and they do indeed hold such views — would be inflamed by a partially effective defense.

Why will the Soviets suspect that Star Wars II is designed to support a first-strike strategy? Because a leaky umbrella offers no protection in a downpour but is quite useful in a drizzle. That is, such a defense would collapse under a full-scale Soviet first strike but might cope adequately with the depleted Soviet forces that had survived a U.S. first strike.

And that is what causes the problem. President Reagan, in a little-remembered sentence in his March 23, 1983 speech, said, "If paired with offensive systems, (defensive systems) can be viewed as fostering an aggressive policy, and no one wants that." The President was concerned that the Soviets would regard a decision to supplement — rather than replace — our offensive forces with defenses as an attempt to achieve a first-strike capability. Reagan has subsequently said, "I think that would be the most dangerous thing in the world, for either one of us to be seen as having the capacity for a first strike." But that is exactly how the Soviets are interpreting our program.

If the Soviets do not accept the statements of those who support Star Wars II — if they don't accept that SDI is not part of a first-strike strategy but only a means of strengthening deterrence — how will they respond?

It would be foolhardy to dismiss as mere propaganda the Soviet's repeated warnings that a nationwide U.S. strategic defense is highly provocative. Their promise to respond with a large offensive buildup is no empty threat. Each superpower's highest priority has been a nuclear arsenal that can assuredly penetrate to its opponent's vital assets. Such a capability, each side believes, is needed to deter the other side from launching a nuclear attack or using a nuclear advantage for political gain.

We have said we would respond to a Soviet strategic defense plan in exactly the same way they have stated they would respond to ours.

We can safely conclude, therefore, from both the U.S. and Soviet statements, that any attempt to strengthen deterrence by adding strategic defenses to strategic offensive forces will lead to rapid escalation of the arms race.

To meet the threat of arms escalation, Paul Nitze articulated a new U.S. "strategic concept" for a cooperative shift to a Star Wars world: "What we have in mind is a jointly managed transition, one in which the United States and the Soviet Union would together phase in new defenses in a controlled manner while continuing to reduce offensive nuclear arms."

Although Nitze has made clear that strategic defensive forces should not be deployed other than in accordance with the terms of an arms control agreement, no human mind has conceived of how to write such a treaty. Nitze himself has said that the transition to Star Wars would be "tricky." Now he used the word "tricky" not meaning devious but meaning difficult.

Why has no one been able to outline the content of such a treaty? Because neither U.S. nor Soviet experts can figure out how

both to reduce offensive forces and permit defensive deployment, while at the same time giving each side adequate confidence in maintaining its highest goal: assuring an effective nuclear deterrent against nuclear attack.

So it can be said without qualification: we cannot have both deployment of Star Wars and arms control. That was confirmed at Reykjavik.

In sum, I can see no way by which the U.S. deployment of an antiballistic missile defense will strengthen deterrence.

We are left, then, to turn to our final option: a reexamination of the military role of nuclear weapons.

Earlier I stated that no one had ever developed a plan for initiating the use of such weapons with benefit to the West. More and more military and civilian leaders, including Lord Carver and Lord Mountbatten, former Chiefs of the British Defense Staff; Admiral Noel A. Gayler, former Commander in Chief of U.S. Ground, Air and Sea Forces in the Pacific; and Melvin Laird, Secretary of Defense in the Nixon Administration, are publicly acknowledging this fact.

If there is a case for NATO retaining its present strategy, that case must rest on the strategy's contribution to the deterrence of Soviet conventional force aggression being worth the risk of nuclear war in the event deterrence fails.

But as more and more Western political and military leaders recognize, and as they publicly avow, that the launch of strategic nuclear weapons against the Soviets' homeland — or even the use of battlefield nuclear weapons — would bring greater destruction to the West than any conceivable contribution they might make to its defense, there is less and less likelihood that the West would authorize the use of any nuclear weapons except in response to a Soviet nuclear attack. As this diminishing prospect becomes more and more widely perceived — and it will — whatever deterrent value still resides in the West's nuclear strategy will diminish still further. One cannot build a credible deterrent on an incredible action.

There are additional factors to be considered. Whether it contributes to deterrence or not, the threat of first use is not without its costs. It is a most contentious policy, leading to divisive debates both within Western Europe and North America; it reduces the West's preparedness for conventional war; and, as I have indicated, it greatly increases the risk of nuclear war.

The costs of whatever deterrent value remains in the West's nuclear strategy are substantial.

Now, couldn't equivalent deterrence be achieved at lesser "cost?" I believe the answer is yes. Compared to the huge risks which we now run by relying on increasingly less credible nuclear threats, recent studies have pointed to ways by which the conventional forces may be strengthened at modest military, political, and economic cost.

The West has not done so because there is today no consensus among its military and civilian leaders on the military role of nuclear weapons.

There is, however, a slow but discernible movement toward acceptance of three facts:

—The West's existing plans for initiating the use of nuclear weapons if implemented are far more likely to destroy Western Europe, North America, and Japan than to defend them.

—Whatever deterrent value remains in the West's nuclear strategy is eroding and is purchased at heavy cost.

—The strength, and hence the deterrent capability, of Western conventional forces can be increased substantially within realistic political and financial constraints.

It is on the basis of these facts that I propose that we accept that nuclear warheads have no military use except to deter one's opponent from their use — and I suggest further that, for the long run, we base all our military plans, our defense budgets, our weapons development and deployment programs, and our arms negotiations on that proposition.

The ultimate goal should be a state of mutual deterrence at the lowest force levels consistent with stability.

If the Soviet Union and the United States were to agree, in principal, that each side's nuclear force would be no larger than was needed to deter a nuclear attack by the other, how might the size and composition of such a limited force be determined?

When discussing Gorbachev's proposal for the total elimination of nuclear weapons, I pointed out that a nuclear-free world, while desirable in principal, was infeasible under foreseeable circumstances because the fear of cheating in such an agreement would be very great indeed. I stressed, however, that policing an arms agreement that restricted each side to a small number of warheads is quite feasible with present verification technology. The number required for a force sufficiently large to deter cheating would be determined by the number the Soviets could build without detection by NATO. I know of no studies which point to what that number might be, but surely it would not exceed a few hundred, say at most five hundred. Very possibly it would be far less.

I conclude, therefore, that the second half century of the nuclear age need not be a repetition of the first.

We can — indeed we must — move away from the ad hoc decision making of the past several decades. It is that process which has led to a world in which the two great power blocs, not yet able to avoid continuing political conflict and potential military confrontation, face each other with nuclear war-fighting strategies and nuclear arsenals capable of destroying civilization several times over.

Most Americans are simply unaware that Western strategy calls for early initiation of the use of nuclear weapons in a conflict with the Soviets. Eighty percent believe we would not use such weapons unless the Soviets used them first. They would be shocked to learn they are mistaken. And they would be horrified to be told that senior military commanders themselves believe that to carry out our present strategy would lead to destruction of our society.

But those are the facts.

In truth, the Emperor has no clothes. Our present nuclear policy is indeed bankrupt.

President Reagan's intuitive reaction that we must change course — that we must recognize nuclear warheads cannot be used as military weapons — is correct. To continue as in the past would be totally irresponsible.

As I began this lecture I referred to three crises from my own term as Secretary of Defense: Soviet pressure on Berlin in 1961; the introduction of missiles into Cuba in 1962; and the Middle East War in 1967. My purpose was to provide a personal perspective on one of the central themes of this statement: Things can go wrong. Actions can lead to unintended consequences. Signals can be misread. Technologies can fail. Crises can escalate even if neither side wants war.

Three recent events — the shoot-down of Korean Air Lines Flight 007, leading to the death of 269 civilians; the explosion of the U.S. space shuttle Challenger; and the nuclear reactor accident at Chernobyl — reinforce this point. They serve to remind us all how often we are the victims of misinformation, mistaken judgments, and human fallibility. It is inconceivable to me that in a crisis situation, with all its inevitable pressures, decisions regarding the use of nuclear

weapons would be unaffected by such factors.

The arms negotiations now underway — and particularly the proposals put forward at Reykjavik for reductions in strategic offensive forces — represent an historic opportunity to change course and to take the first step toward the long-term goals which I have outlined. We can lay the foundation for entering the twenty-first century with a totally different nuclear strategy, one of mutual security instead of war-fighting; with vastly smaller nuclear forces, no more than one thousand weapons in place of fifty thousand; and with a dramatically lower risk that civilization will be destroyed.

We have reached the present dangerous and absurd confrontation by a long series of steps, many of which seemed to be rational in their time. Step-by-step, we can undo much of the damage.

The program I have presented would, I believe, initiate that process. But whether or not there is acceptance of my specific proposals, we can surely agree on this: we must develop a national consensus for a long-term strategy for the second half century of the nuclear age — a strategy that will reduce the unacceptable risks we now face and begin to restore confidence in the future.

Surely, our first duty and obligation is to assure, beyond doubt, the survival of our civilization.

Why The First Amendment Is Not Incompatible With National Security Interests

MAINTAINING A CONSTITUTIONAL PERSPECTIVE

By MARTIN L. C. FELDMAN, *U.S. District Judge for the Eastern District of Louisiana*

Delivered at The Heritage Foundation, Washington, D.C., January 14, 1987

BAY OF PIGS. Pentagon Papers. Watergate. Now the Iran arms affair. Those words no doubt evoke concern in the minds of people whose daily precincts include the highest levels of government service. They perhaps also bring a sense of contentment — indeed, even fulfillment — to those whose agenda is vigilance for the safety of the First Amendment.

It is fitting and current then that, as part of its Bicentennial Constitutional Lecture Program, The Heritage Foundation asks the question: "Why the First Amendment is not incompatible with national security interests." It is a timely question. Present events confirm it as an important one in this era of our Constitution's bicentennial. I have, however, a small but, I believe, important variation to offer: Is national security incompatible with the First Amendment?

Why offer what I hope will not be viewed as an impudent change to the question?

Unlike totalitarian nations, which hold fast to an unyielding primacy for national security, nations in which all other societal values are subordinate to national security concerns, ours is different; free countries are different. You see, all nations have a national security obsession; but it is only free nations that also regard and give succor to the right of expression. Free expression is the anchor of democracies. So we must ask whether national security is somehow incompatible with free expression as we have come to revere it. Every nation strives for security without regard to ideology. But our constitutional republic equally heralds freedom of expression, embodies in the First Amendment, as a requisite fundamental value. Our society, like all societies, knows well the need for national security, but we also question the value of life in a regime where perceived notions of national security serve as the underlying measuring rod for the monitoring of all civil liberties and the diminishment of individual dignity. Ours is a society that recognizes the tension that exists between national security objectives and free speech, but also states that our national security depends as much on maintaining an intelligent and informed public citizenry as it does on government secrecy.

Thus we reject the classic incompatibility between free speech and national security, which is explicit in autocratic and totalitarian regimes. Ours is a nation which boasts that both principles share a balanced status under the Constitution. We may rightly be proud that ours is not a society where national security interests may be invoked to justify a wholesale suspension of constitutional order.

At the same time, to deny that there is often sharp and precarious competition between the exercise of free speech, on the one hand, and the dogged protection of national security objectives, on the other, is to ignore history's lessons. Recent events have focused increased public attention on the seemingly steadfast clash of these competing constitutional principles. Free speech enthusiasts, championed by the media, find themselves pitted against national security proponents, who urge that a greater sensitivity to the secret needs of government is warranted. How we as a society respect and cultivate that delicate balance, in the wake of new media challenges and assertive public debate, is in large measure a matter of maintaining a firm constitutional perspective. It speaks to what we and our Constitution mean to the underpinnings of Western civilization. And so, the question is: Is national security incompatible with the First Amendment?

The Case for Secrecy: Beyond Politics

Do we need secrecy in government — in a free and open government? Of course we do. But freedom and secrecy pose an unsettling national enigma for those charged with the guardianship of our national ideals. Listen to the words of Sir William Stephenson, former head of the British Secret Service, from his compelling book, *A Man Called Intrepid:*

> The weapons of secrecy have no place in an ideal world. But we live in a world of undeclared hostilities; in which such weapons are constantly used against us and could, unless countered, leave us unprepared again; this time for an onslaught of magnitude that staggers the imagination. And while it may seem unnecessary to stress so obvious a point, the weapons of secrecy are rendered ineffective if we remove the secrecy. One of the conditions of democracy is freedom of information. It would be infinitely preferable to know exactly how our intelligence agencies function, and

why, and where. But this information, once made public, disarms us.

So there is the conundrum: How can we wield the weapons of secrecy without damage to ourselves? How can we preserve secrecy without endangering constitutional law and individual guarantees of freedom?

Look at the anxiety created by the collision between open expression and national security.

For instance, the Reagan Administration urges the press to refrain from reporting on the delivery of arms to Iran to protect the lives of American hostages held captive in Beirut; the story quickly spreads, however, across the nation after a leak in the obscure Middle East press. *The New York Times* tells the story of the Pentagon Papers, but withholds talk of the Bay of Pigs invasion until after the ill-fated skirmish. *The Washington Post* uncovers Watergate.

For instance, United States military authorities exclude the press corps from the invasion of the island of Grenada, and they delay until 48 hours after the invasion transporting members of the press from the neighboring island of Barbados to Grenada so they can report on the military operations in progress. Some members of Congress react by introducing a resolution calling for the impeachment of President Reagan for allegedly abrogating First Amendment freedoms.

For instance, Richard Welch, Central Intelligence Agency Station Chief in Athens, is murdered in December 1975, less than one month after being named in print as a CIA operative by Philip Agee, himself a former CIA agent, triggering congressional clamor for legislation outlawing such knowing disclosure of critical intelligence information.

For instance, the infamous "Walker Spy Ring," said by the intelligence community to be the most damaging spy ring since the end of the Second World War is uncovered and prosecuted. Significant national setbacks are acknowledged. And it is all there to read about over morning coffee.

Are these the symptoms of a healthy society, or the signals of a robust national death-wish?

While the history of the relationship between national security and free speech concerns is marked by its share of partisan politics (itself, a sign of the health of the First Amendment), there is overwhelming consensus in our society for the view that certain national security information must be protected from disclosure; that, for the sake of our mutual safety, all must not be told. This pervasive and fundamental recognition of the need for secrecy can be said to transcend politics and rest upon the conviction that to reveal all would be to expose our nation to the hazards and ravages of international hostilities.

Thus the need for secrecy presents itself in a variety of contexts, which implicate national security and, in any open society, quickly pose conflict with ideas of free expression.

Information leaks about military plans, strategies, and the strength and deployment of forces provide invaluable intelligence leads to foreign adversaries and inevitably cause the failure of military objectives or operations. Disclosure of information relating to weapons design and research and to the details of nuclear technolgy can have shattering consequences by placing such information in the hands of unfriendly adventurers. Leaks of information regarding our advanced techology of lasers, kinetics, and computers can easily erase strategic advantages of inestimable value. Efforts by the government to obstruct dissemination of this type of information with the shield of national security have generated much debate in the scientific community as well as vocal protests from private researchers and developers who seek rewards for their work through the commercial exploitation of such materials.

Obviously, security measures are necessary to ensure the proper functioning of our intelligence apparatus. Disclosure of the identity of agents, or their sources, unqualifiedly impairs their ability to gather information and imperils the lives of those named, and probably others. Public disclosure of systems and methods and of cryptologic information alerts a hostile nation to the need to develop countermeasures and neutralizes our intelligence efforts. Further, and even more fatal, doubts about the government's ability to keep a secret leaves friendly nations reluctant to share their intelligence with us. Why be our partner in matters that require discretion?

Finally, as the recent Reykjavik conference teaches, secrecy plays an indispensable role in the conduct of diplomacy, or as in the case of Dr. Kissinger's first visit to China in the Nixon presidency, secrecy can make possible diplomatic initiatives designed to open useful channels of communications with otherwise hostile parties. Quite patently, confidentiality enables representatives of government to speak with candor about matters which, if publicized, could cause domestic turmoil or international disillusionment. Secrecy, then, encourages substantive bargaining and helps to prevent public stalemates fueled by a desire to avoid being seen as backing down, losing face, or "blinking" (a term used during the Daniloff affair). Secrecy avoids the dangerous cosmetics of the international political theater.

The need for secrecy at high levels of government is not new. It has been tolerated, appreciated, and understood throughout the history of free discourse. Need I remind this audience, the Constitutional Convention, which resulted in the confection of our magnificent governing document, held its deliberations in secret? It is said that James Madison later expressed the view that publicity would have surely prevented the consensus necessary for adopting the Constitution. Surely none can question that secrecy and confidentiality play a significant role in our society and are a necessary touchstone of effective government. To what extent the interests of national security may serve as a legitimate justification for the control of speech remains, however, a question of constitutional scale.

The Case For Openness: Protecting Informed Self-Government

What sort of cohesive partnership between secrecy and free speech can endure in a democracy?

Reflecting upon the successful efforts of his Administration to silence news stories prior to the invasion of the Bay of Pigs, President Kennedy is said to have remarked paradoxically to the managing editor of *The New York Times* in its aftermath: "Maybe if you had printed more about the operation, you would have saved us from a colossal mistake."

Then we encounter the current Iran arms controversy. Government officials deny knowledge of the covert activities conducted by employees of the National Security Council. Select congressional committees are assembled, and an independent prosecutor is appointed to investigate possible violations of law. The Administration notes that mistakes are made. The story is all out in the open. Congress becomes agitated and the American public seems confused.

We are witness to a debate that argues the more that is kept secret, the more difficult becomes the intelligent and informed public discussion that is necessary for our broad brand of self-government. An uninformed citizenry is, we hear, an ineffective

check on both official misconduct and misguided policy. James Madison observed, "[a] popular [g]overnment, without popular information, or the means of acquiring it, is but a [p]rologue to a [f]arce or a tragedy; or perhaps both. Knowledge will forever govern ignorance: [a]nd people who mean to be their own Governors, must arm themselves with the power which knowledge gives."

Public access to information regarding government practices and policies is essential to enlightened public debate and informed self-government. That concept is enshrined in the First Amendment, which ensures that there shall be an independent means of verifying official accounts of transactions of government. Justice Black once observed, "The press serves and was designed to serve as a powerful antidote to any abuses of power by government officials and as a constitutionally chosen means for keeping officials elected by the people responsible to all the people whom they were elected to serve." Few would disagree with the spirit of that thought.

Reconciling the maintenance of constitutional liberties with the requirements of national security poses an arduous challenge to democracy. It offers ample proof of the untidiness of a free society as opposed to the antiseptic clarity of dictatorships. Granted that a balance must be struck, where should the line be drawn? That is the puzzle for all who would presume to lead a free people. It implicates perhaps our most cherished contribution to social intercourse: Separation of Powers.

Line-Drawing: Congress And The Courts

It is the undisputed responsibility of Congress and the courts to maintain and regulate the right balance between measures necessary for the invulnerability of national security and the preservation of free expression. The legislative boundaries are set by an array of federal statutes whose only common thread is the variety of their subject matter. Decisions by the courts shed some further light on our nation's attempt to accommodate national security objectives with the interests of free expression.

Statutory Framework

Any summary of the statutory framework pertinent to national security protection must begin with the system of classifying documents pursuant to executive orders and regulations. It is a system that might be abused. But, we must ask, is the risk worth the benefit? I believe so. A vast amount of information about the conduct of the nation's military and foreign affairs, as well as internal security matters, is marked "classified" by the government. The purpose of the classification system is to deny access to information whose unrestricted dissemination might jeopardize the security of the nation. While the classification system has never been expressly authorized by Congress, it has been implicitly approved by the passage of the Freedom of Information Act, which exempts from disclosure properly classified information.

Our current regulatory scheme is complemented by several other federal statutes, and gives us a picture of the congressional attitude over the years. The Espionage Act of 1917 generally forbids the willful disclosure of "information relating to the national defense" to persons not entitled to receive such material, with "reason to believe" such material "could be used to the injury of the United States or to the advantage of any foreign nations." The Act might arguably encompass not only espionage in the classic sense, but also willful disclosure by government employees who leak information, and by other, such as (possibly) news reporters, who disseminate restricted information related to the national defense. The scope of the Act is still unclear.

On still another front, the Atomic Energy Act of 1954 makes criminal and enjoins the disclosure by anyone of "Restricted Data," which is defined to include any information related to the design, manufacture, or utilization of atomic weapons, "with reason to believe such data will be utilized to injure the United States or to secure an advantage by any foreign nation."

In response to recent history, the Intelligence Identities Protection Act of 1982 criminalizes the disclosure of information regarding the identity of any covert agent of the United States, by anyone, regardless of whether the identity was learned by access to classified information. However, if the identity is learned by one without access to classified information, the disclosure must be shown to have been made "in the course of a pattern of activities intended to identify and exposes covert agents and with reason to believe such activities would impair or impede the foreign intelligence activities of the United States. . . ."

The Invention Secrecy Act prohibits disclosure, in the name of national security, or privately generated information relating to patent applications adjudged by the government to be "detrimental to the national security." And export control laws, such as the Arms Control Act of 1976 and the Export Administration Act of 1979, also represent means by which the government is able to restrict international dissemination of a broad range of scientific and technological data.

Judicial Precedent

From my perspective, what contribution has the Third Branch made?

Judicial decisions that explore the relationship between national security and free expression have been few. While the concept of a national security exception to unrestricted speech has generally been recognized by the courts, its constitutional contours are largely without shape.

The invocation of national security concerns as a basis for restricting speech makes its first appearance in Supreme Court literature in *Near v. Minnesota,* where Chief Justice Charles Evans Hughes remarked in an oft-quoted dictum dating back to 1931 that "[n]o one would question but that a government might prevent . . . the publication of sailing dates of transports or the number and location of troops" in times of war.

It was not until some 40 years later, in the Pentagon Papers case, that the Court again had occasion to consider the question. The government sued to enjoin publication by *The New York Times* and *Washington Post* of classified material revealing aspects of the decision-making process employed in the Vietnam War. The Court declined to issue an injunction. In his concurring opinion, Justice Potter Stewart, balancing national security dictates against First Amendment concepts, wrote that a prior restraint would not be justified unless the government were able to show that publication would "surely result in direct, immediate, and irreparable damage to our Nation and its people." At the same time, the legitimacy of secrecy in matters of national security was clearly recognized. One senses Justice Stewart's own brooding anxiety; his dilemma was clear. "[I]t is elementary," he also wrote, "that the successful conduct of international diplomacy and the maintenance of an effective national defense require both confidentiality and secrecy. Other nations can hardly deal with this Nation in an atmosphere of mutual trust unless they can be assured that their confidences will be kept. And within our own executive departments, the development of considered and intelligent international policies would be impossible if those charged with their formulation could not communicate with each other freely, frankly, and in confidence. In the area of basic national defense, the frequent need for absolute secrecy is, of course, self-evident."

In the celebrated case of *Snepp v. United States,* the Court faced this conflict in an easier context, sustaining a prepublication review requirement imposed by the CIA, which required, as a condition of employment, that an Agency employee not publish any information relating to the Agency without clearance, affording the Agency an opportunity to delete classified information. The Court concluded that "[t]he Government has a compelling interest in protecting both the secrecy of information important to our national security and the appearance of confidentiality so essential to the effective operation of our foreign intelligence service." The prepublication requirement, the Court declared, was "a reasonable means for protecting this vital interest."

Finally, in *Haig v. Agee,* the Court was called upon to decide the propriety of the government's revocation of the passport of former CIA agent Philip Agee, who was engaged in the disclosure of certain Central Intelligence Agency activities. The Court upheld the revocation, declaring quite explicitly, that "no governmental interest is more compelling than the security of the Nation."

Noteworthy district court cases that are specific to this issue include *United States v. Progressive, Inc., Flynt v. Weinberger,* and *United States v. Morison.*

In *United States v Progressive, Inc.,* the government sought to enjoin publication of a magazine article entitled, "The H-Bomb Secret: How We Got It, Why We're Telling It." The article detailed the design and operation of thermonuclear weapons. The district court enjoined publication. Most interesting about the decision is that the article involved the literary efforts of a private researcher who had relied upon nonclassified information in generating the piece. Nevertheless, the court concluded that the article revealed "Restricted Data" as defined by the Atomic Energy Act.

Flynt v. Weinberger concerned publisher Larry Flynt's efforts to enjoin the temporary press ban enforced by the government in the wake of the invasion of Grenada. While noting that the suit had become moot since the press ban had been lifted, the court sensibly indicated that, in any event, it would decline entering an injunction because to do so "would limit the range of options available to the commanders in the field in the future, possibly jeopardizing the success of military operations and the lives of military personnel and thereby gravely damaging the national interest."

Finally, in the recent case of *United States v. Morison,* a civilian analyst employed by the Department of Defense was found to have violated the provisions of the Espionage Act of 1917 by selling classified photographs of Soviet naval vessels to a British magazine for publication. Mr. Morison had been associated with the British magazine prior to the photographs being released, and was paid as an American "editor." The court rejected the defendant's argument that the espionage statutes were intended to "punish only 'espionage' in the classic sense of divulging information to agents of a hostile foreign government and not to punish the 'leaking' of classified information to the press," noting with perception that "the danger to the United States is just as great when this information is released to the press as when it is released to an agent of a foreign government." In either instance, foreign governments are provided with critical national security information. This important decision, which marks the first time the espionage statutes have been successfully used to convict one not engaged in traditional espionage activities, has generated its share of academic commentary. To what extent the espionage statutes may be employed to prosecute those not engaged in traditional espionage activities, such as "leakers" who trade in national security information as well as those who knowingly publish such information, remains an open question of serious constitutional moment.

In the broader sense, the *Morison* decision typifies the increasing complexity of maintaining the appropriate constitutional balance between national security needs and the institutional role of the press in an environment of unprecedented technology and information delivery. It frames the question: Is national security incompatible with the First Amendment?

Maintaining a Constitutional Perspective

We live in a world in which nuclear annihilation is only minutes away; being an American exposes one to terrorist attacks both domestically and abroad; and hostile nations employ increasingly sophisticated mechanisms to pry at our national secrets. The majesty of our nation is that, instead of responding to these sobering truths by suppressing the means of communication, we live in a society in which there is more openness and less secrecy than ever in this, the age of the electronic media.

We pay a dear price for our fidelity to the aspirations of democracy. As stated by Yale Law Professor Thomas I. Emerson, "[n]ational security in a democratic society involves taking some risks and allowing some flexibility. It entails faith that an open community is better prepared to adjust to changing conditions than a closed one."

In the final analysis, we must appreciate that in our society, given the premium placed upon open debate and a free and uninhibited press, an effective national security depends not on establishing police-state controls, but on maintaining a consensus both within and without government that certain kinds of information require secrecy and must be restricted so long as a fact-specific exigencies exist to justify suppression. Our remarkable Constitution teaches us the value and the hazards of balancing. It involves an acceptance of the idea that the acquisition and wide dissemination of information is not always a good thing; and it may be highly destructive. Moreover, it admits that the process of reconciling free speech with the demands of national security is a shared responsibility, involving the courts, the Executive Branch, Congress, and what Justice Stewart has referred to as "the Fourth Estate," the press.

It is the responsibility of the courts under our Constitution to ensure that governmental claims of national security as a basis for restricting speech are subject to rigorous scrutiny, in order to separate the authentic from the contrived. "National security" ought not be permitted to become some talismanic phrase invoked by government for purely self-centered introverted reasons to hide political embarrassment, bureaucratic mistake, or government wrongdoing. At the same time, courts must be tempered by the recognition that it is difficult for the judiciary to gauge a potential hazard to national security with any exactitude or expertness. We do not have the information or insights to do so. We were not created to do so. Diplomatic and foreign policy developments result from a confluence of diverse forces and events, defying easy categorization, at least for judges. The disclosure of critical national security information could subtly and unintentionally contribute to a chain of events that later reveals itself as severely damaging to our national security. One of the shortcomings of depending upon judicial resolution of the conflict is that, whether it be a prepublication restraining order which is sought by the government or a post-publication prosecution which is at issue, the effective result is most frequently that it is too late to undo the harm done.

The press must accept its responsibility too. Protecting our national security equally depends upon an ever-alert recognition

by the press that it too has a role to play. As a major force in our society, the institutional press is a public trustee, obliged to act responsibly with respect to publishing information that might adversely affect the nation's security. Self-regulation and cooperation by the press with government could provide the surest guarantee against undesired national security disclosures. Some might observe that the attentiveness of the press to self-restraint should improve.

At the same time, the good faith of the press must be matched by a similar appreciation by government that the guarantee of a free press is, as the Supreme Court stated in *Time, Inc. v. Hill,* "not for the benefit of the press so much as for the benefit of us all." In the end, the disposition of the would-be censors must be moderated by history's teachings that unreasoned, unchecked secrecy can harm our country in a variety of ways. Not only might it promote public cynicism and foment civil distrust, but it permits flawed judgments about national objectives to persist without the disinfectant of public debate.

Professor Emerson's words bring us back to the beginning: "[t]he effort to resolve the tensions between national security and constitutional rights should not be looked upon as a zero-sum game. It is not true that the greater the degree of constitutional liberty maintained, the lesser the degree of national security achieved, or that the lesser the degree of constitutional liberty, the greater the degree of national security. Rather, there must be an accommodation between the two systems in which each supplements and supports the other." Protecting our national security without deprecating our commitment to the First Amendment depends in large part upon the resolve with which we embrace our shared constitutional mission.

The Founding Fathers embarked us upon a difficult, exciting, sometimes rowdy voyage, but one which in 200 years has been gleeful and successful. The secret of that success is rooted to the endless quest for the correct balance betwen secrecy and freedom of information. And that, quite simply, is the key. The Founding Fathers institutionalized for Western civilization the primacy of doctrine of balance in our written Constitution. We must never overlook that central lesson. Still, we must also never relax our fidelity to a resolute national security because our obligation is not just to ourselves . . . it is to the entire free world.

Let me close by returning to the wisdom of Intrepid:

> "Perhaps a day will dawn," he said, "where tyrants can no longer threaten the liberty of any people, when the function of all nations, however varied their ideologies, will be to enhance life, not to control it. If such a condition is possible, it is in a future far too distant to foresee. Until that safer, better day, the democracies will avoid disaster, and possibly total destruction, only by maintaining their defenses."

And so, you see, national security must come first. But the wonderful mystery of our system is, so must the First Amendment.

Fulfilling the Promise of American Life

THE CONSERVATIVE AGENDA FOR THE END OF THE TWENTIETH CENTURY

By JIM COURTER, *U.S. Congressman from New Jersey*

Delivered at the 14th Annual Conservative Political Action Conference, Washington, D.C., February 19, 1987

CPAC'S first conference 14 years ago took place under the clouds of Watergate. In the middle of a wrecked presidency, what would people have thought of someone who predicted that by the 1980s conservatives would be writing America's agenda, that the Democratic Party would be apologizing for becoming too liberal, that the really interesting debates would be taking place on the right? Such an oracle would have seemed like Plato's famous philosopher who returned to the ridicule of those imprisoned in the cave because he claimed the figures they saw were only shadows of real animals and beings outside the cave.

We can never forget that Ronald Reagan's quest for the presidency began at the horizon of Watergate. For he was the platonic prophet I described. We can never be too grateful for President Reagan's "new beginning." It amounted to dramatic proof that the old liberalism of the 1970s was not inevitable.

There's no time more important than now for conservatives to control the political agenda, for the 1988 election and beyond, and for good reason. The "Reagan Revolution" was a "new beginning," but it was *only* a beginning. In order to guarantee the survival of any major political reform, you have to have *two* dedicated leaders in a row.

The conservative agenda will face a greater trial in the next election when Ronald Reagan is not running than in any past election. 1988 is the time when our agenda has to be acquitted. If in 1988 Americans elect a liberal democrat — or an anti-conservative republican — that might signal the end of conservative reform for who knows how long. Only if Ronald Reagan is succeeded by another president equally committed to our agenda, can we move beyond the Reagan promise implied in the "new beginning." We may begin to *fulfill* the promise of American life.

The liberal-left understands this perfectly well . . . and as a member of the House Select Committee on Iran, let me say that what's on trial in "Irangate" isn't only Oliver North or Admiral Poindexter. Congress doesn't tie up 36 members in two special committees just to find out whether someone in the White House basement broke a law that Congess itself repudiated just a few weeks later.

I accept the notion that some persons may have broken laws, jeopardizing the foreign policy of the United States. But Congress' business is not conducting criminal investigations. What's on trial in Congress, frankly, is the conservative agenda in foreign policy. You might say it's the Reagan doctrine versus the Boland amendment.

What's the other charge? Taking seriously the constitutional duty to defend American freedom against tyranny. If you and I and President Reagan himself can't convince the American people that America must help freedom — which sometimes means supporting freedom fighters — and that democracy in Central America must be defended and expanded, then the conservative revolution will be a failed revolution. And the future standing of human freedom will be open to question.

"Irangate" is a danger, but it's also an opportunity. We con-

servatives have long argued that Congress must not build barriers to constitutional control over foreign policy by the executive branch. We argued that if Congress did so, the United States would eventually find itself in a foreign policy crisis. We said so when they passed the War Powers Act, the Clark Amendment, and the Boland Amendment in its varied forms. We're still saying it today as the Congressional left tries to force the nation to live within the Salt II Treaty which the Soviets have violated, the Senate never consented to, and which has in any case expired.

In nine years Congress has given America eight Nicaragua policies. Congress voted aid to Somoza, ended aid to Somoza, assisted the Sandinistas, stopped assisting the Sandinistas, helped the Contras, stopped helping the Contras under at least two different sets of Boland rules, then resumed aid to the Contras. Now there's an effort to renege on 40 million dollars the U.S. already pledged. You know what they say about Congress making foreign policy? If you don't like it, wait a minute! When Senator Byrd asks, "Who's in charge of foreign policy?" We should answer "536 people are claiming to control foreign policy" — and you can't have 1,072 hands on the steering wheel without causing a wreck.

Before discussing that agenda in detail, I need to point out one reason conservatives may have difficulty in convincing the American people. Some conservatives, frankly, spend a lot of time describing a wonderful vision of the future. But they don't say much about the fight we still must wage against the liberal-left to get there. That's utopianism.

Others love to attack "the liberals" and talk about what they are *against*, but they don't say what kind of society they are *for*. That's opportunism. If we expect to be a true governing movement we need both a vision of American life at the opening of the next century, and an account of, as Chesterton put it, "what's wrong with the world" the liberal-left designed for us.

There are four policy areas covering the essential concerns of the American people.

An immediate area of concern is our national defense. The Reagan achievement in defense has been important — in improving readiness, and the training, education, and morale of our armed forces.

But over the last six years the number of U.S. bombers dropped from 403 to 315. The soviets increased theirs from 674 to 1,120. We built 22 more submarines since 1980. The Soviets 117. To defend our positions around the world today, we have 14,300 tanks. To break our defenses the Soviets have 53,000.

In 1980 and 1984 conservatives didn't ask for military "sufficiency" or "equality" or "parity" — we asked for *superiority*.

Last year at CPAC I offered my concerns about the Reagan defense policies. There have been important advances since then — the decision to break out of SALT II, the decision to assist Jonas Savimbi's Unita Forces, the partial movement toward deploying SDI. I give the President a lot of credit in the defense area. But the Administration has sometimes compromised or split the difference with a Congress whose attitude in the global struggle between democracy and tyranny is to be neutral. And as Elie Wiesel has said, "Indifference to evil, is evil."

One of America's greatest but very underrated conservative presidents, Calvin Coolidge, once said:

> "America represents the greatest treasure that there is on Earth, the greatest power that there is to minister to the welfare of mankind; to leave it unprepared and unprotected is not only to disregard the national welfare, but to be no less than guilty of a crime against civilization."

Congress' trashing of a strong defense has to stop. As my friend Jack Kemp likes to say, "Strength isn't destabilizing, weakness is." That's why in 1988 we not only need a conservative president — we must have a conservative Congress that restores America's military *superiority*.

First we must fulfill President Reagan's promise of an America free of nuclear terror. We need a presidential decision to test, develop and *deploy* a strategic defense — and we need that decision now, this year.

But the promise of liberty, democracy, and justice is not for Americans alone. Our nation needs a consistent, conservative foreign policy. For those of you who have been following the TV series "Amerika," you have seen the ruthlessness of a totalitarian system. For millions behind the Iron Curtain, oppression is a fact of everyday life, and just to dream of living in freedom is to be guilty of a thought crime.

As Jack Kemp says so well, we must not only be anti-communist, or anti-totalitarian, we need to be pro-democracy. I'm sorry to say that the President has faced opposition to his pro-democracy agenda not only in Congress, but within his own Administration.

The conservative course is to do everything possible to *defend* America, the homeland of world freedom. A conservative president doesn't need a secretary of state who wants other countries to veto S.D.I.

The conservative obligation is to instruct the world about the evil or, as Churchill said, the *wickedness* of Soviet imperialism. The next conservative president doesn't need a state department that acts as if arms control can somehow abolish moral distinctions between tyranny and freedom.

The conservative approach on the continent of Africa is to support movements *for* democracy. Ronald Reagan isn't served by a secretary of state who shakes hands with terrorists like Oliver Tambo.

A consistent and bold foreign policy which fosters global democratic capitalism could fulfill America's promise to the world, the promise of freedom.

Domestic economic policy is next. President Reagan's policies have rebuilt our economic base. The Reagan economic reforms reduced the tax burden on working Americans as much as fifty percent. Endemic inflation, which was the liberal democrats' legacy of the 1970s, was conquered. An energy shortage was converted into an energy surplus. Tax loopholes and shelters for the rich were closed up, large areas of the private sector were deregulated, the income tax personal exemption was more than doubled, and at least five million working poor were removed from the tax rolls. More Americans are sharing the fruits of growth at the national table than ever before in history.

But, again, it's only a beginning. The promise of economic opportunity remains distant for many minority Americans trapped in life cycles of despair in decaying cities, and other thousands on our farm heartland.

Conservative economic principles are clear. We proclaim that freedom works as well in the marketplace as it does in the voting booth. We know that employees can't exist without employers. We believe, with Lincoln, that labor comes before capital and deserves ever growing rewards. And we measure compassion not by how many people are on welfare but by how few *need* welfare.

We are nearing a day when America's promise of opportunity can be fulfilled, when poverty as a way of life is no more, when temporary unemployment is relieved by compassionate programs providing a strong and efficient safety net, and when the oppor-

tunity to work is available for every man or woman who wants a job.

Once the liberal armlock on the committees of Congress is broken, we conservatives are prepared to give our poor and minorities jobs and opportunities under an entrepreneurial war on poverty, through enterprise zones — and privatized housing so all can have their shot at the American dream. We should redouble the personal tax exemption to four thousand dollars to help families and create incentives so people move from welfare rolls to payrolls. We should allow the jobless the option of accepting unemployment compensation for seed capital to start their own businesses all over America.

The ultimate policy concerns should be family concerns, value concerns, life concerns. Social issues touch the deepest, most personal parts of our lives. They concern what might be called the sufficient conditions of mankind's happiness. They must be our agenda too.

Perhaps the most influential book on the old liberal or progressive reform movement was written by the first chief editor of "The New Republic" magazine, Herbert Croly. He called it *The Promise of American Life*. Representing the kind of liberalism associated with Democratic party policies from F.D.R. to John Kennedy, Croly was proud to write in the first line that "the average American is nothing if not patriotic." He was not embarrassed to say that "the principle of democracy *is* virtue," and he ended by urging "the common citizen [to] become something of a saint and something of a hero."

Liberalism used to know what patriotism, virtue, sainthood, and heroism were.

Because social concerns are the most profound of issues, they are the most controversial. That is why the Declaration of Independence says that "the *pursuit* of happiness," not "happiness" itself, is a natural right.

In this area we are ready to fulfill the highest promise of American life, the promise of human dignity. From the policies advanced by President Reagan, we can see a future when the lives of our people are daily enriched by widespread education for excellence, by increased time for recreation, and by a high quality of cultural life. And the capstone of the promise of human dignity is a renewal of faith in the creator who endowed mankind with those natural rights to live, to be free, to seek our own happiness, and to govern ourselves without the permission of any master or elite.

This year we begin our third century under what is now the world's oldest, most enduring democratic constitution. James Madison who wrote most of the language once said the hand of providence could be seen at the Constitutional Convention of 1787. Our Constitution drew up the ground rules of the promise of American life. Lincoln confirmed it in the middle of Civil War when he proclaimed "emancipation." F.D.R. pulled America out of a great depression with the promise of the "four freedoms."

We stand at last on the threshold of completing America's promise. We need only be true to our nation's founding principles of liberty and equality. They point to the greatest or highest kind of life a community can hope to achieve. Making those principles practical is the challenge conservatives set before America as we move to the twenty-first century. If Americans fail that challenge, the promise of freedom will have proved to be an illusion, not just for us but for mankind, not just for now but forever. I am confident that our people will rise to that challenge, and the promise of American life, indeed the promise of civilization itself, will be fulfilled.

Economics

THE FINAL STAGE OF THE CIVIL RIGHTS MOVEMENT

By TONY BROWN, *Chairman, Buy Freedom*

Delivered to the Commonwealth Club of California, San Francisco, California, February 20, 1987

MAY God grant me the words to speak His thoughts. While illiteracy, unemployment, fatherless homes and dependency are tying a noose around the necks of eight million underclass Blacks, those with the power levers are indulging themselves in a demagogic game of finger-pointing.

Liberals say the conservatives won't spend enough on social programs; conservatives say we've already spent too much and the programs don't work; traditional Black leaders argue that the government is principally responsible. They all have some element of truth, but none have come close to solving the problem.

The government has demonstrated under both Democratic and Republican administrations that the plight of Black-Americans is not a priority and when liberal and conservative representatives of government admit, however diplomatic, that Blacks are going to have to develop more self-reliance, they are hounded with charges of racism and blaming the victims.

In the meantime, the plight of Black-Americans continues to deteriorate and Black dependence saps the vitality of our human potential while the finger-pointers start a new round of political rhetoric.

Can Blacks depend on White people or the government to solve the problems of single-parent homes, drugs, illiteracy and unemployment? The answer is no. That leaves it up to us. If you are Black, you may not like me and I may not particularly care for you, but we'd better get one thing straight: we're all we've got.

In *After The Crash*, Dr. Geoffrey F. Abert predicts that a war between Blacks and Whites will occur, precipitated by Black dependence, unemployment and crime.

Howard J. Ruff, a White financial analyst, predicts that "attack" groups of Black men and teenagers will start this "race war" when they invade the White suburbs.

Ruff says that this "will be a tragedy for America's Black people, as the numbers and guns are against them."

He is wrong. If this scenario is played out, there will be no winners. You can't live in a culturally-diverse society and not be affected by the success or failure of groups other than your own. You don't "win" if another group "loses." That's why there are no victors in a racist society. And because there are no victors in a racist society, all of us are potential victims.

There is no doubt that the poverty and frustration in America's Black ghettos are social dynamite. And it can be ignited by an

economic collapse or precipitated by any number of unrelated incidents.

But there is, short of creating an American apartheid system, a more sane and viable solution to our race problem.

The problem, of course, has its roots in the history of slavery, but its feet are planted firmly in the present. Over one-third of the families living in poverty are Black (three times the rate of Whites); the median income of Blacks is only 56 percent that of Whites; and unemployment is twice that of Whites.

For the future, the projections are even more disturbing. As a matter of fact, based on one report, we have 13 years to act on this problem or face catastrophic consequences.

A study by the University of Chicago says that if action is not taken immediately, by year 2000 — 13 years from now — 70 percent of all Black men will be unemployed and 70 percent of all Black children will be born into a household without a man.

That's not so farfetched when you consider that 47 percent of Black households are already headed by females and 60 percent of them live in poverty. This condition is both a waste of human potential and a drain on the national economy. And sooner or later, society is going to have to deal with it — one way or the other.

This socioeconomic disparity is primarily responsible for Black-White tension. Whites want to maintain their high standard of living; Blacks want an equal standard of living. The present attempts to solve the problem can be found in civil rights initiatives, mostly laws approved by the white majority intended to secure constitutional guarantees and an equal standard of living.

But affirmative-action programs — especially quotas, which were meant to increase Black employment — became particularly irksome to Whites. As a result, many now view the entire civil rights thrust as preferential treatment, and they oppose any further legislation on that basis.

Many Whites oppose, implicitly anyway, the aspirations of Blacks out of self-interest, not necessarily racism. But whether the motive is vested self-interest or racial self-interest, it is opposition of the ruling majority based on the desire to maintain a high standard of living that they feel is being jeopardized by undeserving beneficiaries.

Eventually, this opinion works its way through the system. Finally, the constitution is whatever the politicians — including the President — who reflect White-majority public opinion and the Supreme Court say it is.

Leadership in the Black community must take the influence of this opposition and skepticism into account. Martin Luther King, Jr.'s success was due to the fact that he captured the moral high ground; we've lost it.

Affirmative action programs, for example, must persuade the White population through performance criteria that if a community-performance requirement is added, the programs are in the best interest of non-Blacks as well as Blacks. They are intrinsically fair only if they solve a problem that threatens us all.

The future of America will be greatly affected, either positively or negatively, by the course Black America takes over the next 13 years. The federal government, therefore, has a role in viable affirmative action programs that produce results through incentives and requirements.

These programs, however, must take creative forms. Affirmative action must be defined and designed for maximum community benefits. The individual beneficiary should have a Black community service incentive. You might say, a set-aside for the set-asides. If you are singled out for help because you are Black, you have an obligation to the Black community.

We can also create an economic-affirmative thrust ourselves that will not only elevate our community to political and economic parity, but benefit non-Blacks and the country as well. Even in affirmative-action programs, the primary responsibility to perform should be ours, so that we can ultimately become self-reliant and not in need of them.

The general population can be won over by a Black self-willed empowerment. A creative alliance between the private sector, government and the Black community can turn the current White backlash into a river of support if the Black community will take the leadership role in charting its own course. It's time that we do as well in finance and economics as we do in football and basketball.

There are operative assumptions, however, in the Black struggle for freedom and justice that must be reexamined, if there is ever to be equality of opportunity or racial peace.

Incidents such as those in Howard Beach, New York and Forsyth, Georgia are used to reinforce the assumption that all Whites are committed to a racist society and that for Blacks to enjoy freedom, the last White racist in the last vestige of racism must be converted to the acceptance of an integrated society.

I'll tell you this, if Blacks are waiting for the last White racist to die so that we can enjoy freedom, we'll be waiting for a long time.

Our energies are currently directed toward what we call integration, which is essentially an effort to get empowered Whites to accept unempowered Blacks as their equals. This is an example of an unsound assumption that serves no one's best interest, especially the eight million members of the Black underclass.

Emphasis must be shifted from incidents of racism and racial violence to the economic violence being done to Blacks by themselves. Do I want to live in Howard Beach or Forsyth? No. Can racists in Howard Beach and Forsyth prevent us from having freedom in our own land? No.

Moreover, all Whites are not racist; White America is not organized in a conspiracy against Blacks and racism is not the exclusive reason for Black underachievement. If racism is ended, Black poverty will remain. Besides, other ethnic and racial groups, including some that are Black, overcome the same racist opposition.

Haitians, from the poorest country in the Western Hemisphere, and Africans, ten percent of the new immigrants, have surpassed the living standard of native American Blacks. Black West Indians earn ten percent more than the average White American and the average Black West Indian is better educated than the average White America.

Racism will not explain that phenomenon, but a unified cohesive culture will. Black Americans must also understand that they are not a minority and they are not poor. They comprise a cultural economic market that has been trained to behave as a poor minority.

"It's not what you call me, it's what I answer to," is an old African proverb.

But if you don't know who you are, anyone can name you. It is the *lack* of knowledge of African heritage and pride in it that is at the foundation of our adaptive problems. It is that sense of pride in our African heritage that is necessary to fuel an economic recovery.

On the subject of heritage, I would like to ask you learned ladies and gentlemen here at The Commonwealth Club of California, the

largest and most prestigious forum in America, three American history questions.

Number 1: Name three African-American heroes of the American Revolutionary War.

Number 2: What Afro-American laid out our nation's capital?

Number 3: Who chopped down the cherry tree and could not tell a lie?

Now, if you only got number three correct, you probably received an "A" in high school history. And if you received an "A" in high school history, you are an expert in "his-story" — not history. And "his-story" is the glue that holds all of the lies together. If we could go into every history book and insert the truth, racism couldn't exist in America because we would all operate on the basis of fact.

You see, I love America. I love America because I know America's history. I know that the first American to die in the revolutionary war was a Black man named Crispus Attucks. I know that our nation's capital, Washington, D.C., was laid out by a young, Black scientific genius named Benjamin Banneker when Pierre L'Enfant, who was originally planning it, became upset with Thomas Jefferson and took the plans back to France.

I know that the first open-heart surgery was performed by a Black doctor in Chicago, Dr. Daniel Hale Williams, in 1893. I know that Garrett A. Morgan invented the electric traffic sign — the stop signal — not to stop Black cars or Black people in Black cars, but so we could all have a system of street safety. And Hank Aaron is not the all-time Black home-run hitter in baseball. Hank Aaron is *the* all-time home-run hitter in baseball.

No, we haven't done anymore than anyone else to build this great country, but we've done our share. But to be equal to this modern society, we must use our consumer income to create power which, in turn, creates freedom in all societal forms: political freedom, social freedom, educational freedom and economic freedom.

Blacks place a fundamental overemphasis on the potential of White people and racism and an underemphasis on the use of culture and group unity to defeat racism and achieve equality.

On the other hand, the achieving ethnic groups place a strong emphasis on pride in heritage; in turn, this pride is used as the basis for economic, social, political and educational advancement.

These groups understand that in a culturally-pluralistic society such as America, the life chances of the individual are directly related to the stability of the group. Therefore, group unity enhances individual opportunity. This advancement is based on what I call ethnic nationalism.

By contrast, Blacks generally accept assimilation as a means of upward mobility. "If I can just lose these vestiges of African culture and become as European in all things as possible, I can move into the 'mainstream' as an individual," one might say.

Although this is the wrong solution, it is understandable how it came about. For the past 40 years, our struggle has been one of striking down the barriers of segregation, which was essential. But somewhere along the line, desegregation became integration and a struggle for assimilation.

In essence, we abandoned the very institutions that give us life and the essential cultural elements that made our victory over segregation possible.

Black flight from our essential, cultural foundation willingly surrendered our schools, our businesses, our self-created jobs, the future of our children and families — essentially our destiny — to the illusive pursuit of being integrated into white centers of power.

It never happened. We were naive about power. Blacks confused being accepted by Whites with being equal to them.

Meanwhile, the ethnic groups that are overachieving, especially the new Asian and Cuban immigrants, are groups that ignore both assimilation and the melting pot myth; they are strong exponents of ethnic nationalism.

Their overachievement demonstrates that group unity is simply more powerful than racist opposition. If you follow the example of the other ethnic groups, you will understand that freedom is possible for Blacks even if a majority of whites oppose their rights.

Freedom for Blacks *will not* and *cannot* come from Whites. Frankly, it is not their's to give. For, in fact, freedom for African-Americans will only come from our ability to control our own economic destiny.

Destiny, however, must become a part of your own vision. Eighty percent of the world's population is not White and when Blacks in South Africa are free — and they will be free — this will create the demand for African-American leaders as world ambassadors and America's link to her future.

South Africa's industrial might, under Black rule, will fuel a massive economic recovery among the other Black nations on that continent. America's place as world leader is inextricably bound with the destiny of African-Americans.

And just in case you have fallen for the propaganda that Blacks are poor, think about this: African-Americans earn $200 billion in income (estimated at $900 billion by the year 2000) and spend $180 billion a year on goods and services. This is equivalent to the GNP of Canada or Australia, or the ninth-largest nation in the free world.

There are 30 million of us that the Census Bureau can find. We are 11 percent of the population. Forty percent of all records sold in America are purchased by Black teens. Fifty percent of all tickets to movie theatres in America are purchased by Blacks between twelve and twenty four. Ten percent of us travel exclusively by airplane. Fifty-two percent of us own our own homes. We are 11 percent of the population and we drink 20 percent of the Scotch whiskey.

If you took Blacks out of America, Wall Street *would* collapse *last* week!

Our problem is not money; it's what we do with the money we have. Blacks spend only 6.6 percent of their income with a Black business or professional. We spend almost 95 percent of our money with non-Blacks. We spend $170.7 billion more with the rest of America than it spends with us. Therefore, we export 1.7 million jobs from Black neighborhoods each year and import unemployment, welfare-program dependency and a defeatist attitude.

To give someone else 95 percent of your money and them blame them for all your problems lacks the force of logic.

Moreover, the Black community deprives Black businesses of their real potential, and through the uneducated use of its buying power exacerbates its own social and political problems. This is the reason that Blacks do not move socioeconomically in tandem with the rest of the country.

Unfortunately, but understandably, African-Americans have traditionally sought equality and an identity through the social acceptance of non-Blacks, unlike other groups who have earned social acceptance by sharing their wealth with other members of their group. They gave themselves an American identity based on their proud culture and heritage. As a result, these groups deliberately spend 80 percent of their nonrestricted income within their own ethnic community before a penny escapes.

They recycle their buying power among their members from

five to 12 times. In a 360-degree angle, a circle, it comes back to their buying public. The clear exception is the African-American. In Black America, money changes hands less than once. It is spent in a 180-degree angle, a straight line — directly away from other Blacks.

The race problem boils down to economics and arithmetic. In other words, Blacks cannot disregard the basic laws of economics and enjoy freedom.

The only color of freedom in America is green!

And if the only color of freedom in America is green, why does Black not equal White? Simple. Blacks spend their money with Whites and Whites spend their money with Whites

It works this way. You earn $100 a week and I earn $100 a week. You give me 95 of your dollars. I'm living on $195 and you're living on $5.

How can your house be as big as mine? How can your car be as new as mine? How, even, can your I.Q. be as high as mine?

They all have a causal relationship to income. The group in America with the highest income is the group with the highest I.Q. The group with the second highest income is the group with the second highest I.Q. The I.Q. of Blacks is low because the income retained by Blacks is at the bottom.

The formula for freedom is as follows: wealth (consumer power) equals power and power equals freedom in all of its societal forms: political freedom, educational freedom, social freedom and economic freedom.

Recognizing this truism, a group of prominent independent business and civic leaders have come together as the Council for the Economic Development of Black Americans, a private, nonpartisan, biracial group.

We call our campaign for equality "Buy Freedom." This campaign is based on faith in God and sound economics.

The Buy Freedom drive seeks no funds from the government. It is neither a boycott of non-Black firms nor a political movement; nor is it anti-White or anti anyone else.

We are simply using the present system, with all of its faults, to improve the aggregate condition of Black Americans. The struggle, you might say, has moved from the streets to the suites.

As the success of our Buy Freedom effort becomes apparent, I hope that it will become obvious that freedom can be bought — if you know how.

Let me offer two examples. The first is an example of how we can remain in the condition we're in. Rick Singletary opened the largest Black-owned supermarket in the country in Columbus, Ohio — a spectacular $4.4 million operation. He had worked for a major grocery chain for 14 years and started his own store with his life savings, a government-insured loan and his mother's savings. He located Singletary Plaza Mart in the Black community.

Blacks in Columbus spend $2.5 million a week for groceries. Singletary needed a $200,000-a-week volume to keep 130 Black people working. The effort to get Blacks to spend $200,000 of their $2.5 million a week was unsuccessful. As a result, Rick Singletary went bankrupt, lost his life savings, his mother's savings and 130 Black people lost their jobs.

The second example is Ray Mott, owner of Video Channel, a Washington, D.C. video rental chain. He posted a staggering 1600 percent profit increase at one of his four stores, primarily due to the influx of Buy Freedom customers. Mott has posted a combined profit increase of 713 percent over 1985 sales.

Mott will open five new stores within the next 12 months and will hire an average of seven Black people per store. That means new jobs, produced by Blacks for Blacks, and employed men and women who can head new families.

Jobs, simply put, are created where money is spent (invested). "If you want freedom," I say to my people, "buy it!"

The Buy Freedom campaign, through orientation and education, sensitizes Black consumers to the fact that there is a direct relationship between the use of their consumer spending power and their political, social, educational and ecnomic status.

The Buy Freedom campaign does *not* advocate spending with a business simply because the owner is Black. *All* Black entrepreneurs are not committed to the development of the Black community.

Therefore, we have created a Freedom Seal to be displayed as a decal and poster by deserving businesses and professionals that we call Freedom Businesses. Supporters will spend where they see the Seal. The Freedom Seal is an assurance from the Freedom Business owner to the consumer, much like the Good Housekeeping Seal, that the consumer will be treated courteously and fairly — and will not be overcharged.

We also publish a quarterly Buy Freedom Directory to make the public aware of the businesses that have made a commitment to produce new jobs for our community. If we spend 50 percent of disposable income with these deserving businesses, it is obvious that we can create jobs for ourselves as other ethnic groups do.

By strengthening Blacks in business, such as Ray Mott, we create jobs for ourselves. This expands the employment base for African-Americans and the tax base for our communities.

You may be aware that American Blacks own about nine enterprises per 1,000 population, and only some 1.37 percent of Blacks are self-employed.

The Black business sector is not underdeveloped simply because Blacks are, unlike Asians and others, afraid to take the risks. It is prudent not to take a risk when you know that your own people will buy from everyone but you; that they have made succeeding waves of immigrants rich, but never themselves.

The Black entrepreneur rides the horns of a dilemma. On the one hand, the most successful economic boycott ever conducted in America is the boycott that Blacks have conducted of Blacks in business.

On the other hand, racism shuts the Black entrepreneur out of the general market and venture capital sources.

Racial prejudices render target markets unreceptive to Black entrepreneurs and creates imperfections in the free market system.

As a result of these imperfections, the free enterprise system is not free. At an infant stage of economic development, the Black entrepreneuur cannot connect with a fully-developed economy.

That connection should be facilitated by creative community-based economic self-reliance programs in conjunction with Freedom Partners in the private sector, and by an aggressive federal government that should promote effective alliances.

The Black consumer spends very little with other Blacks largely because they have come to believe that goods and services sold by non-Blacks are better. To remove this psychological barrier from the Black entrepreneur, the buyer must be able to buy with confidence.

Because the image of Blacks in business needs improvement, buyer confidence rarely exists.

This is a systematic factor that is much larger than the individual entrepreneur; it constitutes a burden that renders the perfect market imperfect.

Buy Freedom protects the consumer and removes the barrier of credibility. To create assurances for the buyer, Freedom Busi-

nesses have taken a five-point pledge to:
1. Treat the consumer with courtesy.
2. Offer competitive prices
3. Give price discounts if possible.
4. Create new jobs when possible.
5. Become involved as a business leader in solving the chronic problems (illiteracy, drugs, single-parent homes, unemployment, etc.) of our community.

Adherence to this pledge will guarantee that 50 percent of income is used to create jobs for Blacks who can head families and, at the same time, create a truly free market system in the Black community.

Buy Freedom also asks the consumer to spend the other 50 cents of each dollar with a Freedom Partner, a non-Black firm that has a fair and meaningful employment program and philanthropically supports Black institutions.

This two-pronged economic-affirmative program will create jobs in the general sector by rewarding our friends and at the same time use Black businesses as conduits for recycling half of our $200 billion income.

There comes a time in the history of a people when a conscious choice must be made to become free or to live forever on the fringes of human existence. Blacks are figuratively in the dark. We have two choices: we can either curse the darkness or turn on the light.

The Buy Freedom plan has been called too ambitious by some. For some it is. But people who think alike and aspire to a common vision need to be together and to affirm themselves and their commitment.

Our vision of freedom, justice and equality sees the African-American obtaining a standard of living equal to whites by simply sharing 50 percent of our $200 billion annual income. This would mean an income retention of $100 billion this year (instead of $13.2 billion); and $450 billion in year 2000 (instead of $59.4 billion).

This is clearly the antidote to the projection of 70 percent Black male unemployment and 70 percent Black female-headed homes by year 2000. It is also the difference between exporting 1.7 million jobs and retaining 800,000 this year.

Illiteracy, drug addiction and the cycle of dependency are all potential victims of an economically and psychologically sound people who love themselves and their heritage. We are thankful to be a part of a system that makes such a revolution possible and we are thankful to God that he has made *all* of it possible. That's why we declare our allegiance to America and our independence from poverty. That's also why Buy Freedom is based on faith in God and sound economics.

In this way, the Buy Freedom drive will create positive community income instead of a negative flow, and salaries and taxes instead of welfare and law enforcements. This creates a financial boost in the areas that are among the most devastated in American society.

Happily employed, successful people make better consumers, explained one White corporate leader. "They add to the economy, make more bank deposits, buy more products and help our business as well," he added.

All Americans will benefit if African-Americans Buy Freedom. God Bless You.

Illegal Insider Trading

CRISIS OF CONFIDENCE IN FINANCIAL MARKETS

By JOHN H. STURC, *Associate Director of the Division of Enforcement of the Securities and Exchange Commission**

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THE Securities and Exchange Commission has attracted considerable attention over the past several years for its enforcement of the insider trading laws. In 1984, the SEC sued W. Paul Thayer, the then deputy Secretary of Defense, for alleged violations of the insider trading laws. In 1981, the Commission sued Thomas C. Reed, a former Special Assistant to President Reagan for National Securities Affairs, alleging that Reed too had traded while in possession of material nonpublic "inside" information. The Commission has also investigated and brought insider trading cases against other persons who were, prior to the lawsuits, not public figures. These include cases against a Wall Street investment banker, Dennis B. Levine, and an analyst with a New York securities firm, Raymond L. Dirks. In each case, except the *Dirks* case, the SEC investigation was followed by the institution of criminal proceedings against the individuals.

The public seems to support the Commission's enforcement actions against insider trading. One poll, conducted for *Business Week,* indicates that 52 percent of the public believes that insider trading is wrong. Other surveys and news commentaries seem to confirm the findings of the *Business Week* poll.

*M. Catherine Cottam, Staff Attorney helped prepare the speech.

Nevertheless, a small but vocal group of lawyers and economists vigorously opposed the view that insider trading is wrong. This group, which I shall call the "Manne school" after its leading proponent, argues that insider trading actually benefits society by enhancing the efficiency of the securities markets. The Manne school believes that insider trading should not be illegal, but rather should be regulated, if at all, by private contract between a corporation and its employees.

In my discussion this morning I would like to address the principles underlying the prohibition against insider trading. To do this I shall briefly describe the origins of the insider trading prohibitions and explain how these prohibitions have developed in response to new cases — such as the four insider trading cases I have already mentioned: Thayer, Levine, Reed and Dirks.

I shall next try to explain why the Manne school claims that insider trading benefits society and then suggest moral and social reasons to the contrary.

A. *What is Insider Trading*

1. *Background*

What is "insider trading"? "Insider trading" refers to the buying or selling of securities by someone who has obtained non-public

information that is likely to be important to a reasonable investor and who uses that information in breach of an obligation of trust or confidence.

One type of person who regularly obtains such information is a corporate executive. Corporate executives are made privy to all sorts of confidential corporate information that could affect the value of corporate stock, such as a planned merger, a new business venture or a new report on corporate earnings. Indeed, the insider trading prohibitions — which pre-date the federal securities laws — prevent corporate executives from abusing their access to corporate secrets.

Confidential business information belongs to a corporation and, in turn, to its stockholders. The federal securities laws prescribe both the time and the manner in which corporations must disclose some important information, with a view toward ensuring that this information is appropriately disseminated to the investing public. The disclosure of other information lies within the business judgment of the corporation's executives — a judgment the executives must exercise in accordance with the obligations imposed by their fiduciary relationship with the corporation and its shareholders.

The fiduciary relationship is one implied by law to protect the corporation and its shareholders from overreaching by corporate executives. Shareholders were thought to need such protection because corporate executives have so much control over corporate affairs. The fiduciary relationship, therefore, imposes special fiduciary duties on corporate executives. It requires them to act with candor and good faith when dealing with either the corporation or its shareholders.

Corporate executives do not act with candor and good faith when they trade on the basis of secret or inside information. This is because they buy securities from, or sell securities to, a shareholder without telling the shareholder the corporate secret that makes the purchase or sale profitable. Not only do such executives take advantage of the shareholders with whom they trade, they also usurp, for their personal advantage, the corporation's business judgment as to the proper time for disclosure. Therefore, unless the executive discloses the secret to the shareholder, the law prohibits the executive from trading. In practical terms, this means that the executive cannot trade. A premature and selective disclosure of nonpublic information could also violate the executive's fiduciary duties.

The second reason for prohibiting insider trading is prophylactic — the prohibition reduces a corporate executive's potential incentive to act contrary to the corporation's best interests. For example, suppose an officer or director learned favorable information about a corporate venture — information likely to increase the value of the corporation's stock. The executive might, nevertheless, publicly deny the truth of the favorable information and thereby prevent the price of the corporation's stock from rising. After denying the favorable information, the executive could buy corporate stock cheaply and then reap tremendous profits once the true, favorable news is published. In fact, just such a situation arose in a well-known case involving the Texas Gulf Sulphur Company.

It is not in the best interest of the corporation or its shareholders for an executive to manipulate the disclosure of corporate information, or the price of the corporation's stock, in this way. To prevent such an abuse, the law prohibits the executive from trading without disclosing the true information.

As a corollary to the rules prohibiting corporate executives from trading for themselves while in possession of inside information, the law also prohibits executives from selling inside information or giving it away as a gift to someone who is likely to trade on it. Furthermore, if the person to whom the executive sold or gave the information knew or should have known that the executive was breaching a fiduciary duty in disclosing the corporate secret, that person is also liable for insider trading. The theory of liability is that the third person is a participant in breaching the executive's fiduciary duty. The third person is like a fence who receives stolen property. In securities law jargon that person is called a "tippee".

2. *Thayer*

In the *Thayer* case, the Commission alleged a classic example of insider trading — one where a corporate executive gave corporate secrets to his friends knowing or having reason to know that they would use the information for profit.

Paul Thayer was the Chairman of the Board and the Chief Executive Officer of LTV Corporation ("LTV"). He was also a member of the Boards of Directors of the Anheuser-Busch Companies, Inc. ("Busch") and the Allied Corporation ("Allied"). In these positions, Thayer learned a number of corporate secrets.

As LTV's Chairman and CEO, the Commission alleged that Thayer learned that LTV intended to make a tender offer for Grumman Corporation ("Grumman") stock. Thayer also allegedly learned that LTV would report substantially increased earnings for its 1981 fiscal year and that LTV was likely to start paying dividends again, before LTV made any public statement concerning these matters.

As director of Allied, Thayer allegedly learned in advance of any public announcement, that Allied intended to make take over bids for Supron Energy Corporation ("Supron") and for Bendix Corporation ("Bendix"). As a director of Busch, Thayer allegedly obtained advance knowledge that Busch intended to merge with Campbell Taggart, Inc.

These forthcoming events presented opportunities for quick, certain and major profits. The announcement of a tender offer, like that LTV made for Grumman, or a takeover bid, like those Allied made for Supron and Bendix and Busch for Campbell Taggart, will usually cause the price of the target company's stock to rise by a very large amount. Those who buy the target's stock before a public announcement of the event can make a significant profit.

Similarly a report of increased earnings and reinstitution of dividend payments, like that LTV issued, generally will have a positive effect on the price of the reporting company's stock. The trader who has inside information can buy stock for a low price before the event is publicly announced and sell it for a high price after the public announcement.

This is what the SEC alleged happened in the *Thayer* case. Specifically, the SEC alleged that Thayer told his stock broker, Billy Bob Harris, in advance about these corporate events and also shared them with Sandra K. Ryno, who maintained a "private personal relationship" with Thayer. Furthermore, the SEC alleged that Thayer knew Harris and Ryno were likely to trade on the inside information. In fact, Harris and Ryno were alleged to have traded. Ryno's alleged profits totaled approximately $79,298; Harris' approximately $178,877.

3. *Levine*

The application of insider trading prohibitions to someone like Dennis Levine is a logical extension of the classic insider trading prohibitions. Levine was an investment banker whose firms provided financial advice to corporations involved in merger negotiations, acquisitions, tender offers and other business transactions. In the course of providing such advice to corporations, employees of the investment banking firms, including Levine, are made privy to confidential corporate information.

Like classic insiders, those who provide professional services in confidential corporate transactions, such as investment bankers, attorneys, accountants, financial advisors, and others, have a duty to refrain from trading while in possession of the confidential information they learn in the course of performing services. This duty stems from the "special confidential relationship" these professionals have with their corporate client.

Dennis B. Levine was an employee at different times of Smith Barney Harris Upham, Inc. ("Smith Barney), Lehman Brothers Kuhn Loeb Incorporated and its successor Shearson/Lehman American Express ("Lehman") and Drexel Burnham & Lambert Inc. ("Drexel"). As examples of his conduct, the SEC alleged that Levine, while employed by Lehman, obtained advance knowledge that Maryland Cup Corporation ("Maryland Cup") was engaged in nonpublic merger negotiations with Fort Howard Paper Company ("Fort Howard"), and that Gulf & Western Industries, Inc. was interested in acquiring Esquire, Inc. ("Esquire").

The SEC also alleged that prior to the public announcements concerning the Maryland Cup and Esquire deals, Levine bought 15,200 shares of Maryland Cup and 15,000 shares of Esquire. After the public announcements of the deals, Levine allegedly sold both stocks and made a profit of over $100,000 in connection with each sale.

While employed at Drexel, Levine allegedly learned in confidence that Coastal Corporation ("Coastal") intended to make a tender offer for American Natural Resources Company ("ANR") and allegedly made a profit of over $1.3 million trading on the basis of the information. In all, the SEC's complaint against Levine identified 54 transactions, including the three mentioned above, in which Levine had allegedly traded while in possession of inside information and from which he allegedly obtained profits of approximately $12.6 million.

After filing its suit against Levine, the Commission also initiated lawsuits against two other investment bankers who allegedly supplied inside information to Levine — Robert M. Wilkis, an employee of Lazard Freres & Co., and Ira B. Sokolow, a Lehman employee. The SEC alleged that Wilkis traded information with Levine, while Sokolow sold information to Levine. The government has filed criminal charges against a third investment banker — David S. Brown, a former Goldman Sachs & Co. employee — who allegedly provided inside information to Sokolow which Sokolow in turn allegedly gave to Levine.

4. *Reed*

Unlike Thayer and Levine, Thomas Reed did not obtain confidential information in the course of his employment. Rather, the Commission and thereafter, criminal prosecutors, alleged that Reed obtained nonpublic information from his father who was a member of the Amax, Inc. ("Amax") Board of Directors and chairman of a wholly owned Amax subsidiary.

Amax was engaged in confidential merger negotiations with the Standard Oil Company of California ("Socal") from September 1980 until early March 1981. As an Amax director, Thomas Reed's father knew about the merger negotiations. He also, allegedly, discussed those negotiations with his son, expecting his son to keep the information confidential.

Telephone toll records showed that Thomas Reed had telephone conversations with his father soon after significant events had occurred in the merger negotiations, and immediately thereafter bought call options. A call option gives the purchaser the right to buy 100 shares of stock at a particular price by a certain time. Thomas Reed bought 900 March 50 call options for himself and his corporation. He bought another 100 March 45 call options for his corporation. These purchases gave Reed and his corporation the right to buy 90,000 shares of Amax for $50 and 10,000 shares of Amax for $45 by March 1981.

On March 5, 1981 Amax publicly announced that it had received from Socal an offer to buy Amax shares for $78.50 per share. The price of Amax securities skyrocketed. On March 4, Amax stock had traded at approximately $38.00 per share. By March 6 the price had jumped to $57.00 — a $9.00 per share increase. Reed made approximately $431,000 on the options he purchased for himself. His corporation reaped additional profits from the options Reed had bought for it.

You recall that the prohibition against insider trading stemmed from the fiduciary obligations a corporate executive, like Paul Thayer, owed to his corporation and its shareholders. The prohibition was extended to those, like Dennis Levine, who learn corporate secrets while rendering services to the corporation. Unlike Thayer or Levine, however, Thomas Reed had no direct confidential business relationship with the corporation whose securities he purchased. Nevertheless, in the criminal indictment the government alleged that Thomas Reed did have a confidential relationship with his father and that this confidential relationship gave rise to an expectation that Thomas Reed would not use, for his personal benefit, the information obtained from his father.

In evaluating whether the facts alleged by the government in the criminal case stated an indictable offense, the Court focused on the confidential relationship between Reed and his father. It ruled that Reed could be found liable for insider trading if he had obtained inside information as a result of his confidential relationship with his father and had abused his father's confidence by trading. This result "(gives) legal effect to the common-sensical view that trading on the basis of improperly obtained information is fundamentally unfair." By allegedly trading while in possession of the information obtained from his father, Thomas Reed violated the trust and confidence placed in him. In effect, Thomas Reed was alleged to have "misappropriated — stole to put it bluntly — valuable nonpublic information entrusted to him in the utmost confidence."

Ultimately, Thomas Reed, who had agreed to disgorge his profits in settlement of the SEC's civil action, was acquitted by the jury in the criminal case. Nevertheless, the *Reed* opinion establishes that the "insider trading laws" will prohibit trading that violates a confidence obtained as a result of a confidential relationship — even one established between family members.

5. *Dirks*

The United States Supreme Court did not find Raymond Dirks liable for insider trading. Dirks was an analyst for a New York securities firm. On March 6, 1973, he received nonpublic information from Ronald Secrist, a former officer of Equity Funding of America ("Equity Funding"). Secrist told Dirks that Equity Funding was involved in a massive fraud and asked Dirks to make the information public.

Information that a corporation is involved in a massive fraud is likely to significantly decrease the value of the corporation's securities. Neither Dirks nor his employer owned any Equity Funding securities. However, Dirks told several clients and investors who did own Equity Funding securities about the information he had obtained from Secrist. Some of those people sold their securities. The sales exceeded $16 million in value.

Dirks claimed to have a told a *Wall Street Journal* reporter about Equity Funding's fraud and to have urged the reporter to write an article about it. The reporter purportedly was skeptical, feared a potential libel suit and declined to write the story. After the New York Stock Exchange halted trading in Equity's stock on

March 27, 1973, Dirks also reported the information to the SEC.

In an administrative proceeding, the SEC found that Dirks had violated the insider trading laws by telling his customers about the fraud before making the information public. The Supreme Court reversed the SEC ruling.

The Supreme Court's decision rested upon its view of the various relationships involved in the case. The Supreme Court looked at Secrist's actions in light of his fiduciary duties to Equity Funding's shareholders. Because Secrist gave Dirks the information in order to expose a fraud that was being perpetrated on the shareholders, rather than to gain a personal advantage for himself or another over them, the Court said there was no fiduciary violation by Secrist.

Because Secrist did not breach any fiduciary duty, Dirks could not be liable as a tippee. A tippee inherits the duty of his source and is liable only if his source breached a duty. Dirks had no pre-existing fiduciary duty to Equity Funding or its shareholders — he was not an officer or director nor did he induce Equity Funding or its shareholders to repose trust or confidence in him. Therefore he did not breach any duty he owed to Equity Funding. Finally Dirks had not violated any confidence reposed in him. Indeed, the purpose of Secrist's communications with Dirks was to obtain public disclosure of the fraud.

6. *Summary*

What do these examples say about insider trading? First, insider trading involves the use of information likely to be important to a reasonable investor. In legal terms the information is "material."

Second, the information must be nonpublic. Finally, the trader must, in using the information for his own direct benefit, or for his indirect benefit, such as by making a gift of the information to a friend, betray a trust or confidence that is reposed in him.

B. *The Manne School*

The betrayal of a trust or confidence inherent in insider trading is of little concern to Professor Manne who responds that:

> Morals, someone once said, are a private luxury. Carried into the arena of serious debate on public policy, moral arguments are frequently either sham or a refuge for the intellectually bankrupt. Just because the phrase "insider trading" raises a spector of dishonesty, fraud, exploitation, and greed is not sufficient basis for assuming that the fact must be so or that the practice must, ipso facto, be outlawed.

Indeed, Professor Manne and his adherents contend that insider trading benefits market performance. They advance three principal arguments. They claim (1) that insider trading enhances market efficiency; (2) that insider trading is a victimless crime; and (3) that insider trading provides corporate executives with a greater incentive to promote the corporatin's business. I shall discuss each of these arguments separately and point out why I think each invalid.

1. *Market Efficiency*

(a) *The Argument For*

The market efficiency argument has several aspects. First the Manne school claims that insider trading would result in a more rapid and accurate pricing of a corporation's securities. They contend that under current practice the market price of a corporation's securities does not reflect inside information because that information is confidential. Therefore, they argue, market price is often inaccurate and does not reflect true value.

If insiders were allowed to trade, however, the volume and direction of their trading would create a demand to buy or sell that could signal the inside information to the market in advance of a public announcement. For example, if insiders obtained bad news about their corporation, they would sell its stock. The stock's price would fall because there would be less demand for it. If, on the other hand, insiders obtained good news, they would buy the corporation's stock. The price of the stock would correspondingly rise because of the increased demand. Thus, if insiders were allowed to trade, the inside information would reach the market sooner and allow a more accurate evaluation of corporate stock sooner.

Second, it is asserted that insider trading would reduce dramatic price fluctuations in the securties markets. This is because insider trading would allow the market to absorb the information more gradually. The market would reflect only an increase in buying or selling. It would not be instantaneously absorbing and reflecting a definitive public announcement that has a significant impact on the value of stock — such as the Amax announcement concerning Socal's offer in the *Reed* case. The gradual absorption of the inside information would, therefore, reduce price fluctuations.

It might also lessen an outsider's trading losses. Because the price movement of securities would be more gradual, an outsider would sell the stock for more, or buy it for less, than if there were no reflection of the inside information in the market price of the security.

Third, the Manne school argues that investors misallocate resources unless aware of all information important to evaluating a corporation's stock. Accordingly, insider trading would lessen the misallocation of resources, again because pricing information would reach the market more quickly.

Finally, the Manne school argues that insiders are the most efficient disseminators of information. This is because insiders have easy and cheap access to material corporate information — they obtain the information in the regular course of their employment. Other people may have no access to such information; or may only be able to obtain the information with great effort and/or expense. Therefore, insiders are the most efficient producers of corporate information.

(b) *Reply*

The primary difficulty with the Manne school's market efficiency argument is its basic assumption. The Manne school assumes that short-term market efficiency is the only goal to be served by the federal securities laws. This is not the case. The securities laws were also enacted to protect public investors.

Protecting public investors includes assuring them that the person or entity on the other side of a trade does not have an unfair advantage; one obtained solely by virtue of being a corporate executive or other person privy to corporate information intended for corporate use, not an advantage obtained as a result of diligence. As SEC Commissioner Aulana Peters put it, the insider trading prohibitions were designed to assure public investors "that the stock market's not rigged and that the rules of the game favor no one."

There are important policy reasons for providing the public with the assurance that the "stock market's not rigged." A perception that the stock market is inherently unfair could decrease the public's confidence in the integrity of markets, the public's ability to obtain a fair return and, ultimately, the public's willingness to invest.

The Manne school contends that direct public investment in equity securities is not an important social goal. It claims that public savings will ultimately be invested in business enterprises anyway — even if the investment is made through an intermediary such as a bank. This reasoning ignores the increased costs a cor-

poration would incur if investment is made through an intermediary. It also assumes that professional investors would not be similarly deterred or would not choose to invest in other ways, such as in foreign countries.

There are also economic reasons for opposing the Manne school's view that insider trading promotes market efficiency. As Commissioner Grundfest, an economist himself, has explained:

> Information is property. The taking of property without consent is theft, and theft is . . . inefficient. Theft is inefficient because it erodes the incentive to create and invest, and subverts the important price signaling mechanisms of a free-market system.

Insider trading may signal forthcoming material information to the market sooner, but, as Commissioner Grundfest points out:

> Sooner is not necessarily better when it comes to information disclosure. There is an optimal point at which information should be disclosed, and it can be inefficient if information is disclosed either too soon or too late. In general, it seems that the owner of the information is the party best suited to determine the optimal time for disclosure, and insider trading that forces premature disclosure may well work against the larger interests of corporations and their stockholders.

Indeed, a major reason for leaving the timing for disclosure of corporate events to the busines judgment of corporate management is the belief that management, acting in the best interest of the shareholders, is in the best position to determine when and how disclosure should be made. If this belief is incorrect, the more efficient and fair manner in which to remedy a lack of disclosure is to require greater disclosure by corporations generally rather then encouraging indirect and possibly misleading disclosure by insider trading.

Moreover, some corporations contend that insider trading costs them and their shareholders generally significant sums of money. Thus, in the *Thayer* case, one of Thayer's alleged tips was the forthcoming acquisition of Campbell-Taggart by Anheuser-Busch. Anheuser-Busch has since filed suit against Thayer and others contending that the trading attributable to Thayer and his friends caused an increase in the price of Campbell-Taggart stock prior to its purchase by Anheuser-Busch, an increase which forced Anheuser-Busch to increase its purchase price. Litton Industries, which purchased Itek Corporation, has made the same contention in a lawsuit it recently filed against Dennis Levine and his employer at the time, Lehman.

Moreover, the argument that insiders are the most efficient producers of information is also flawed because it assumes that corporate executives will not tamper with corporate disclosures to assist their personal trading objectives. Experience shows that such tampering may occur. At the outset, I described the *Texas Gulf Sulphur* case in which a misleading press release was issued and corporate insiders purchased stock before the public announcement of favorable news that significantly increased the price of the corporation's stock.

Prohibitions on insider trading reduce this sort of potentially manipulative disclosure. They reduce an insider's incentive to manipulate the release of corporate information for the insider's personal benefit and to the detriment of other shareholders. Such misleading disclosure can create the very inefficiencies that the Manne school deplores.

2. *Victimless Crime*

(a) *The Argument For*

The Manne school also argues that insider trading is a victimless crime. In their view a shareholder who places an order to buy or sell stock for a particular price has already decided that the purchase or sale price is fair. It is merely fortuitous that an insider is on the other side of the trade and the only harm is the loss of a windfall opportunity.

(b) *Reply*

The Manne school's victimless crime argument takes a simplistic view of the securities market. At the outset, it appears that there may well be demonstrated victims.

I have already pointed out that several acquiring companies have claimed that insider trading increases the costs of mergers and takeovers by increasing the price an acquiring company will have to pay for a target company's stock.

Insider trading can also cause even greater harm to specialists and market makers — market professionals whose responsibility it is to stabilize the trading in a company's stock on an exchange. The specialist or market maker monitors trading in a particular company's stock or the options for the stock. He or she tries to set bid (or buy) and ask (or sell) prices at such a level that the number of orders to buy stock or options will roughly match the number of orders to sell. He or she also tries to set the ask price at a level slightly above the bid price in order to earn a profit. When orders are out of balance — for example, when there is a far greater demand than supply — a specialist or market maker may be required to take risky positions in order to maintain an orderly market.

When an insider trades while in possession of confidential information — information not known to the market professionals — the professional cannot make rational pricing decisions. The professional may pay too much for securities or sell for too little, while placing himself at risk. When a subsequent announcement of a major corporate development causes a major change in price, market makers have incurred substantial losses as a result of insider trading because they are unable to cover their risky positions before a sudden change in price occurs. This result can have a significant and damaging effect on the ability of the markets to operate. Indeed, in some cases, market makers have been forced into bankruptcy.

Most importantly, however, just as other purportedly victimless crimes can have a severe effect on the society as a whole, insider trading can cause significant damage to the economic fabric of the market place by causing a widespread diminution of investor confidence. Though this injury is by far the most difficult to measure, it may also be the most profound.

3. *Executive Incentive*

(a) *The Arguments For*

A final argument the Manne school raises in support of insider trading is that it providees an incentive for corporate executives to encourage new corporate developments.

Insider trading, the argument goes, could be used by corporations as a form of executive compensation. An executive who is instrumental in promoting new corporate developments would profit by trading on the basis of confidential information concerning those developments. The ability to obtain such profits would act as an incentive for the executive to produce new developments.

(b) *Reply*

Presently, the law permits corporate executives, and corporations frequently encourage their executives, to own stock in the company. The law merely forbids corporate executives from taking undue advantage of their superior knowledge.

Additionally, the executive incentive argument fails to consider the effect of an insider's trading while in possession of

material but undisclosed bad news. An insider could avoid significant losses by selling corporate securities while in possession of advance bad news. If the executive sells short or purchases put options, he could even profit from his company's ill fortune. Generally, however, corporate executives are responsible for corporate developments — both good and bad. An insider who is allowed to trade on bad news could be rewarded for a bad performance or, at a minimum, be insulated from some of its adverse effects.

Finally, insider trading may not be an efficient means of compensation. An illustration given by SEC Commissioner Grundfest demonstrates the point aptly:

> (T)here is a sound economic reason why the Mets pay Dwight Gooden $1.32 million a year instead of saying, "Dwight, good buddy, why not just take $600,000 and bet on some games to make up the rest."

The Manne school assumes that insiders will bet with the corporation; experience shows they do not always. They have been known to throw the game.

Conclusion

Insider trading is, essentially, the theft and misuse of confidential corporate information. Innocent shareholders have a right to trade in a market place that is free of this and other forms of fraudulent practices. Accordingly, I believe the Commission's program against insider trading deserves the widespread support it has received.

The United States – Japan Economic Olympics

ECONOMICS IS CHANGED BY POLITICS

By RONALD A. MORSE, *Secretary, Asia Program, Woodrow Wilson International Center for Scholars*

Delivered to the Joint Economic Committee of the U.S. Congress, Washington, D.C., December 11-12, 1986

AMERICANS have been good sports when it comes to trade competition, but they are running out of patience with the way the game is played by their competitors. They also recognize that they don't have the number of bulldozers required to level, as some people say, the competitive economic playing field. If it is impossible to have equal opportunity on the field because of the differences in the rules by which we compete, the only alternative for Americans is to come up with a better game plan and a more competitive team. This is the way we have always thought about competition, but the time has come to do something about it.

As a nation, we have competed quite well in Asia. Japan and the United States are the primary trading partners of the top seven Asian nations. But in the last five years we have seen the significant erosion of American competitiveness worldwide. In the case of Asia, the U.S. market share for exports to the region has dropped dramatically and U.S. imports from there have grown almost to crisis proportions. The decline in American competitiveness varies from country to country; with Japan, the U.S. loss of market share has been focused rather dramatically in a few key areas.

The fundamental economic issue for the United States, especially with Japan as its major global economic competitor, is to identify the reasons for the decline in U.S. competitiveness and to formulate a competitive strategy that preserves the existing trading system but ensures that American national interests are given priority. Time is of the essence because our Asian competitors will not lessen their effort to excel.

Japan, because of the magnitude of our trade deficit with that country and because of their national determination to out-perform the United States in technological advancement and service industry productivity by the 21st century, deserves far more serious attention than we, as a nation, have so far given it.

In this context, I believe it is appropriate to refer to this U.S.-Japan economic competition as an "Olympic" event because it has many of the characteristics of intense athletic competition. By thinking of the relationship in these terms, we come closer to the spirit of the contest. The only measures we now have to gauge competitive economic success are trade balances, exchange rates, and indicators of market share; all imperfect measurements that are subject to any number of interpretations depending upon how one defines the terminology. We have not found these measures very useful as a guide to formulating successful economic policies.

Characteristic of the American postwar attitude, we have attempted to try to establish basic "rules of the economic game." We, with near religious conviction, state that we must play by the "free trade" rules. Of course, there is no clear idea what "free trade" means. We also seem willing to accept the handicaps of having others violate these trade rules, even at the risk of permanent damage to our national welfare. In this sense, when it comes to trade policy, we are our own worst enemy. We also seem to forget that as long as American business had a secure domestic market, it didn't have to think globally. But now the domestic market is no longer secure, and business has not prepared, the way the Japanese have, for international trade.

Economic Competition as Sport

Competitiveness in sport and business have certain common elements: the essential building blocks are *basic health and well-being* (the social and economic situation), *conditioning* (worker-corporate relations), *special training* (product competitiveness), and *fine tuning* (government-business cooperation).

The analogy to sport in the context of U.S.-Japan competition is not as far-fetched as one might think. We talk of our bilateral trade conflicts in terms of "levelling the playing field" (equal market access) and "building a better team" (more competitive national strategy). Various U.S. agencies — the Commerce Department, the Special Trade Representative and trade commissions — give penalties to foreign producers for trade subsidies, dumping, and even unsportsmanlike conduct — some public officials have suggested that Japanese culture must be changed. We know, however, that the sanctions we take, like one minute on the bench or a five-yard penalty, will not really decide the outcome of the trade

competition. The U.S. trade managers (the White House) threaten American competitors with the wrath of the spectators (Congress?), but everyone knows that in the last analysis nothing much can be done. Our open political system, which invites lobbying and encourages foreign investment, makes it increasingly difficult for domestic groups to protect their interests. The Japanese, for example, to use a football phrase, have done "end-runs" on a number of trade related issues.

In this context, it should come as no surprise that America's two largest competitors, Canada and Japan, are the only other countries that have well-organized intercollegiate athletic programs. They have also adopted with enthusiasm at least two sports invented in the United States, baseball and football. It is also important to note that hosting the Olympic games has been a vital source of national pride for Asians. Japan hosted the Olympics in 1964, and as an observer in Japan at that time, it was clear that this was a benchmark in the recovery of Japan national self-confidence after defeat in World War II. Once Korea hosts the Olympics in 1988, that nation, too, will never be the same.

We cannot forget that Americans have also become a nation of "gamers," and understanding this may give us some clues to getting back on track in trade competition. The current U.S. boom in recreation and fitness is a $250 billion business. With 120 days of free time each year, many Americans are enjoying a quality of life unmatched elsewhere. Sport has also become the basis for much of what America's youth learn about life. Athletes, because of their public image and popularity, are becoming increasingly active in politics. We have even decided to assist athletes in their competition by forming our own Olympic training facility in Colorado. The United States, we know, has earned economic "gold medals" and Nobel prizes, in part because of the postwar initiatives of the government — the G.I. Bill, quality education and high-tech investments.

Strategies for Peak Performance

Generally speaking, we have few qualms with the Japanese, who are usually honest and fair in their dealings. We might be unhappy with Japan's level of security expenditures and their passive foreign policy involvement, but we pride ourselves on taking partial credit for their postwar successes. Now that the disparities in our trade relationship have grown, we are more alert to the evolution of the differences in how we both pursue economic advantage. The economic strategies of South Korea, Taiwan, and Singapore are even more radically different and pose even a greater threat to our "loose" style of competitiveness. To highlight these differences in the United States and Japan, let me focus on four characteristics that apply to competitiveness in both sports and business.

I. *Fundamental Health.* Here we focus on the individual, and I doubt seriously that the loss of economic strength has very much to do with the intelligence or readiness of American competitors to work efficiently once they are motivated and prepared for their work (despite the different view of Japanese Prime Minister Nakasone). This is perhaps best demonstrated by the fact that foreign investors, mostly Japanese, have been able to motivate and train our people to be peak performers here at home, while American companies without any sense of national interest trot off to foreign shores to invest. Many *well-run* American companies also have been very successful at home. At this *individual* level, I see few differences between the Asians and the Americans. The cultural myths about manual dexterity or differences in brain structure are unfounded. And the issue of how Asian "Confucian cultures" are more productive has not stood up to careful examination.

II. *Conditioning* comes next. With conditioning, we are beginning to deal with the interaction between people and institutions. We have all heard the criticisms of the levels of technical training and public education of the American people. We know for a fact that in recent years the United States has not invested in people in the way our Asian competitors have. Any number of studies have pointed out that we have not properly rewarded the educators (coaches? managers?) responsible for making our youth and workers proud and competitive. To be sure, we have creativity and innovation, but opportunities are not available to all in the way they should be. In this sense our Asian competitors have done better and we recognize their success in doing this.

III. *Competition-Specific Training* refers to the particular skills made available to a soundly conditioned person. The special skills needed for high-tech and service sector competition in the 21st century are quite different from what one must have for agriculture or industry, but they are not being developed in our nation fast enough to permit American companies to hold their own in domestic or foreign markets. While our foreign competitors invest heavily in training their people, usually at American universities, we slash the very programs that give our people these opportunities. Blind faith in "market forces" is fine, but we never relied upon it during the golden years of American growth, investment and productivity. Wisely our Asian neighbors have watched what we did and pay little attention to what we say. The Japanese learned their tricks from the United States and have applied them ruthlessly. They also intend to avoid our more recent mistakes.

Let me highlight the differences between current American and Japanese economic competitiveness strategies by making a comparison with the Triathlon race (swimming, bicycling, and running): On leg one of the race, the Japanese government prefers to put its swimmers all in a boat (arming them with research and development funding and market information) and ferry them to the other shore. The American competitors (companies) all swim independently to the other shore.

For the bicycling phase, two or three Japanese are encouraged to ride together (perhaps a strong competitor, one weaker athlete, and one rider with a good technique). Each American again rides separately, racing against everyone else. In the final stretch of the marathon contest, each Japanese finally competes individually but, given the accumulated advantages, is likely to do very well. This is exactly what the Japanese government and business have done in semi-conductors, machine tools, high technology ceramics, and are now applying to new competitive areas.

A Japanese summed up this strategy by saying that "the Japanese identify the best athletes, turn them over to good coaches and give them every opportunity to perform. In the case of the United States, each corporation duplicates the investment of its competitors. The cost is high and the payoff is not always great. The adversarial relations that made for good competition in America in the past may not be all that appropriate to competitiveness in today's world. With Japanese government guidance (controlling and facilitating competition), the Japanese (and now Taiwan and Korea even more) have a comparative advantage that no amount of U.S. protectionism can do much about. If Americans don't compete on the same terms, they are bound to lose."

The most blatant statement of this Japanese national strategy came in the form of the recently much advertised "Maekawa Report." On April 7, 1986, after months of deliberation and meetings, the Japanese Prime Minister issued "The Report of the Advisory Group on Economic Structural Adjustment for International Harmony," identifying Japan's official long-range plans for devel-

oping a strong domestic economy and a "responsible" foreign policy. The report concluded that "the government obviously has a very important role to play in transforming Japan's social and economic structure." This report, an "industrial policy" for Japan, was hailed by the White House, which advocates a "free market," as an important move toward the opening of Japan. Once again we have looked for Japanese solutions to our problems — a popular form of American self-deception these days. But like so many other Japanese reports, this one hides the real issues, defers decision-making to the future and makes uninformed American policymakers think everything will be fine.

One last point regarding this process of government involvement in growth and national development. As with athletic training, this is a long-term process not dependent upon any one report, agreement or leader. The competitiveness challenge is the result of decades of change, and can only be reversed with a long-term understanding of the basic issues.

IV. *Fine tuning* is what makes the big difference between winners and losers. Here is where the psychological determination to win and scientific technique for performance gives a competitor an edge. In this regard the Japanese pose a major threat to U.S. business: the Japanese have a strong conviction that technological fixes will solve their problems. Their intentions and considerable successes in many areas of basic and applied research are already having an effect. They, perhaps correctly, believe that research and development will give them the economic advantage in the 21st century. There should be no doubts in our minds that they will pursue their interests with full determination.

They are also already applying these high-technology solutions to industrial and service sector problems. Trade in services is even more difficult to measure, monitor, and enforce than trade in manufactured goods, and the Japanese are likely to be even more aggressive in acquiring market share than they were in the industrial area. We are already seeing this happen in financial services. They can also be expected to employ new financial strategies (mergers, joint ventures, acquisitions), and to rely more heavily on employing American experts. Their global trading networks and trust in communication technology are part of this strategy. If past experience is any indicator, we can expect the Japanese to capture a good share of what is now American-supplied trade in services, both domestically and internationally.

I would expect that in services, the Japanese will gain their comfortable 25 percent market share very quickly, largely because of their established trading infrastructure, investments, and strength in the U.S. market. Japan also has a well-established domestic service sector to build upon — a critical factor for any export offensive they contemplate.

The Japanese might do even better in penetrating the United States and global markets for services than they did in the manufacturing and products areas. That is because the very characteristics that gave them a comparative edge in the manufacturing areas — market analysis, quality control, service, customer awareness, product design and packaging — are important to the services industry and build on the competitiveness in health, training and conditioning of their workers discussed above.

The Japanese have been studying services for some time. In the 1970s, they coined a phrase for their broad-ranging approach to the service industries: "softnomics." In Tokyo today there is a government/business research institute, "The Softnomics Center," which is doing excellent research on the shift to a high-technology, information, marketing, and convenience-oriented, global service economy. This is only one of several publicly sponsored institutes dedicated to analyzing domestic and foreign markets and supplying Japanese private business with practical assistance.

Obviously the question is what should America now do to reverse this process? But we have asked this question before and people have given their advice. That little has been accomplished in the last five to ten years tells us a great deal about our political process, which is perhaps more antiquated than our economic structures.

The next question is how bad does the situation have to get before we must act to survive. I don't believe we will have to wait until the 21st century to have the answer. The competitive challenge of Japan and the other industrializing Asian nations is of "Olympic" proportions, and the only lasting solution may be to go back to the basics that make for success in other areas, especially competitive sports.

There are No Easy Solutions

National security comes in many forms and shapes. "Sputnik" made Americans aware of the Soviet threat and we put the resources and talents to work to protect our own security. We still do it and protect the Japanese as well. Hopefully, humiliation in the economic competitiveness game will sharpen our attention to what the trade "game" is all about.

What *should* Congress do? What *can* Congress do? There are three issues to be addressed: (1) the unfair trade practices of our competitors, (2) the U.S. trade deficit, and (3) improving our competitiveness here at home along the lines suggested above. As I have argued, U.S. trade negotiators have not been effective in opening other markets and our pressure on other nations in this regard has generated more heat than light. Also Congress is ill-equipped to deal with this problem. On the second issue, the trade deficit, there is little Congress can do because the Executive branch of government will not increase taxes and will not take the measures necessary to redress the trade problems. Economics is changed by politics in our system and that opportunity will not come until 1988.

Finally there is the competitiveness option — the education, training, and institutional changes I suggested above as part of the process toward better national performance. This is within the realm of Congressional discretionary authority and it is a good long-term investment. I think this is where Congress should focus its energy.

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The Public and the University

A CHANGE OF HEART?

By DONALD KENNEDY, *President, Stanford University*

Delivered to the Town Hall of California, Los Angeles, California, February 17, 1987

THERE is an interesting paradox in the attitude of the American public toward higher education. By tradition and political choice, we are a nation that admires and respects its colleges and universities. We believe that they add value to the lives of their graduates — both in the utilitarian sense of improving careers, and in the more subtle and meaningful way of increasing human knowledge and contributing to cultural growth.

We have assigned to our universities the largest share of responsibility for the conduct of fundamental research found in any Western democracy — as well as the vital role of preparing leadership for the successor generations. And in support of these dual purposes, we have provided these institutions with extraordinary political independence, in sharp contrast to the patterns of government control — and even repression — that are commonplace in most other parts of the world.

But the American admiration of education has never been offered without reservation. The so-called 'elitism' of the best universities has always attracted a certain resentment from a nation with strong populist impulses. Curiously, respect and dislike can mingle together in the same expression.

It is a good way to be reminded that our national regard for educational accomplishment does not fully allay our suspicions of those who have too much of it. That leading 20th Century philosopher, Charles Dillion Stengel, summarized this view elegantly when he observed: "Say you're educated and you can't throw strikes; then they don't leave you in too long." And if we are suspicious of too much education, we are even more so of the institutions that provide it. Nor can we gain comfort by assuming that this merely reflects the traditional attitude of country folk toward the affectations of 'pointy-heads'. It was, after all, a Yale-educated intellectual named Buckley and not some Yahoo who claimed that he would prefer to be governed by the first 500 people in the Manhattan telephone directory than by the faculty of Columbia University.

Ambivalence is seldom stable, and these warring feelings of ours about higher education naturally ebb and flow. Some of us have had the sense, particularly during the past couple of years, that the tide has been running out. Let me cite a few indicators from recent experience.

—During the efforts of university leaders to increase Congressional sensitivity to the needs of the universities when the tax laws were being revised last year uncovered considerable resentment, especially among young staff members. They believed the universities were doing quite well enough already, and rejected the notion that we were any different from the corporate special interests that were jockeying for position at the same time.

—They and others frequently cite scientific fraud and gross violations in intercollegiate athletics as a clear sign that, in universities, expediency frequently triumphs over principle — despite pious claims to the contrary.

—It is now possible to represent universities as greedy and get political acclaim for it. The rate of tuition increases in the selective private universities is a frequent magnet for public criticism. And the Secretary of Education, William Bennett, who certainly has some savvy about which way the political winds are blowing, charged at Harvard last fall that it and other institutions like it have a fixation on raising money.

Still, by most standards the public funding of university functions in the United States has been generous. Since World War II, government support of research has established an enterprise of extraordinary vigor and strength, located primarily in a few dozen institutions of higher education. For a number of years, its growth rate ranged between 10 and 15 percent per year; and even in the relatively low-growth years of the '70s and '80s, program support has remained at fairly high levels.

There are, however, more recent signs of trouble when we compare our own expenditure rates with those of the competing industrial democracies. In the last couple of years for which data are available, we spent only 1.9 percent of GNP for non-military research and development; Japan invested 2.6 percent, West Germany 2.5 percent.

And in the area of *capital,* rather than *program* support we now face particularly ominous consequences. Since 1968, there has not been a significant line in any government agency research budget for capital facilities and major equipment, with the exception of one or two special programs. The requirements of all the sciences of sophisticated facilities and equipment were, in the meantime, rising steadily. The result was a growing shortfall, widely recognized but never addressed, in the capital infrastructure for doing research in the universities. The total federal investment in R&D plant in our universities for FY 1984 was a paltry $50 million.

Have we fared any better in our relations with government in other domains? I don't find much room for encouragement in the record.

The federal presence with respect to student financial aid, for example, is severely diminished. Not only have grant-in-aid and loan funds been severely cut overall; the Secretary of Education has been especially clear in his emphasis on policies that will limit aid to students in the selective, high-tuition institutions. He refers to these as "high-cost" institutions, failing to make the distinction between cost and price — as if, somehow, it costs significantly less to educate a student at a tax-subsidized public institution than at a private one. It does not. The privates are, in fact, low-cost institutions to the taxpayer, even though they may carry a higher nominal price than state universities. One gets the sense that here Mr. Bennett is counting on a level of political resentment of these 'elite' institutions, and I'm afraid he is not being disappointed.

And with respect to the past year's political struggle over tax reform, the nation's universities lost every significant battle. It was not, I can assure you, for lack of trying. I cannot think of another issue on which the universities have been a more energetic or effective presence. Yet in the end we failed in our effort to preserve the deductibility of gifts of appreciated assets, lost on the taxability of assistantship stipends and tuition remission, and did not preserve for the private universities that authority to issue tax-exempt revenue bonds without limitation — even though the

public universities retained that capacity.

These discouraging messages, I think, are worth listening to. Insofar as congressional views represent an accessible pulse-point of public opinion, and I believe they still do, then we need to take the challenges seriously. What responses can the universities make to it?

First, we need to understand what these results say about how we are explaining ourselves to the world — and what we are telling our society about the fulfillment of its purposes. I say *its* purposes because we need to be explicit about that. We need to emphasize that we are not working on some new agenda of our own, but on the one society has given us. The place to start is by convincing our publics that we are carrying out *their* assignment.

And what is that mission? What is society's expectation of the universities? And what does it mean in terms of the responsibility we have more generally toward the young? *All* human societies embody a drive to improve — to endow their sons and daughters with an enlarged and enriched culture, for transmission to *their* successors. We undertake that task through a set of social arrangements we make to ensure the development of excellence in young people. How well we perform it is the test — the ultimate, crucial test — of the investing society: that is, the society dedicated to its own future.

Colleges and universities have a special role to play in that set of arrangements, and it consists of two parts that are simple to describe, though more difficult to exercise. They are:

1) Training leadership for the successor generation.

2) Enriching the store of basic knowledge so as to power a cycle of improvement through innovation and extensions of culture.

The universities in this country have performed superbly at both tasks, and we need to display our continued dedication to them. In addition, we must be urgent voices for some related tasks.

First: The universities can do more than they have to improve the supply of students who are well-suited for higher education. There should be many, many *more* students reaching college age with high academic achievement than we now receive. We have only to look at the declining SAT scores in recent years, and the academic standing of California high school graduates relative to those in other states, to know that more needs to be done to improve the education of our young people — especially right here in our own state.

But we cannot simply complain about pre-collegiate education; that is blaming the victim. We require increased investment in education at all levels. The Carnegie Forum on Education and the Economy has developed an important series of recommendations to which I hope the nation will attend carefully. In *A Nation Prepared,* the Forum proposes a national teacher certification program, improvements in the status of the profession, more accountability *and* autonomy of teachers, and new teacher training curricula. Americans are, as a Harris poll shows, not only prepared to support those objectives, but to pay for them through tax increases. There is a remarkable resurgence of educational interest among Governors, and a number of us in higher education have decided to break the traditional silence of the university about pre-collegiate education by making strong representations on its behalf.

Second: We must continue to expand opportunity *for all.* As we say that we need excellence, we must always remind ourselves that we can have it *with* social justice. In that sense the juvenilization of poverty, the health of the nation's "underclass" children, and the quality of primary education belong with the quality of higher education on the "excellence" agenda.

Third: We must talk to young people about the purposes of our society and the values they might bring to the realization of those purposes. Many people my age, even college teachers, are still caught in a post-'60s hesitation about acting like loving, advice-giving adults. However much that role may risk ridicule or rejection, we need to assume it. Once we were a nation full of "aunts" and "uncles"; it is time we recovered our avuncularity and started talking candidly to young people *about* values.

I am not subscribing, here, to the call for a program to "teach values." To do that, we would first have to decide exactly *what* values, or *whose* values; it all sounds alarmingly like Big Brother. What I said, and what I hope we can do — and I mean all of us — is to teach, rather, about values. For example, I hope we can point out that the truly hard choices are not between good and evil, but between competing goods, that the worth of individuals or of programs or of governments is not to be sought in single dimensions or issues, but in the full complexity of all their consequence; that opportunity and obligation are two faces of the same coin — or, as John Gardner once put it, "Freedom *and* responsibility — that's the deal."

Fourth: We need to maximize the marvelous resource represented by our young people. How do we do that? We do it the old-fashioned way: by *investment.*

And in that respect, our present policies are a failure. We see ourselves as caring about the future, yet we are not preparing for it — in the way we treat our capital resources for discovery, and in the way we treat our human resources. That is a deadly trap. If we neglect the young and their training, we will create a more dependent, less productive generation of adults, and they, in turn, will not be able to provide adequately for their own children. Scientific and technological decay, political neglect of education, and the increasing rise of poverty among the young are related; all form a trend in America's political economy that could, if we do not arrest it, becomes a societal death spiral.

What can our government do about it? At the center of the problem is its inability to formulate and pursue a strategy of investment. It is not obvious why that should be so difficult; nonetheless, investment is insufficiently incorporated in the Congressional processes for budgeting and finance. It must become a shaping force, starting with a tax system that encourages investment in research and other ventures that yield future benefits and that emphasizes the value of investments in the young. The recent spasm of tax reform was a great opportunity to consider such changes, but it was lost. To the next one, we must apply a more stringent investment test.

Similarly, we should examine our patterns of national expenditure more carefully, with an eye to how they treat human resources and how they favor the future. The most highly leveraged expenditures we can make are those on the young — especially those who carry the creative intellectual spark that could produce dramatic changes in our knowledge of ourselves or of the universe. Perhaps we need the equivalent of a demographic impact statement. If we required one, it would surely raise some interesting questions about current policy. For example, why is all aid to college students means-tested, whereas Medicare and Social Security payments to the elderly are entitlements given without regard to financial need? And why is it that Social Security payments are indexed to inflation, whereas fellowships and traineeships for young scientists are not?

Surely, too, the government would find it easier to make wise investment decisions if we could improve the way in which Con-

gress budgets expenditures. In our present system, recurring obligations like the salary associated with a position and one-time expenditures, like buildings, are treated just the same. Thus Congress or the agency can reach a reduction target in a given year by taking out a major capital item or by deleting salaries and positions. It is clear which alternative they are likely to choose. Separating recurring expenditures and capital outlays in the federal budget process would help to provide some national discipline in caring for our infrastructure.

Few investment decisions are more important in our future than those involving our nation's science base, upon which we depend for the instrumental and human resources to fuel an innovative society. That responsibility is a large one, so large that to meet it through other than federal sources is simply not a realistic explanation. As the White House Science Council report stated last year: "The federal government/university relationship is too fundamental to the maintenance of our national science and technology base to be taken for granted, and the industry/university partnership is emerging as critical to exploring that base in order to compete in the world marketplace. One conclusion is clear: our universities today simply cannot respond to society's expectations for them, or discharge their national responsibilities in research and education without substantially increased support."

That is good advice and we need to heed it. But it is not the only reason for public investment in science. We need to remember that science has always been an adventure of the human mind and spirit, and that it is driven by motives that transcend utility. Especially those of us who practice it should remind ourselves and others that the exploration of human nature and the universe is also a collective quest we undertake for its own sake, as part of society's ambition to know, to understand, and to extend the boundaries of culture.

I would like to close with this question: If it is not to be our young people and their work that will gain us a secure place among the nations, and a better life for our citizens and for this society, then what will it be instead? And if we fail to invest adequately in the successor generation, then what kine of caretakers of our heritage, and theirs, will they turn out to be?

That brings us full circle — to the American ambivalence about higher education. Whatever suspicions there may about "too much learning", whatever unease there may be with regard to "elitist" institutions, we are a nation that has always believed deeply in generational improvement — in the prospect that things will be better for our children. That has been one of the compelling features of the American dream for generations of immigrants, and it is an important part too of a democratic ideal that holds access and opportunity close to its center. Higher education is only a part of the means for realizing that opportunity, but it is an important part. We must join with others to insist that opportunity be renewed, and that the present pattern of generational neglect be reversed. I believe Americans will put aside their suspicions and answer that call, because the result of failure — the entirely unacceptable result — will be that forty years from now a generation will stand where we are today and know that things are, for the very first time in history, worse than they were for their fathers and mothers.

Medicare and Seniors

IS THE BEST YET TO BE?

By TIM NORBEK, *Executive Director of the Connecticut State Medical Society*

Delivered at the Forum on Mandatory Assignment Legislation at the Plainville Senior Citizen Center, Plainville, Connecticut, February 2, 1987

CONGRESSWOMAN JOHNSON, Commissioner on Aging Klinck, Senator Harper, Representative Millerick, ladies and gentlemen: We are here today to talk about the Medicare mandatory assignment legislation which passed the Massachusetts legislature and became effective April 30, 1986. This legislation, also known as Chapter 475, requires physicians, as a condition of licensure, to accept Medicare's allowed rate as the full payment for any Medicare covered services that they provide. In effect, Chapter 475 requires physicians to accept Medicare assignment as a condition of being licensed to practice medicine in Massachusetts. It is being challenged in the Federal Circuit Court of Appeals.

As you know, several bills have been introduced into the Connecticut General Assembly and numerous other state legislatures calling for mandatory assignment. The issue promises to be a priority item for most, if not all state governments this year. Physicians believe, unequivocally, that mandatory assignment is not in the best interest of our senior citizens, and furthermore, is unfair, unnecessary especially in Connecticut, and probably unconstitutional as well.

The Connecticut State Medical Society has developed a statewide Medical Courtesy Card Program in which physicians will take assignment for all senior citizens with incomes of $15,000 for an individual and $18,000 for a couple. More than 70 percent of Connecticut physicians who see Medicare patients have already indicated that they will honor the Courtesy Card. We expect to have 80 percent of the physicians participate by the end of this month and 90 percent by late March. Some 210,000 of our state's 419,000 senior citizens will be eligible for our program.

Much has been made of the fact that 19.2 percent of Connecticut's physicians take assignment 100 percent of the time for all Medicare patients. It is absolutely unfair and misleading to quote this statistic without mentioning that assignment is taken on 63.1 percent of all Medicare claims in Connecticut. The Medicare intermediary considers Connecticut to be an average state when all claims are considered. What this means is that there are a large number of physicians who do take assignment on a case by case basis determined by need, and that the 19.2 percent figure by itself is incomplete.

Many people are not aware of the frustrations that physicians experience in dealing with the Medicare program. Inequitable reimbursements, fee freezes, billing delays and the system arbitrarily coding down procedures have alienated numerous physicians. And Medicare patients are also angered by the program as evidenced by the findings of the Senate Special Committee on Aging that some seniors under the DRG prospective payment

system are being discharged too early from the hospital with no where else to go. As the Senate committee chairman puts it, these patients are released "sicker and quicker" and fall into a "no care" zone where nursing homes reject them either because the homes are too full or the patients are too sick.

Medicare patients also have drawn the short straw when it comes to home health care benefits. Federal government policies restrain benefits by invoking vague, confusing and unpublished guidelines — thereby denying help to the very people who need it the most. It has become increasingly difficult for Medicare beneficiaries to appeal denials — denials which numbered 227,331 in 1986. We are very fortunate in Connecticut that our Department on Aging under Commissioner Mary Ellen Klinck has recognized these federal deficiencies and taken steps to alleviate them by providing a grant program which will offer help to those who have been denied Medicare payments for home health services. These issues greatly trouble your physician, too.

There is great confusion as to how a physician's fee under Medicare is determined. The portion of the physician fee which Medicare allows ends up being approximately 68 percent of his or her normal charge. This is so because the Medicare calculated fee is based on physician charges that are up to 3½ years old and capped by an economic index which uses 1971 as a base period. Clearly the problem is not that physicians are charging too much; the problem is that Medicare allows too little. But once again, it is the physician who gets blamed for it.

The well-respected American Association of Retired Persons (AARP) recognizes this reimbursement deficiency and has expressed two major concerns about mandatory assignment at the state level. The number one concern is, and I quote verbatim from their testimony on December 4, 1986, "the potential for locking in current inequities in Medicare's physician reimbursement system." The second concern is, and again I quote, "the possible reductions in beneficiaries' access to care." In all fairness, I must say that the AARP has not endorsed our Medical Courtesy Card Program, either. This leads me to the unconstitutional aspects of mandatory assignments.

The Massachusetts Mandatory Assignment law also known as Chapter 475 is unconstitutional, we believe, for the following reasons:

1) It violates the supremacy clause of the Constitution which declares that a state may not eliminate or frustrate the exercise of an option created by Congress as part of a Federal program. Physicians were granted the option of accepting assignment or not as part of the Medicare Program enacted in 1965. The subject of mandatory assignment was debated again in the Congress as recently as 1984, where the legislators soundly defeated the proposal in both houses and voted to preserve the assignment option. One Congressman stated during the debate; "The best choice really for the country, for the elderly and certainly for the Medicare system is not this ill-begotten, ill-conceived amendment but to vote it down." Minutes later the amendment was defeated by voice vote.

2) The traditional purpose of licensure is to measure a physician's competence and integrity, not whether or not he or she chooses to elect an option granted by the Congress. Moreover, the Due Process Clause of the 14th Amendment to our Constitution requires a condition of licensure to have a rational connection with the "fitness or capacity" of the licensee. Requiring mandatory assignment as a condition of licensure bears no rational connection to "fitness or capacity."

We also agree with the AARP that passage of this law in Connecticut might cause reductions in beneficiaries' access to care. It is estimated that as many as 20 percent of the physicians in Massachusetts may have elected not to see Medicare Patients.

But I would say once again, regardless of whether mandatory assignment is constitutional or not — it is not necessary in Connecticut. We have developed a very viable program in which 50 percent of the elderly are eligible and physicians will continue to take assignment on a case by case basis determined by need for those who are not.

It is not just physicians who oppose mandatory assignment. An article in last week's *Newsweek* magazine states that "the trouble with mandatory assignment is that it grants as much largess to those who don't need it as it does to those who do need help, while shifting more of the burden on to taxpayers who finance Medicare in the first place."

Whether we advocates for the elderly like it or not, we must recognize that there are forces at work who are not sympathetic to increasing the aid available to senior citizens.

Some critics claim that the elderly are well off and that government programs are already too heavily skewed toward our senior citizens. Members of the Americans for Generational Equity complain that the Social Security program is nothing more than a massive transfer of wealth from the young (many of them struggling) to the old (many of them living comfortably). Others cite figures indicating that the over 65 poverty rate of 12.4 percent and which becomes 2.6 percent after non-cash benefits are considered, is lower than any other age group. But this tells only part of the story.

While the elderly are slightly less likely than other groups to be poor, we know that they are more likely to be near poor. For example, and according to the U.S. Senate Committee on Aging, senior citizens are poorer than the younger population at 125 percent of the poverty level — 23.7 percent for persons over 65 as compared to 19.8 percent for those under 65. It may be that Irish poet and playwright, William Butler Yeats' opinion that "old age is nothing but a tattered coat upon a stick" does not apply to the elderly as a group but the description is not so far off for increasing numbers of senior citizens.

I heard an alarming speech at a Rotary club just two weeks ago in which the speaker said in advocating means-testing for all government programs, that the elderly receive ten times the benefits of the rest of the population despite comprising only 12 percent of that population. The speaker went on to say that 85 percent of that aid to seniors was not means-tested and concluded that the Congress must take a long look at federal entitlement spending in this area.

This is not my opinion or that of the medical society, but we all must be aware that there is a growing public sentiment, especially in these times of federal deficit-spending, that all future government expenditures must be carefully scrutinized.

As an example of this scrutiny, let us remember that the 1983 social security reform made up to one-half of an affluent senior citizen's benefits subject to tax. That same *Newsweek* article suggested that "asking this same group to pay half the true cost of its insurance would be an equitable compromise."

I wonder if getting an additional entitlement such as mandatory assignment which, if adopted nationwide, would grant that extra largess' to 254,000 millionaires now eligible under Medicare, might give extra impetus to those critics who suggest that the elderly are receiving too much. Could mandatory assignment, if enacted, by a Pyrrhic victory in that it will give benefits to some

who don't need it but result in further cuts to elderly programs which will hurt those who are in need? Unfortunately, I think that such a thing could happen.

Frankly, especially in view of our Medical Courtesy Card Program, I think that there are issues far greater in magnitude than that of mandatory assignment, and we better get to work on them now. Issues such as long-term care. Some 79 percent of the elderly in an AARP poll mistakenly believe that Medicare will take care of long-term nursing home care. Unfortunately, Medicare pays only for up to 100 days.

We should be concerned about long-term nursing home care which has exacted a horrendous toll on senior citizens and their families alike. The average individual requiring long term nursing home care uses up his or her accumulated life savings within just one year. Then Medicaid takes over. Fifty percent of all those covered by Medicaid in nursing homes were not on that program upon entering that home.

The fastest growing segment of our population is the 85 and over group. It has increased about 90 percent over the past 14 years and will probably double in the next fourteen. This means that our 36,000 seniors over 85 in Connecticut today will grow to between 60,000 and 75,000 by the year 2000.

Today there are 26,000 Connecticut seniors living in nursing homes and 70 percent of them are on Medicaid. It is estimated that Connecticut's nursing home residents will increase by a minimum of 42 percent over the next 14 years. At its present cost of $20,000 to $25,000 a year in a nursing home, we had better begin addressing the issue of how to finance this care without bankrupting most of our senior citizens.

Let us remember also that 27 percent of Connecticut residents 85 and over enter nursing homes. With the increases due in that segment of our population in our state and throughout the nation over the next 14 years, we had better seriously work toward a solution — now!

If there is a more important issue facing all of us in this country for the next 15 years, I cannot think of it. Mandatory assignment pales by comparison.

We should be concerned about the 63 percent of our elderly in Connecticut who are women, many of them living alone and in need of help — and whose problems are different and incomes lower than those of men.

We should be concerned about the suicide rate for senior citizens which after dropping for years, has risen dramatically over the past few years to the extent that it is now 50 percent above that of the general population. Cutbacks in Medicare, Medicaid, food stamps and pensions along with forced retirements have made poverty an increasingly common feature of old age for growing numbers of senior citizens. I know, as you do, that your Congresswoman, Nancy Johnson, State Representative Gene Millerick, Senator Joe Harper, and others are aware of these problems and are working to solve them. Governor William O'Neill has demonstrated his concern by appointing a Commission on Long Term Care for the Elderly.

These serious problems, along with the DRG early discharges and denials of home health care benefits under Medicare, must be regarded as priority items. What can we do about them? Well, for one thing, Secretary of Health and Human Services, Dr. Otis Bowen has proposed a catastrophic care plan in which out-of-pocket costs for Medicare-covered services would be limited to $2000. It appears to have merit but doesn't seem to go far enough in the long-term care area. His proposal provides for incentives to buy long-term nursing home care insurance, but there is some doubt as to whether people will voluntarily self-insure. There is also the possibility that the elderly might mistakenly believe that the catastrophic plan will include long-term care — that everything will be paid for after the $2000 out-of-pocket expenses are incurred.

Congressman Claude Pepper has proposed a plan which would provide for unlimited hospital or nursing home care. It would be financed by requiring all workers to pay a Medicare tax on their total income instead of the present cap of $42,000. Serious consideration should be given to his proposal.

We must pay more attention to preventing illness rather than merely curing it. The government estimates that 50-65 percent of all health care expenditures are directly attributable to accidents and illnesses relating to life style abuses — eating, drinking and smoking too much while exercising too little. Several corporation studies of their employees' health care costs confirm that government estimate.

The elderly, medicine, business and industry must work together to fight reductions in the Medicare and Medicaid programs and be more visible in standing up for the poor.

We must call on the insurance industry, with all its power, influence and ingenuity to support both congressional long-term care plans and to develop and aggressively market its own program at a cost within the means of the American people.

I believe that our Medical Courtesy Card Program addresses one of these problems, but it is imperative that we, your physicians and seniors alike, continue to work together as a team to ensure that seniors receive the best possible medical care. Mandatory assignment theatens to divide us rather than unite us in fighting for the concerns that we share.

We must join forces to do what we can to make a reality of Robert Browning's plea: "Grow old with me! The best is yet to be."

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Special
Report
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U.S. Arms Control Initiatives

United States Department of State
Bureau of Public Affairs
Washington, D.C.

May 13, 1988

Following is the latest in a series of updates on current U.S. arms control initiatives.

Arms reduction negotiations are one element in the Administration's strategy for ensuring peace and strengthening security. Through arms reductions, the United States seeks to preserve a stable strategic balance at the lowest possible levels of military force, thus reducing the risk of conflict. The United States took an important step toward this goal when President Reagan signed the INF Treaty in Washington last December.

As part of our efforts to make the world safer, we have undertaken a number of arms reduction initiatives, including proposals for:

- A stabilizing and effectively verifiable 50% reduction in U.S. and Soviet strategic offensive arsenals;
- A managed transition to deterrence based increasingly on defenses—which threaten no one—rather than on the threat of nuclear retaliation;
- An effective, verifiable, and truly global ban on chemical weapons;
- Effective verification provisions for existing treaties limiting nuclear testing;
- A strengthened nuclear non-proliferation regime;
- Reductions of conventional forces in Europe to equal levels; and
- Confidence- and security-building measures.

Intermediate-Range Nuclear Forces

The INF negotiations have concluded successfully. On December 8, 1987, President Reagan and General Secretary Gorbachev signed the historic INF Treaty. The treaty provides for the elimination of all U.S. and Soviet ground-launched INF missile systems in the range of 500–5,500 kilometers (about 300–3,400 miles) and the elimination of related support facilities and support equipment within 3 years after it enters into force. The treaty bans all production and flight testing of these missiles immediately upon entry into force as well as the production of any missile stages or launchers for these missiles. After the 3-year period of elimination, neither side may possess any INF missiles, launchers, support structures, or support equipment. The treaty contains the most comprehensive verification provisions in the history of arms control, including various types of short-notice, onsite inspections as well as inspection by resident, onsite teams at a key missile facility in each country.

The success of these negotiations is a direct consequence of the President's steadfast commitment to achieving real arms reductions rather than merely limiting increases as in previous treaties. The treaty is also the result of NATO solidarity in responding to the threat posed by Soviet deployment of SS–20 missiles.

On January 25, 1988, the treaty was submitted to the U.S. Senate for its advice and consent to ratification.

Acronyms

ABM—Anti-Ballistic Missile Treaty
CORRTEX—Continuous Reflectometry for Radius versus Time Experiment
IAEA—International Atomic Energy Agency
ICBM—intercontinental ballistic missile
INF—intermediate-range nuclear forces
MBFR—mutual and balanced force reductions
SDI—Strategic Defense Initiative
START—strategic arms reduction talks

Strategic Offensive Forces

The United States places highest priority on its efforts to reach an equitable and effectively verifiable agreement with the Soviet Union for deep and stabilizing reductions in strategic nuclear arms. In particular, the United States seeks reductions in the most destabilizing nuclear arms—fast-flying ballistic missiles, especially heavy, intercontinental ballistic missiles with multiple warheads.

As a concrete step toward this end, the United States presented a draft treaty at the strategic arms reduction talks in Geneva on May 8, 1987. This draft treaty reflected the basic areas of agreement on strategic arms reductions reached by President Reagan and General Secretary Gorbachev at Reykjavik in October 1986 to achieve 50% reductions in U.S. and Soviet strategic nuclear arms. The Soviets presented a draft treaty on July 31, 1987. While the Soviet draft contained some areas of similarity to the U.S. proposal, it offered no movement on the major outstanding issues. The U.S. and Soviet draft treaties provided the elements for a joint draft treaty text, which continues to be the basis of negotiations.

During their meetings in Washington in December 1987, President Reagan and General Secretary Gorbachev agreed to instruct their negotiators to work toward completion of a START agreement at the earliest possible date. The negotiators are building upon areas of agreement: 50% reductions as reflected in the joint draft START treaty text, including ceilings of no more than 1,600 strategic offensive delivery vehicles with 6,000 warheads and 1,540 warheads on 154 heavy ICBMs as well as the agreed rule of account for heavy bombers and their nuclear armament.

During the Washington summit, the two leaders made further progress on START, including agreement on a sublimit of 4,900 for the total number of ballistic missile warheads, the numbers of warheads attributed to existing types of ballistic missiles, and approximately a 50% reduction in the existing aggregate throw-weight of Soviet intercontinental ballistic missiles and submarine-launched ballistic missiles, with this level not to be exceeded by either side for the duration of the treaty. The leaders also agreed on guidelines for effective verification of a START treaty, including short-notice, onsite inspections, data exchanges, and continuous onsite monitoring of critical facilities.

In recognition of the importance of details for effective verification, the United States has presented a number of key verification documents, including a draft protocol on conversion or elimination (October 1987), a draft protocol on inspection and monitoring (February 1988), and a draft memorandum of understanding on data exchange (March 1988). After the Soviets had put forth their own versions of these documents, the negotiators were able to develop joint draft texts, a step critical to completion of a START treaty.

However, important substantive differences remain on issues such as mobile intercontinental ballistic missiles; a warhead sublimit on ICBMs; modernization of existing types of Soviet heavy ICBMs; counting rules for air-launched cruise missiles; sea-launched cruise missiles; and the details of an effective verification system. In addition, the Soviets continue to link agreement on strategic arms reductions with U.S. acceptance of measures which would cripple the U.S. Strategic Defense Initiative. The United States has repeatedly told the Soviets that such measures are unacceptable.

The United States seeks a fair and durable agreement to bring about—for the first time in history—deep reductions in the strategic nuclear arsenals of the United States and the U.S.S.R. We believe such an agreement could be reached this year if the Soviet Union will match our constructive approach to the Geneva negotiations.

Defense and Space Issues

In the defense and space forum, the United States seeks to discuss with the Soviets the relationship between strategic offense and defense. We also seek to discuss how, if we establish the feasibility of effective defenses, the United States and U.S.S.R. could jointly manage a stable transition to deterrence based increasingly on defenses—which threaten no one—rather than on the threat of retaliation by offensive nuclear weapons.

During their December 1987 meetings in Washington, President Reagan and General Secretary Gorbachev—taking into account the preparation of the START treaty—instructed their Geneva negotiators to work out an agreement that would commit the sides to observe the Anti-Ballistic Missile Treaty as signed in 1972, while conducting their research, development, and testing as required, which are permitted by the ABM Treaty, and not to withdraw from the ABM Treaty for a specified period of time. They agreed that intensive discussions of strategic stability shall begin not later than 3 years before the end of the specified period, after which, in the event the sides have not agreed otherwise, each side will be free to decide its own course of action. Such an agreement would have the same legal status as the START treaty, the Anti-Ballistic Missile Treaty, and other similar, legally binding agreements and would be recorded in a mutually satisfactory manner.

On January 22, 1988, the United States put a draft defense and space treaty on the table at the Geneva negotiations. This draft fulfilled the instructions of President Reagan and General Secretary Gorbachev. The U.S. draft treaty seeks to transform the areas of agreement reached at the Washington summit into treaty language and to identify and resolve areas of disagreement.

The U.S. draft calls for a new and separate treaty and incorporates the following elements:

- Entry into force contingent upon entry into force of a START treaty;
- Agreement not to withdraw from the ABM Treaty for a "specified period of time" to be determined through negotiations;
- Observance of the ABM Treaty through that period and until either party chooses a different course of action; and
- After the "specified period of time," either party is free to choose its own course of action, including deployment of strategic missile defenses beyond the limitations of the ABM Treaty, after giving the other party 6-months written notice of its intention to do so.

The United States also proposes confidence-building measures—in the form of a protocol on predictability—as an integral part of the defense and space treaty. Such measures would provide predictability regarding each side's strategic defense programs. On March 15, 1988, the United States proposed a draft predictability protocol to its January 22 draft treaty, including an annual exchange of programmatic data on planned strategic defense activities, reciprocal briefings on respective strategic defense efforts, reciprocal visits to associated research facilities, and establishment of procedures for reciprocal observation of strategic defense tests.

In early May 1988, the Soviets presented drafts for a separate defense and space agreement and associated side agreements. Although these Soviet drafts use the agreed language from the Washington summit, the Soviets have made clear that they continue to maintain an interpretation of the ABM Treaty that is more restrictive than agreed to by the parties in 1972. The Soviet proposal fails to meet funda-

mental U.S. concerns such as the retention of rights of withdrawal recognized under international law. Furthermore, Soviet violations of the ABM Treaty continue. The United States cannot agree to any further obligations until the Soviets deal with these violations satisfactorily.

We hope that the Soviets will join us in serious discussions to conclude a defense and space treaty that achieves the important goals which the two leaders identified at the Washington summit. We hope that such a treaty will hasten progress toward a safer, more stable world—one with reduced levels of nuclear arms and an enhanced ability to deter war based on the increasing contribution of effective strategic defenses against ballistic missile attack.

Nuclear Testing

The United States and the Soviet Union have undertaken step-by-step negotiations on nuclear testing. In these talks, the two countries agreed as a first step to negotiate effective verification measures for two existing but unratified nuclear testing treaties, the Threshold Test Ban Treaty and the Peaceful Nuclear Explosions Treaty. Once these verification concerns have been satisfied and the treaties ratified, the United States will propose negotiations on ways to implement a step-by-step parallel program—in association with a program to reduce and ultimately eliminate all nuclear weapons—of limiting and ultimately ending nuclear testing.

We are making progress toward our goal of effective verification of the two existing treaties. During the December 1987 summit in Washington, the United States and the Soviet Union agreed to design and conduct a joint verification experiment intended to facilitate agreement on effective verification of these two treaties. This joint experiment, which will take place at each other's nuclear test site, will provide an opportunity to measure the yield of nuclear explosions using techniques proposed by each side. Through this experiment, we hope to provide the Soviet Union with all the information it should need to accept U.S. use of CORRTEX—the most accurate technique we have identified for verification of the Threshold Test Ban Treaty and the Peaceful Nuclear Explosions Treaty.

During their April 20–22, 1988, meetings in Moscow, Secretary Shultz and Foreign Minister Shevardnadze approved a schedule for the joint verification experiment as well as an agreement on its conduct. They also instructed the negotiators to complete annexes to the agreement which would contain technical details of the experiment. Preparations for the experiment are already underway, and it is expected the experiment will be conducted this summer.

At their April meeting, the two ministers also instructed their negotiators to complete work on a verification protocol to the Peaceful Nuclear Explosions Treaty for signature at the Moscow summit. In the case of the Threshold Test Ban Treaty, however, the Soviets have insisted that the experiment is necessary before the protocol can be finalized. The negotiators are now focusing on arrangements for conducting the experiment as soon as possible, at the same time continuing to work on the protocols. We hope the Soviets will continue to work with us toward agreement on effective verification measures that would permit these treaties to be ratified—a longtime goal of the Administration.

Nuclear Risk Reduction Centers

On April 1, 1988, the U.S. Nuclear Risk Reduction Center, which is located in the Department of State, officially opened. This center, along with its Soviet counterpart in Moscow, was established through an agreement signed by Secretary Shultz and Soviet Foreign Minister Shevardnadze on September 15, 1987. These centers, which are the direct result of a U.S. initiative, are practical measures that strengthen international security by reducing the risk of conflict between the United States and the Soviet Union that might result from accident, misinterpretation, or miscalculation. The centers exchange information and notifications required under certain existing and possible future arms control and confidence-building measures agreements. For example, the centers would be used to transmit notifications related to short-notice inspections conducted under the INF Treaty.

Nuclear Nonproliferation

In January 1988, the United States and the Soviet Union held the 10th round in an ongoing series of consultations, which began in December 1982, on nuclear nonproliferation. These consultations have covered a wide range of issues, including prospects for strengthening the international nonproliferation regime, support for the nuclear Non-Proliferation Treaty, and the mutual desire of the United States and the U.S.S.R. to strengthen the International Atomic Energy Agency. These consultations are not negotiations but, rather, discussions to review in depth various issues of common concern related to efforts to prevent the spread of nuclear weapons. The next consultations will be held around the time of the June IAEA Board of Governors meeting.

Chemical Weapons

In April 1984, the United States presented, at the 40-nation Conference on Disarmament in Geneva, a draft treaty banning development, production, use, transfer, and stockpiling of chemical weapons to be verified by various means, including short-notice, mandatory onsite challenge inspection. At the November 1985 Geneva summit, President Reagan and General Secretary Gorbachev agreed to intensify bilateral discussions on all aspects of a comprehensive, global chemical weapons ban, including verification. Since then, we have held eight rounds of bilateral talks on a chemical weapons treaty. A ninth round is proposed for July 1988. These discussions have narrowed differences in a few areas, including early data exchange and destruction of production facilities.

Until March 1987, the Soviets—who possess by far the world's largest chemical weapon stockpile—had not admitted that they even had such weapons. In April 1987, they claimed that they had stopped producing them, had no chemical weapons positioned outside their borders, and were building a facility to destroy existing stocks. They also hosted a visit by Conference on Disarmament representatives to the Soviet chemical weapon facility at Shikhany in October. In addition, the Soviets finally accepted a longstanding U.S. invitation to observe the U.S. chemical weapon destruction facility in Tooele, Utah; on November 19–20, 1987, a delegation of Soviet experts visited that facility. We see these moves as useful steps toward building confidence, which will facilitate negotiation of an effectively verifiable ban on chemical weapons.

Nonetheless, a number of key issues remain, including how to ensure participation of all states that could pose a chemical weapons threat; how to strengthen verification in light of new technologies, the continuing proliferation of chemical weapons, and the

nature of chemical industries capable of both military and civilian production; how to maintain security under a convention; and how to protect sensitive information not related to chemical weapons during inspections.

At the December 1987 Washington summit, President Reagan and General Secretary Gorbachev reaffirmed the need for intensified negotiations toward conclusion of a truly global and verifiable convention encompassing all chemical weapons-capable states. They also agreed on the importance of greater openness and confidence-building measures. The United States is prepared to work constructively with other members of the Conference on Disarmament to resolve outstanding issues.

In addition to treaty discussions, we are working with allies and other friendly countries as well as with the Soviets on preventing the proliferation of chemical weapons. Primarily in response to the continuing use of chemical weapons in the Iran-Iraq war, the United States and 18 other Western industrialized countries have been consulting since 1985 to harmonize export controls on commodities related to chemical weapon production and to develop other mechanisms to curb the illegal use of such weapons and their dangerous spread to other countries. Also, in bilateral discussions with the Soviets on chemical weapon nonproliferation, we have reviewed export controls and political steps to limit the spread and use of chemical weapons.

Conference on Confidence- and Security-Building Measures and Disarmament in Europe

In September 1986, after almost 3 years of negotiations, the 35-nation Stockholm Conference on Disarmament in Europe adopted a set of concrete measures designed to increase openness and predictability of military activities in Europe. These measures, which are built around NATO proposals, provide for prior notification of certain military activities above a threshold of 13,000 troops or 300 tanks, observation of certain military activities above a threshold of 17,000 troops, and annual forecasts of upcoming notifiable military activities. The accord also contains provisions for onsite air and ground inspections for verification, with no right of refusal. Although modest in scope, these provisions were the first time the Soviet Union agreed to inspection on its own territory for verification of an international security accord. The United States is encouraged by the record of implementation to date which generally reflects both the letter and the spirit of the Stockholm document.

On August 30, 1987, the United States—under the terms of the Stockholm document—successfully completed the first-ever, onsite inspection of a Soviet military exercise. Since then, several inspections have been conducted by both NATO and the Warsaw Pact. Most recently, the United States conducted an inspection in April of troops from the German Democratic Republic and the Soviet Union in East Germany. This was the first inspection by a Western state of a non-notified activity. In early May, Bulgaria conducted an inspection of a NATO amphibious exercise in Italy. The United States considers inspections an integral part of the Stockholm agreement and an important step in the process of increasing openness and building confidence and security in Europe.

Further Negotiations on Confidence- and Security-Building Measures

At the Vienna CSCE followup meeting in July 1987, NATO proposed that the 35 CSCE participating countries resume negotiations on confidence- and security-building measures in order to build on and expand the work begun in Stockholm. Warsaw Pact and neutral and nonaligned states also support resumption of these negotiations. However, final agreement to resume such negotiations can only come as part of a balanced outcome to the Vienna CSCE Followup Conference, including significant progress in Eastern-bloc human rights performance.

Conventional Stability Talks

NATO began consultations with the Warsaw Pact in February 1987 to develop a mandate for new negotiations on conventional stability in Europe. In July 1987, representatives of NATO presented a draft mandate for negotiations between the countries belonging to the NATO alliance and the Warsaw Pact, covering their conventional forces on land from the Atlantic Ocean to the Ural Mountains. These negotiations would take place within the framework of the CSCE process but would be autonomous regarding subject matter, participation, and procedures.

In the ensuing months, the negotiators have reached preliminary agreement on several aspects of the mandate, including procedures, participants, objectives and methods, and verification. Discussion continues on the remaining issues. We hope to conclude these mandate discussions in 1988 so we can get the new negotiations underway. As with the negotiations on confidence- and security-building measures, our ability to proceed with new conventional stability negotiations depends on the achievement of a balanced outcome to the Vienna CSCE Followup Conference, including progress in Eastern-bloc human rights performance.

Mutual and Balanced Force Reductions

On December 5, 1985, NATO presented, at the MBFR negotiations, a major initiative designed to meet Eastern concerns. The proposal deferred the Western demand for data agreement on current forces prior to treaty signature. The Soviets had claimed that this Western demand was the primary roadblock to agreement. The proposal also called for a time-limited, first-phase withdrawal from Central Europe of 5,000 U.S. and 11,500 Soviet troops, followed by a 3-year, no-increase commitment by all parties with forces in this zone. During this time, residual force levels would be verified through national technical means, agreed entry/exit points, data exchange, and 30 annual onsite inspections. Effective verification of a conventional arms agreement requires such special measures. The Soviets have not responded constructively to the Western initiative.

Chronology: January 1, 1986-May 13, 1988

U.S.-SOVIET ARMS CONTROL NEGOTIATIONS

Nuclear and Space Talks

Round IV: January 16-March 4, 1986
Round V: May 8-June 26, 1986
Round VI: September 18-November 13, 1986
Round VII: January 15-March 6, 1987 (INF continued to March 26)
Round VIII: April 23-December 7, 1987 (INF); May 5-November 23, 1987 (START and defense and space)
Round IX: Began on January 14, 1988

Conference on Confidence- and Security-Building Measures and Disarmament in Europe (Multilateral)

Round IX: January 28-March 15, 1986
Round X: April 15-May 23, 1986
Round XI: June 10-July 18, 1986
Round XII: August 19-September 19, 1986—agreement concluded

Conference on Security and Cooperation in Europe

First Round of Followup Conference: November 4-December 20, 1986
Second Round of Followup Conference: January 27-April 11, 1987
Third Round of Followup Conference: May 4-July 31, 1987
Fourth Round of Followup Conference: September 22-December 18, 1987
Fifth Round of Followup Conference: January 22-March 25, 1988
Sixth Round of Followup Conference: Began April 15, 1988

Conference on Disarmament (Multilateral)

Chemical Weapons Committee Rump Session: January 13–31, 1986
Spring Season: February 4-April 25, 1986
Summer Session: June 10-August 29, 1986
Chemical Weapons Committee Chairman's Consultations: November 24-December 17, 1986
Chemical Weapons Committee Rump Session: January 6–30, 1987
Spring Session: February 2-April 30, 1987
Summer Session: June 8-August 26, 1987
Chemical Weapons Committee Rump Session: November 30-December 16, 1987
Chemical Weapons Committee Rump Session: January 11–29, 1988
Spring Session: February 2-April 28, 1988
Summer Session: To begin July 7, 1988

Mutual and Balanced Force Reductions (Multilateral)

Round 38: January 30-March 20, 1986
Round 39: May 15-July 3, 1986
Round 40: September 25-December 4, 1986
Round 41: January 29-March 19, 1987
Round 42: May 14-July 2, 1987
Round 43: September 24-December 3, 1987
Round 44: January 28-March 17, 1988
Round 45: To begin May 19, 1988

Nuclear Risk Reduction Centers

Round I: January 13, 1987
Round II: May 3–4, 1987—agreement concluded, *ad referendum;* agreement signed in Washington on September 15, 1987

Nuclear Testing Talks

Round I: November 9–20, 1987
Round II: Began on February 15, 1988

U.S.-SOVIET ARMS CONTROL EXPERT-LEVEL MEETINGS

Mutual and Balanced Force Reductions Talks

August 6–7, 1986, in Moscow
September 10–11, 1986, in Washington

Conference on Confidence- and Security-Building Measures and Disarmament in Europe

August 14–15, 1986, in Stockholm

Chemical Weapons Treaty Talks

January 28-February 3, 1986, in Geneva
April 15–25, 1986, in Geneva
July 1–18, 1986, in Geneva
October 28-November 18, 1986, in New York City
February 16-March 5, 1987, in Geneva
July 20-August 7, 1987, in Geneva
November 30-December 17, 1987, in Geneva
March 8–25, 1988, in Geneva

Biological and Toxin Weapons Convention

March 31-April 15, 1987, in Geneva

Chemical Weapons Nonproliferation Discussions

March 5–6, 1986, in Bern
September 4–5, 1986, in Bern
October 7–8, 1987, in Bern

Conventional Stability Mandate Consultations (Multilateral)

February 17-April 6, 1987, in Vienna
May 11-July 31, 1987, in Vienna
September 28-December 14, 1987, in Vienna
January 25-March 24, 1988, in Vienna
April 20, 1988, began in Vienna

Nuclear Testing

First Session: July 25-August 1, 1986, in Geneva
Second Session: September 4–18, 1986, in Geneva
Third Session: November 13–25, 1986, in Geneva
Fourth Session: January 22, 1987; recessed on February 9; resumed on March 16; concluded on March 20 in Geneva
Fifth Session: May 18–29, 1987, in Geneva
Sixth Session: July 13–20, 1987, in Geneva

Nuclear Risk Reduction Centers

May 5–6, 1986, in Geneva
August 25, 1986, in Geneva

Nuclear Nonproliferation Talks

December 15–18, 1986, in Washington
July 28–30, 1987, in Moscow
January 11–14, 1988, in Washington

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