

THE WAYS WE DO THIS IN THE STRATEGIC AIR COMMAND IS THROUGH A PROGRAM WHICH EACH YEAR ENABLES SEVERAL HUNDRED CITIZENS, FROM EVERY WALK OF LIFE AND ALL PARTS OF THE UNITED STATES, TO VISIT OUR HEADQUARTERS IN OMAHA AND RECEIVE DETAILED BRIEFINGS ON OUR MISSION AND CAPABILITIES.

THIS PAST YEAR I HAVE NOTED A RENEWED INTEREST BY THESE PEOPLE IN THE DEFENSE POSTURE OF OUR COUNTRY -- AN INTEREST RANGING FROM CURIOSITY TO DEEP CONCERN. ALTHOUGH THE VAST MAJORITY DO NOT CLAIM TO BE EVEN MODERATELY WELL VERSED IN MILITARY MATTERS, THEY INVARIABLY PROBE INTO THE RELATIVE STRATEGIC BALANCE BETWEEN THE SOVIET UNION AND THE UNITED STATES.

ONE QUESTION I CAN ALWAYS COUNT ON IS, "AS COMMANDER IN CHIEF OF THE STRATEGIC AIR COMMAND, WHAT DO YOU THINK ABOUT THE PENDING SALT AGREEMENT?" MANY OF THESE VISITORS ALSO ASK IF, AS A MILITARY MAN, I AM RESTRICTED BY MY CIVILIAN SUPERIORS FROM DISCUSSING THIS IMPORTANT SUBJECT. SUCH IS NOT THE CASE. HOWEVER, WHEN DISCUSSING SALT, MY COMMENTS ARE CONFINED TO STRATEGIC MILITARY CONSIDERATIONS -- AND, IN MY OPINION, THIS IS PROPER. FURTHER, I DO NOT REFLECT A "PRO OR CON" OF THE ENTIRE TREATY SINCE OTHER FACTORS, NOT WITHIN MY UNIFORMED PURVIEW, ENTER INTO A FINAL ASSESSMENT.

BUT, AS THE COMMANDER RESPONSIBLE FOR TAKING A LARGE PORTION OF OUR NUCLEAR FORCES INTO BATTLE SHOULD HOSTILITIES OCCUR, POTENTIAL TREATIES THAT IMPACT ON SAC, OR ON THE STRATEGIC NUCLEAR FORCES WHICH OPPOSE US, ARE OF INTENSE

INTEREST TO ME. AND SO, WITHIN THIS CONTEXT, A FEW OBSERVATIONS COULD BE USEFUL AS YOU SORT OUT IN YOUR OWN MINDS THE PROS AND CONS OF THE PROPOSED TREATY.

FIRST, HOWEVER, A BRIEF REVIEW OF THE STRATEGIC MILITARY RELATIONSHIP THAT NOW EXISTS BETWEEN THE TWO SUPERPOWERS IS USEFUL.

A CENTRAL RESPONSIBILITY OF MY HEADQUARTERS IS TO PLAN FOR THE MOST EFFECTIVE USE OF AMERICA'S STRATEGIC FORCES CONSISTENT WITH THE POLICIES ESTABLISHED BY OUR COUNTRY'S CIVILIAN LEADERSHIP. THESE POLICIES, ALTHOUGH VARYING IN DETAIL OVER THE YEARS, HAVE REMAINED CONSTANT IN GENERAL PURPOSE: TO MAINTAIN PEACE THROUGH THE DETERRENCE OF MASSIVE AGGRESSIVE ACTION AGAINST THE UNITED STATES AND ITS ALLIES. IN THE EVENT DETERRENCE FAILS, SAC FORCES MUST BE EMPLOYED EFFECTIVELY AS SPELLED OUT IN THE POLICY AND SUPPORTING PLANS. IT IS WITH THESE RESPONSIBILITIES AS A BASELINE THAT MY ASSESSMENT OF THE RELATIVE STRATEGIC MILITARY BALANCE IS MADE.

TODAY, THE SOVIET UNION POSES THE GREATEST THREAT TO THE PEACE AND SECURITY OF THE FREE WORLD. I AM NOT SUGGESTING THAT WE OR OUR ALLIES ARE IN IMMINENT DANGER OF OVERT ATTACK, BUT WE CANNOT IGNORE THE FACT THAT FOR THE PAST 15 YEARS THE SOVIETS HAVE PURSUED A PROGRAM THAT APPEARS DESIGNED TO ACHIEVE NUCLEAR SUPERIORITY OVER THE UNITED STATES.

IN MORE RECENT YEARS, THEIR STRATEGIC FORCE DEPLOYMENT AND MODERNIZATION PROGRAMS HAVE CONTINUED TO GROW, ALTHOUGH FORCE LEVELS WERE FROZEN BY SALT I.

CURRENT EVIDENCE INDICATES THE SOVIETS HAVE EVERY INTENTION OF CONTINUING THESE PROGRAMS IN THE FUTURE THROUGH VIGOROUS RESEARCH AND DEVELOPMENT AND SUPPORTED BY A HEAVY CAPITAL INVESTMENT PROGRAM. SECRETARY BROWN DESCRIBED THE POTENTIAL OF THIS COURSE OF ACTION WHEN HE RECENTLY TOLD A SENATE COMMITTEE:

"IF PRESENT TRENDS CONTINUE ANOTHER FIVE YEARS, I BELIEVE WE WOULD BE IN GRAVE DANGER OF BEING BEHIND. THEY WOULD BE CLEARLY AHEAD MILITARILY."

THE REASONS BEHIND THIS MASSIVE BUILDUP ARE NOT FULLY UNDERSTOOD. WHILE THE RUSSIANS HISTORICALLY HAVE BEEN PREOCCUPIED WITH SECURITY OF THE MOTHERLAND, THEIR CURRENT MILITARY CAPABILITIES FAR EXCEED ANY REALISTIC DEFENSIVE REQUIREMENTS.

THEIR UNPRECEDENTED EXPANSION OF MILITARY POWER CERTAINLY CANNOT BE IN RESPONSE TO RECENT U.S. STRATEGIC FORCE EXPENDITURES ALTHOUGH WE HAVE COMPLETED PROGRAMS TO PLACE MULTIPLE INDEPENDENT TARGETED WARHEADS (OR MIRV'S) ON OUR LAND LAUNCHED INTERCONTINENTAL BALLISTIC MISSILES AND SUBMARINE LAUNCHED BALLISTIC MISSILES, INCREASED MINUTEMAN ACCURACY AND YIELD, AND ADDED CAPABILITIES SUCH AS THE SHORT RANGE ATTACK MISSILE. WE HAVE ALSO RESTRAINED PROGRAM GROWTH FOR A DECADE AND MORE. LET ME LIST A FEW EXAMPLES OF THIS RESTRAINT:

-- IN THE EARLY 1960'S, OUR MEDIUM RANGE BALLISTIC MISSILES WERE WITHDRAWN FROM EUROPE. MEANWHILE, THE SOVIETS RETAINED SOME 500 MEDIUM RANGE MISSILES TARGETED AGAINST OUR EUROPEAN ALLIES AND TODAY THEY ARE MODERNIZING THAT FORCE

WITH THE NEW, HIGHLY ACCURATE MULTI-WARHEAD SS-20 MISSILE.

-- THE ENTIRE U.S. FORCE OF B-47 AND B-58 MEDIUM BOMBERS WAS DEACTIVATED IN THE LATTER PART OF THE 1960'S. THE SOVIETS STILL RETAIN SEVERAL HUNDRED MEDIUM BOMBERS IN ACTIVE STATUS.

-- ONE HUNDRED EIGHTY FIVE OF OUR EARLY INTERCONTINENTAL BALLISTIC MISSILES WERE CLOSED DOWN NOT LONG AFTER THE LAST MISSILE WAS EMPLACED IN THE MID-60'S. THE SOVIETS, ON THE OTHER HAND, KEPT SOME 200 COMPARABLE MISSILES IN THEIR INVENTORY UNTIL THE SALT I LIMITS REQUIRED THEIR DEACTIVATION TO ACCOMMODATE A LATER GENERATION OF MISSILES.

-- SECRETARY OF DEFENSE MCNAMARA ANNOUNCED IN 1965 THAT A FORCE OF 1,000 MINUTEMAN MISSILES WOULD BE PRODUCED AS OPPOSED TO THE 1,200 ORIGINALLY PLANNED: THE SOVIETS DEPLOYED MORE THAN 1,400 INTERCONTINENTAL MISSILES -- MANY OF THEM SEVERAL TIMES LARGER AND MORE POWERFUL THAN MINUTEMAN.

-- OUR NUCLEAR MISSILE FIRING SUBMARINES WERE CURTAILED AT 41; THE SOVIETS HAVE DEPLOYED 62.

-- THE U.S. STRATEGIC BOMBER FORCE HAS BEEN ALLOWED TO DECLINE FROM NEARLY 700 B-52'S TO THE 350 B-52'S AND 66 FB-111'S WE HAVE TODAY. THE SOVIETS HAVE THE SUPERSONIC BACKFIRE BOMBER, WITH SOME INTERCONTINENTAL CAPABILITY IN PRODUCTION FOR THEIR LONG RANGE AIR FORCE, WHILE STILL RETAINING 150 OLDER INTERCONTINENTAL BOMBERS IN THEIR INVENTORY.

-- BEYOND THESE SIGNIFICANT NUMBER COMPARISONS IS THE DISPARITY IN DEFENSE INVESTMENTS BETWEEN OURSELVES AND THE SOVIET UNION. ACCORDING TO LATEST INTELLIGENCE ESTIMATES, THE SOVIETS HAVE INCREASED DEFENSE SPENDING THREE TO FOUR PERCENT DURING EACH OF THE PAST 15 YEARS. LAST YEAR ALONE

THEY EXCEEDED OUR MILITARY EXPENDITURES BY AS MUCH AS 25 TO 45 PERCENT. SOVIET SPENDING IN THE CRITICAL AREA OF RESEARCH AND DEVELOPMENT IS SUBSTANTIALLY GREATER THAN OUR OWN. THEIR COMMITMENT TO MILITARY CAPITAL INVESTMENTS HAS EXCEEDED THAT OF THE U.S. BY 65 TO 80 PERCENT EACH YEAR SINCE 1975. ALTHOUGH THESE FIGURES CAN VARY SOMEWHAT DEPENDING ON THE METHODOLOGY USED TO COMPUTE THEM, THE TREND THEY PORTRAY IS UNAMBIGUOUS: THE SOVIETS HAVE THE TECHNICAL AND INDUSTRIAL CAPACITY TO CONTINUE THEIR MILITARY BUILD-UP WELL INTO THE 1980'S.

I BELIEVE DR. BRZEZINSKI ACCURATELY DESCRIBED THE SOVIETS' MILITARY EXPANSION OBJECTIVE WHEN HE SAID:

"THE SOVIET UNION IS A MILITARY SUPERPOWER THAT IS NOW PRESSING FORWARD TO BECOMING A TRUE GLOBAL POWER. IN SOME PARTS OF THE WORLD, THE SOVIET UNION CHALLENGES OUR SECURITY INTERESTS AND THOSE OF OUR CLOSE FRIENDS AND ALLIES. IN PURSUING ITS GOALS, THE SOVIET UNION RELIES PRIMARILY ON ITS MILITARY POWER."

WE CAN ALSO GAIN ADDITIONAL INSIGHT BY PAYING HEED TO THE OBSERVATIONS OF OUR CURRENT AMBASSADOR TO THE SOVIET UNION. AMBASSADOR TOON HAS POINTED OUT THAT THE SOVIET UNION IS "A COUNTRY OVERLY PREOCCUPIED WITH MILITARY PREPAREDNESS, WITH A PROPENSITY TO FLEX ITS POLITICAL MUSCLE AROUND THE WORLD" -- IN SHORT, A STATE DEVOTED TO EXPANDING ITS INFLUENCE AND USING ITS MILITARY FORCE TO SUPPORT POLITICAL ASPIRATIONS. MOST FUNDAMENTALLY, AMBASSADOR TOON ALERTS US THAT SOVIET CONCERN WITH ITS SECURITY SEEMS TO TAKE THE FORM OF DEMANDING ABSOLUTE SECURITY. "IN A WORD,

THEY SEEK TOTAL SECURITY, AND WE ALL KNOW THAT TOTAL SECURITY FOR ONE MEANS TOTAL INSECURITY FOR OTHERS."

WHATEVER SOVIET INTENTIONS ARE, OUR RESPONSIBILITY IS CLEAR: TO ENSURE THAT SOVIET STRATEGIC CAPABILITIES CANNOT BE EMPLOYED TO THREATEN THE U.S. AND ITS ALLIES TO ACCEDE TO SOVIET THREATS; OR, SHOULD WE ACTUALLY BE ATTACKED, TO BE CERTAIN THE SOVIETS CANNOT IMPOSE THEIR WILL THROUGH THE EMPLOYMENT OF MILITARY FORCE. IT IS ALSO CLEAR THAT WE AND OUR ALLIES HAVE BEEN SUCCESSFUL IN FORESTALLING SUCH PRESSURES AND AGGRESSION IN THE PAST. BUT IF THE TRENDS IN THE MILITARY FORCES OF THE TWO SIDES CONTINUE, WE CANNOT FACE THE FUTURE WITH THE SAME CONFIDENCE. FOR THE MOMENT, HOWEVER, THE STRATEGIC FORCES OF THE U.S. AND USSR ARE ROUGHLY EQUAL AND WITH TIMELY ACTION, WE CAN MAINTAIN THAT STATUS.

NOW FOR THE SALT TREATY OBSERVATIONS I MENTIONED EARLIER:

-- FOR THE FIRST TIME, EQUAL LIMITS ON THE TOTAL NUMBER OF STRATEGIC NUCLEAR DELIVERY VEHICLES WILL BE ESTABLISHED. UNDER THIS PROVISION, THE SOVIETS MUST REDUCE THEIR TOTAL BY SOME 300 VEHICLES BY 1982 TO REACH AGREED LIMITS. CURRENT U.S. ACTIVE FORCE LEVELS ARE BELOW AGREED LEVELS, THUS GIVING US GROWTH POTENTIAL IF ADDITIONAL NUMBERS ARE REQUIRED.

-- LESSER LIMITS WILL BE ESTABLISHED FOR THOSE STRATEGIC VEHICLES (LESS BOMBERS) CAPABLE OF CARRYING MORE THAN ONE WEAPON, NAMELY THE INTERCONTINENTAL MISSILE, THE SUBMARINE LAUNCHED MISSILE, AND THE CRUISE MISSILE CARRIER.

-- LIMITS WILL BE SET ON THE NUMBER OF WEAPONS THAT CAN BE CARRIED ON INDIVIDUAL INTERCONTINENTAL OR SUBMARINE LAUNCHED

MISSILES. THIS IS PERHAPS THE MOST SIGNIFICANT ELEMENT OF THE ENTIRE TREATY BECAUSE IT RESTRICTS THE SOVIETS FROM CAPITALIZING ON THE ADVANTAGE THEY ENJOY BY REASON OF THEIR LARGER MISSILES.

-- THE TREATY WILL ALSO SPECIFY THAT NO MORE THAN ONE NEW INTERCONTINENTAL MISSILE CAN BE DEVELOPED BY EACH SIDE. WE BELIEVE THE SOVIETS CURRENTLY HAVE FOUR NEW OR MODIFIED INTERCONTINENTAL MISSILES IN DEVELOPMENT.

-- THE U.S. HAS PRESERVED IN THE TREATY THE FLEXIBILITY TO MODERNIZE OUR STRATEGIC FORCES AS MAY BE REQUIRED DURING THE LIFE OF THE TREATY TO MAINTAIN EQUIVALENCE. SUCH MODERNIZATION HAS BEEN RECOGNIZED AS NECESSARY AND IS PROVIDED FOR IN THE PRESIDENT'S RECOMMENDED BUDGET CURRENTLY BEFORE THE CONGRESS . . . AS WELL AS IN HIS PRECEDING BUDGET.

-- FINALLY, I SUPPORT FULLY THE IRREDUCIBLE REQUIREMENT THAT THE SALT TREATY BE ADEQUATELY VERIFIABLE. AS ONE OF OUR SEVERAL COLLATERAL MISSIONS, SAC IS INVOLVED IN COMPLIANCE MONITORING OF THE VERIFICATION PROCESS AND WE HAVE CONFIDENCE IN OUR EQUIPMENT, TOGETHER WITH THAT OF THE REST OF THE INTELLIGENCE COMMUNITY. HOWEVER, A CONTINUING UPGRADE OF MONITORING EQUIPMENT CAPABILITIES MUST BE CARRIED OUT. AS WE ENTER INTO THE NEXT PHASE OF NEGOTIATIONS, IT IS MY HOPE THAT THE U.S. WILL INSIST ON MORE PRECISE COOPERATIVE MEASURES SUCH AS ON-SITE INSPECTIONS. I BELIEVE THAT ADVANCED QUALITATIVE LIMITATIONS ON STRATEGIC ARMS DEVELOPMENT WILL REQUIRE NO LESS.

THOSE, THEN, ARE THE MAJOR STRATEGIC PROVISIONS OF THE PROPOSED TREATY. ON BALANCE, I JUDGE THEM TO BE POSITIVE

STEPS IN THE STRATEGIC NUCLEAR ARMS LIMITATION PROCESS. OF OVERRIDING IMPORTANCE, OUR NEGOTIATORS HAVE PRESERVED THE FLEXIBILITY TO MODERNIZE OUR STRATEGIC NUCLEAR FORCES: SPECIFICALLY, TO DEPLOY THE AIR LAUNCHED CRUISE MISSILE, TO DEVELOP A NEW INTERCONTINENTAL MISSILE REQUIRED TO COUNTER THE APPROACHING VULNERABILITY OF OUR MINUTEMAN, TO CONTINUE PRODUCTION OF THE TRIDENT SUBMARINE, TO DEVELOP IN THE OUT YEARS A NEW STRATEGIC MANNED PENETRATOR AND TO CONTINUE TO SEEK SOLUTIONS TO THE PRESSING THREAT OF THE EARLY EIGHTIES.

AS IN ANY NEGOTIATING PROCESS WHERE THE VITAL INTERESTS OF THE PARTIES ARE AT RISK, CERTAIN GOALS I HAD HOPED FOR WERE NOT ACHIEVED. ADDITIONALLY, THERE ARE SOME ISSUES SUCH AS THE BACKFIRE BOMBER AND TELEMETRY ENCRYPTION WHOSE DETAILED RESOLUTION HAS NOT YET BEEN MADE PUBLIC. ALL ARE A PART OF THE STRATEGIC EQUATION THAT SHOULD BE JUDGED IN ITS ENTIRETY RATHER THAN AS INDIVIDUAL ITEMS BUT, FROM WHAT WE KNOW AT THIS TIME, SAC FEELS ITS PORTION OF THE DETERRENT HAS BEEN PROTECTED ADEQUATELY -- PROVIDED OUR STRATEGIC MODERNIZATION CONTINUES . . . AND MODERNIZED IT MUST BE, WITH OR WITHOUT A TREATY.

WHY IS THIS MODERNIZATION THAT I KEEP TALKING ABOUT SO NECESSARY? SAC'S MISSILES AND BOMBERS ARE FROM ONE TO TWO DECADES OLD AND WERE BUILT TO COUNTER AN ENTIRELY DIFFERENT THREAT FROM THAT WHICH WE FACE TODAY. BUT IT IS NOT JUST A PROBLEM OF AGE -- SOVIET MISSILE DEVELOPMENT AND DEPLOYMENT WILL SOON PLACE OUR INTERCONTINENTAL MISSILE FORCE AT RISK WHILE THE UPGRADING OF THEIR AIR DEFENSE SYSTEM SIGNALS THE

COMING END OF THE B-52 AS A STRATEGIC PENETRATOR.

WHAT IS BEING DONE? OUR SUBMARINE LAUNCHED MISSILE FORCE IS BEING UPGRADED WITH THE TRIDENT SUBMARINE, AND COMPANION MISSILES ARE IN PRODUCTION. IN A FEW MONTHS THE AIR LAUNCHED CRUISE MISSILE, TO BE CARRIED ON A PORTION OF OUR B-52 FORCE, WILL GO INTO PRODUCTION -- THEREBY ADDING A NEW DIMENSION TO THE MANNED BOMBER ELEMENT OF OUR DETERRENT FORCE. MODEST STEPS ARE ALSO UNDERWAY TO IMPROVE OUR COMMAND AND CONTROL SYSTEM -- A CRITICAL ELEMENT OF OUR DETERRENT.

BUT SEVERAL ACTIONS REMAIN AND LET ME NOW DIRECT THE REST OF MY COMMENTS TO A DISCUSSION TO THE MOST IMPORTANT OF THESE PROGRAMS. AS I INDICATED EARLIER, THE U.S. MINUTEMAN FORCE WILL BECOME VULNERABLE TO RIDING OUT A SOVIET FIRST STRIKE IN THE EARLY 1980'S. HOW DID THIS COME ABOUT AFTER ALMOST TWO DECADES OF INVULNERABILITY? A STRAIGHTFORWARD EXPLANATION LIES IN THE GREATLY INCREASED NUMBER OF WARHEADS AVAILABLE TO THE SOVIETS RESULTING FROM THEIR DEPLOYMENT OF A FOURTH GENERATION OF INTERCONTINENTAL MISSILES AND THE INCREASED ACCURACY INHERENT IN THOSE MISSILE SYSTEMS. OR, SAID ANOTHER WAY, THE SOVIETS WILL HAVE SUFFICIENT WEAPONS TO PLACE OUR MISSILE FIELDS AT RISK WHILE STILL RETAINING ENOUGH WEAPONS TO DESTROY OUR POPULATION CENTERS.

THE AIR FORCE ANTICIPATED THIS SITUATION SOME YEARS AGO AND HAS BEEN WORKING ON AN ADVANCED INTERCONTINENTAL MISSILE SINCE THE LATE SIXTIES. IN 1973 THIS NEW SYSTEM, CALLED THE MISSILE X (OR MX), WENT INTO ADVANCED DEVELOPMENT AND IT HAS REMAINED IN THAT STATUS EVER SINCE. BUT NOW THERE IS AN

URGENT NEED TO PLACE THE MX INTO FULL-SCALE ENGINEERING DEVELOPMENT. THERE ARE FUNDS IN THE PRESIDENT'S BUDGET CURRENTLY UNDER CONSIDERATION BY THE CONGRESS TO DO JUST THAT. ONLY THE TASK OF IDENTIFYING AND SELECTING A BASING SYSTEM FOR THIS MISSILE REMAINS. THE AIR FORCE HAS RECOMMENDED BASING SYSTEMS WHICH ARE SURVIVABLE AGAINST ANY FORESEEABLE THREAT. VERIFICATION UNDER ESTABLISHED SALT PROCEDURES ALSO HAS BEEN ADDRESSED AND, IN OUR OPINION, SATISFIED.

ONE MAY WELL ASK WHY A NEW INTERCONTINENTAL MISSILE FORCE IS NEEDED WHILE WE STILL HAVE STRATEGIC BOMBERS AND SUBMARINES. SECRETARY OF DEFENSE BROWN ADDRESSED THIS QUESTION IN HIS JANUARY REPORT TO THE CONGRESS WHEN HE SAID:

"VARIOUS FACTORS -- SILO VULNERABILITY, BLOCK OBSOLESCENCE, AND ADVANCES IN STRATEGIC DEFENSE CAPABILITY TO NAME A FEW -- REQUIRE ACTION TO PREVENT THE DETERIORATION OF OUR CURRENTLY EFFECTIVE STRATEGIC FORCES INTO A FORCE WITH UNDUE RELIANCE ON ONE OR TWO COMPONENTS."

SIMPLY STATED, THE THREE ELEMENTS OF OUR STRATEGIC DETERRENT FORCES HAVE SERVED THIS NATION WELL SINCE THE 1950'S. WITH THE SOVIET THREAT OF THE EARLY 80'S PROJECTED TO BE SEVERAL TIMES AS SEVERE AS THAT EXPERIENCED IN THE PAST TWO DECADES, IT JUST ISN'T RATIONAL TO DEPEND ON A LESS CAPABLE FORCE.

ONE FINAL THOUGHT ON THE VALUE OF THE THREE PRONGED DETERRENT. EACH OF THE THREE MAJOR SYSTEMS OPERATES IN DIFFERENT ENVIRONMENTS -- THE BOMBER IN THE ATMOSPHERE, THE SUBMARINE BENEATH THE SEA AND THE INTERCONTINENTAL MISSILE

IN SPACE. SOVIET DEFENSES AGAINST ONE ELEMENT DO NOT ALWAYS APPLY AGAINST THE OTHER TWO. ADDITIONALLY, RESOURCES REQUIRED TO DEFEND AGAINST THE MULTI-HEAD U.S. POSTURE ARE RESOURCES NOT AVAILABLE FOR SOVIET OFFENSIVE FORCES AND THESE ARE SUBSTANTIAL. WITNESS THE ESTIMATED ANNUAL FIVE TO SIX BILLION DOLLARS AND 600 THOUSAND PEOPLE THE SOVIETS INVEST TO COUNTER THE B-52 MANNED BOMBER LEG OF OUR DETERRENT. COMPARABLE, IF NOT GREATER, RESOURCES ARE ALSO EXPENDED IN DEFENSE AGAINST THE U.S. SUBMARINE ELEMENT OF OUR DETERRENT FORCE STRUCTURE.

LADIES AND GENTLEMEN, MY COMMENTS TODAY MAY HAVE LED YOU TO BELIEVE ALL THE PROBLEMS ARE ON OUR SIDE. NOT SO. OUR ADVANTAGES ARE WELL KNOWN: WE ARE THE TECHNOLOGICAL LEADERS OF THE WORLD . . . OUR INDUSTRIAL BASE IS FIRMLY ANCHORED IN THE FREE ENTERPRISE SYSTEM FOUND ONLY IN A FREE AND VIGOROUS PEOPLE . . . OUR ALLIES ARE RELIABLE AND STRONG . . . WITH THE BROAD OCEAN AREAS OFF BOTH OUR COASTS, WE ARE NOT A VULNERABLE INLAND CONTINENTAL NATION . . . AND, MOST IMPORTANTLY, NO POWER IS A MATCH FOR THE UNBRIDLED POLITICAL, ECONOMIC AND MILITARY CAPABILITY OF THE UNITED STATES, SHOULD WE CHOOSE TO FULLY EXTEND OURSELVES.

AS WE OBSERVE THIS LAST ARMED FORCES WEEK OF THE DECADE, THERE IS ONE OTHER COMFORTING REMINDER. IN THE PAST, THE GOOD JUDGMENT AND COMMON SENSE OF THE AMERICAN PEOPLE HAVE ALWAYS COME TO THE FORE IN TIMES OF NATIONAL NEED. AS WE ENTER THE 1980'S, I AM CONFIDENT THESE ENDURING ATTRIBUTES OF OUR NATION WILL CONTINUE TO PREVAIL.

THE WHITE HOUSE

WASHINGTON

CONFIDENTIAL

May 22, 1979

ACTION

MEMORANDUM FOR: THE VICE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI *VB*
SUBJECT: Preliminary Planning for Your Trip
to China (C)

The Chinese expect us to present them with tentative dates for your trip. We should do so at the earliest date, and I propose below some alternative choices. (C)

I would recommend giving the Chinese three alternative dates, July, August, and October. One possibility would be to go during the June 27-July 9 recess, particularly to be in Beijing July 3-7. This would give your trip a clear mission: to brief the Chinese on the Brezhnev Summit, the Tokyo Summit, and Secretary Vance's July 1-3 ASEAN meetings in Bali. The lead time would be too short, however, to enable the trip to be maximally productive in bilateral relations, and it would come just after Joe Califano's late June trip. (C)

Another alternative would be sometime during the August 3-September 5 recess. A third alternative would be to appear in Beijing on the thirtieth anniversary celebrations on October 1. Since 1971, the October 1 celebrations have not involved appearances at a reviewing stand, ala the Kremlin, but rather have involved top leaders appearing with the population in the public parks of Beijing. You hopefully would have an opportunity to meet the entire leadership, thereby involving more than Deng Xiaoping in the new Sino-American relationship. This is important. And symbolically it would communicate to the Chinese people the commitment of their leadership to the Sino-American relationship. (C)

The question is whether you can fit an October trip in with your responsibilities on the Hill. Would it be possible, however, for Robert Byrd to turn the Senate's attention to routine, non-Administration, business during a one-week absence in Beijing? (C)

CONFIDENTIALReview on
May 21, 1985

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POSSIBLE DATES

-- July 1-8: This would enable a swift debriefing on the Brezhnev and Tokyo Summits. (C)

-- Early or mid-August. The Senate will be in recess during these dates, and hence your departure would cause no disruption to the SALT schedule. (C)

-- Saturday, August 25 - Sunday, September 2. (September 3 is Labor Day.) Same as above. (U)

-- Tuesday, September 4 - Tuesday, September 11. This would be an immediate post-Labor Day trip. Denis Clift has asked that this be listed as one alternative. (U)

-- Saturday, September 29 - Saturday, October 6. The Senate will be back in session. The dates bracket the October 1 holidays. (U)

RECOMMENDATION:

That we offer the Chinese two alternative dates, indicating to them our first and second choice.

Approve _____ Disapprove _____

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OFFICE OF THE VICE PRESIDENT
WASHINGTON

June 1, 1979

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MEMORANDUM FOR THE VICE PRESIDENT

FROM: RICHARD MOE *Rm*

SUBJECT: TALKING POINTS FOR LUNCHEON WITH THE
PRESIDENT -- MONDAY, JUNE 4, 1979

- I. Weekend Meeting with House Leaders
- II. PRC (see attached)
- III. USSR Summit/SALT
- IV. Brazil (see attached)
- V. Rhodesia (see attached)
- VI. Middle East
- VII. Cyprus
- VIII. Intelligence
- IX. Inflation
o Main Item
- X. Energy (see attached)

*or After
Summit*

*Resayun
Tunna*

*SALT
Work with SALT
on m**

Memorandum for the Vice President
June 1, 1979

Talking Points on Energy

- o On no issue is strong Presidential leadership more clearly needed.
- o The creation of the Task Force chaired by Stu has greatly helped in bringing coordination to Administration policy-making. Nonetheless, we still have three serious problems to overcome:
 - The public does not understand the causes of the crisis and is skeptical of government's ability to give them straight answers.
 - There is widespread belief that companies and dealers are engaging in price gouging and that government is doing little or nothing to help.
 - Unless we can regain credibility on the foregoing issues, piecemeal announcements will be lost in the general wave of cynicism and mistrust.
- o The best way to respond to these problems is by taking the offensive and making our strongest case through a Presidential fireside chat. That event could provide an opportunity not only to give an overview of the situation and the reasons for decontrol, but also to make announcements that could help to put us on the side of the public in favor of a full airing of the facts and against those who would capitalize on this difficult transition. Examples might include:
 - appointment of a prestigious and independent panel to report on the causes of the current problem.
 - appointment of a special prosecutor to review the charges made by Joseph McNeff of illegal behavior on the part of DOE employees.
 - measures to crack down on gasoline price control violations and to ensure tougher and swifter enforcement. Whatever new price control regulations we announce, we might explore the possibility of calling upon the Governors to join us in the enforcement effort.

DOE Is Called Lax in Probing Oil Frauds 11

By Morton Mintz

Washington Post Staff Writer

The Departments of Energy and Justice were accused on Capitol Hill yesterday of repeatedly mishandling and failing to prosecute crude-oil repricing frauds said to have bilked consumers of billions of dollars since 1975.

DOE and its predecessor, the Federal Energy Administration, bore the brunt of the accusations, some of which were made by rebel DOE attorney Joseph D. McNeff of Dallas.

"No matter what the true reason is for the FEA's and DOE's failure to police the oil industry," McNeff testified, "one fact is certain: confronted by massive, continuing frauds, [their] criminal investigations could not have been more effectively limited if they had been subcontracted to the American Petroleum Institute."

His charges were indirectly reinforced by the testimony of two federal prosecutors who said information from the press—not from DOE or Justice—led them to launch criminal proceedings.

Rep. John D. Dingell (D-Mich.),

chairman of the House Commerce energy and power subcommittee, said the two departments have achieved "precisely one successful criminal prosecution" after spending "millions of taxpayer dollars." He estimated that the frauds have cost the public billions.

Defending DOE, Herbert F. Buchanan, a top department official in Dallas, said it had to overcome "growing pains," but now is preparing to mount a huge assault on the frauds.

But Rep. John Conyers Jr. (D-Mich.), chairman of the House Judiciary crime subcommittee, rejected the defense as the kind of "song and dance" he's heard all too often.

He cited the testimony of the prosecutors, U.S. Attorney J.A. (Tony) Canales of Houston and Assistant U.S. Attorney Marvin L. Rudnick of Tampa, that expert auditors are indispensable to prosecutions. Yet, he said, DOE's budget request seeks a reduction in its staff of auditors—from 600 to 250.

"It's totally impossible for me to believe that there's some resurgence of

interest in enforcement," Conyers said.

Dingell and Conyers presided over a seven-hour joint hearing at which they, members of their subcommittees, the General Accounting Office and other witnesses accused DOE and the Justice Department of laxity, or worse.

At DOE, spokesman James Bishop denied the charges, saying that the department has obtained jail sentences in some cases and will persist "until there are no more cases to prosecute."

At issue are the huge profits to be made from phony paper conversions of price-controlled "old" crude to uncontrolled "new" oil that commands approximately \$7 a barrel more.

Over the past five years, several hundred crude-oil "resellers" have sprung up. Buying crude from producers for \$5 per 42-gallon barrel, they illegally inflate the price in sales to other resellers until one finally sells it for about \$12 to a refinery—sometimes a refinery that normally would buy it directly from the producer for \$5.

"DOE recognized this scheme in 1975 and identified criminal activity—yet it took until the spring of 1978 to make the first referral to the Justice Department and until the spring of 1979 to obtain the first indictment of a crude-oil reseller," Dingell said.

The hearing produced an outburst of allegations that some major oil companies—not merely fly-by-night re-

sellers—have profited from the frauds.

Some of the allegations came from McNeff, who was transferred to Dallas from Houston by DOE after seeking the help of Dingell's subcommittee in exposing the alleged frauds.

To an unspecified extent, McNeff charged, refineries owned by major oil companies have abandoned their customary practices of buying \$5 old crude directly from producers and selling refined products directly to traditional buyers, particularly utilities.

Instead, he testified, they have been buying crude from resellers who illegally inflated the prices and supplying products to brokers "whose only function was to 'daisy chain' the prices [i.e., raise them through a series of transactions] while the fuel was being shipped directly to the utilities.

"By these two stratagems," McNeff continued, "the major companies have been able to raise the general price of fuel to its present artificially high level, insuring that when controls are removed they will not have to boost their prices even more dramatically and suspiciously."

F. Edwin Hallman Jr., who resigned May 5 as head of DOE's Atlanta region, testified that he was stopped from pursuing an investigation involving two \$75,000 payments to a former Gulf Oil Co. vice president and officials of the Commerce Department.

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FOREIGN POLICY INSERT FOR VICE PRESIDENT LUNCH WITH PRESIDENT
Monday, June 4, 1979

China Visit

On May 25 you asked that Zbig clear timing and approval of your visit to the PRC with the President, and in keeping with the guidance Zbig did so proposing late September-early October for the visit. The President indicated that he did not wish to have you out of the country when the Senate is debating SALT. He asked Zbig together with Frank Moore to propose different timing for your visit. Zbig, in coordination with Frank, Dick Moe and myself, then proposed late August-early September for the visit. The President has approved late August-early September as the timeframe for a visit by you to the People's Republic of China (Tab A). Zbig has conveyed this tentative timing to Ambassador Chai.

On a related PRC issue, Bob Strauss, as expected, did not reach agreement on the textiles with the PRC. We anticipate long negotiations.

USSR Summit

The USSR Embassy has been in touch with Zbig and David to convey Soviet positions on several scheduling questions for the Vienna Summit. The Soviets agree that the U.S. should host the first day talks and a private dinner and that they will reciprocate on the 17th. With respect to the dinners, the Soviets would like to exchange toasts several hours in advance. The Soviets also agreed to a joint call by the President and President Brezhnev on President Kirschlager of Austria at 6:00 p.m. on June 15.

For the last day, June 18, the Soviets propose a session at the U.S. Embassy on bilateral issues from 11:00 and 12:30 for a private meeting between the President and Brezhnev at the Soviet Embassy from 5:00 to 6:30 p.m. The SALT signing ceremony would follow immediately thereafter at the site recommended by the Austrians. With respect to the schedule on the last day, we did not indicate agreement and pointed out that having the private meeting and SALT signing ceremony this late would cause us serious scheduling problems -- and would get the President back to Washington in the middle of the night.

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Classified by Source

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NYC-OG-OP3
RS 5/30/06 NSC LTR
BY C NARA, DATE 6/18/00

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As part of the Summit preparations, State and Treasury continue to work on an emigration/trade memo (Tab B) preparing the way for the President's discussion with Brezhnev on the subject.

Brazil

During your visit to Brazil, you conveyed the President's invitation to President Figueiredo to visit Washington this summer. State has had informal indications from the Brazilians that Figueiredo might prefer to stay at home during 1979, and the schedulers are tentatively thinking of substituting Herrera in place of Figueiredo this summer. Given Brazilian pride, I believe it important that the President obtain a formal indication from Figueiredo that he would prefer to let the time slip. Without this courtesy, we risk unnecessary damage to recently improved US-Brazilian relations.

Rhodesia

You have a separate memorandum from Christopher to the President laying out options for a negative determination. The package includes an important memorandum from Louis Martin. A meeting has tentatively been set with the President, including you, on Tuesday, June 5.

Bob Wagner Speech on Human Rights

You may wish to pass to the President a copy of Ambassador Robert Wagner's April speech to the American Club of Rome underscoring the importance of President Carter's human rights policy. It is a good address (you separately have a proposed reply to Wagner on this subject).

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THE WHITE HOUSE

WASHINGTON

CONFIDENTIAL

June 1, 1979

MEMORANDUM FOR: THE VICE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI *JB*
SUBJECT: Timing of Your Visit to China

The President has approved the dates for your China trip from about August 25 to September 4. (C)

These dates were cleared with Denis Clift and Frank Moore. (U)

I have now conveyed these dates to Ambassador Chai in my meeting with him May 30. (U)

The Chinese inquired as to what you would like to do in China, in addition to holding talks with their leadership. I indicated that I thought you might want to visit one other city in addition to Beijing* and would be receptive to suggestions from them. Once the dates are confirmed, we will wish to plan your China itinerary. (C)

RECOMMENATION:

That you request me to draw up two or three alternative itineraries for your consideration. I will do this in consultation with State.

Approve _____ Disapprove _____

** We will try to see if you might open a Consulate say, in Shanghai*

CONFIDENTIAL

ORIGINAL CL BY _____
☐ DECL ☒ REVW ON May 30, 1985

EXT BYND 6 YEARS BY _____
REASON _____

DECLASSIFIED

MLC-06-083
Box 573409 NSC LRL
BY *C* NARA DATE *8/8/06*

~~CONFIDENTIAL~~

6

THE DEPUTY SECRETARY OF STATE
WASHINGTON

May 30, 1979

MEMORANDUM FOR: MICHAEL BLUMENTHAL
Secretary of the Treasury

Mike:

Attached is a draft of an oral note
for Dobrynin on emigration. When we agree
on a draft, we will make a date to see
Dobrynin.



Warren Christopher

Enclosure:
As stated.

Copies to:

The Vice President
Dr. Zbigniew Brzezinski

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DECLASSIFIED
NLC-06-083
REF ST30/00 NSC LTR
BY C NARA DATE 8/8/09

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At the Summit, President Carter proposes to raise the general subject of emigration with President Brezhnev. This discussion of emigration would be quite separate from any discussion at Vienna of trade between the two countries. The purpose of the discussion would be to ascertain whether existing trends in emigration from the Soviet Union could be expected to continue, since the US must plan its own resources to accommodate those persons who ultimately come to the United States.

In the context of the obligations we each have assumed under the Helsinki Final Act, the President would wish to confirm his understanding that:

-- Soviet policy has recently resulted in an upward trend in the number of emigrants.

-- Soviet policy is to improve the efficiency of emigration processing and the circumstances of persons who have applied for emigration.

-- Soviet policy is to regularize as soon as practical the criteria for refusal based on national security considerations.

We would hope that President Brezhnev would respond positively to President Carter's interest in this area. We would be prepared to deal with any questions the Soviet side might raise regarding US immigration law and policy.

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DECLASSIFIED
NYC-06-0P3
R2 5/20/02 NCC LTR
BY C NARA, DATE 6/8/06

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-2-

At an appropriate time after the Vienna meetings, the President would be prepared to initiate the procedure for granting most-favored-nation tariff treatment to the USSR under the provisions of the 1974 Trade Act. In this connection, the President would make no explicit reference to his conversations with President Brezhnev. American Cabinet members in testifying before Congressional committees would likewise confine themselves to statements that this action was based on an understanding of Soviet policies as enunciated by responsible Soviet officials.

To confer most-favored-nation status, the President must waive the prohibitions on most-favored-nation tariff treatment and official credits imposed by the Trade Act of 1974, and submit the 1972 US-USSR Trade Agreement to Congress. The waiver need not be approved by Congress, but Congress would have the opportunity to disapprove the Trade Agreement. In the future, Congress would have the opportunity once a year to disapprove continuation of most-favored-nation status. Congressional consideration at less frequent intervals would require legislative action, which does not seem feasible at the present time.

We would like to speak frankly about one other aspect of the problem. It has been our consistent policy to avoid initiatives

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-3-

that in appearance or in fact place either the USSR or China at a disadvantage in our relations with them. The US has normalized relations with China, and China has expressed willingness to take the necessary steps under our trade legislation to qualify for most-favored-nation treatment. Under the circumstances, it will be very difficult for us to refuse. We believe it would not serve our mutual interests for US-China trade to be normalized without corresponding action to stimulate US-Soviet economic relations.

The foregoing approach would constitute a significant step forward which could provide the momentum for further development. It does not require the Soviet side to abandon its position of principle. We would like to expect that this means of advancing our economic relations will be acceptable to the Soviet Union.

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