PRESS
DEPARTMENT OF STATE

January 7, 1985
NO. 1

STATEMENT BY
THE HONORABLE GEORGE P. SHULTZ
SECRETARY OF STATE
UPON ARRIVAL
GENEVA, SWITZERLAND
January 6, 1985

President Reagan has sent us here on a mission for peace. Let me express my thanks to the Government of Switzerland and the canton of Geneva for making Geneva available as the site for these meetings.

We will meet the Soviet delegation with a constructive and positive attitude. We are prepared for serious discussion. Our delegation is strong and gives us access to a vast range of experience and expertise.

The senior officials and experts with me will provide invaluable advice during the course of the meetings. It is a mark of President Reagan's serious approach to these discussions that he has dispatched such a high-powered team.

I look forward to discussing the important arms control issues with Mr. Gromyko, and I hope our meetings will set our countries on a path toward new negotiations and equitable and verifiable agreements.

The President has made very clear that the United States will work hard to achieve agreements that will contribute to the security not only of the United States and the Soviet Union, but of the rest of the world as well.

That is why we are here. We have no illusions that progress will be easy to achieve, but we in the U.S. delegation will all work as hard as we can to achieve a positive outcome from these discussions.

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PRESS
DEPARTMENT OF STATE

January 9, 1985
NO. 2

PC NO. 1

PRESS CONFERENCE
BY
THE HONORABLE GEORGE P. SHULTZ
SECRETARY OF STATE
GENEVA, SWITZERLAND
JANUARY 8, 1985

SECRETARY SHULTZ: I have just spoken with President Reagan, and he has received with satisfaction the news of the agreement to begin new negotiations that has been reached between Mr. Gromyko and myself, the text of which I am going to read to you.

This is the text of the joint U.S.-USSR statement:

"As previously agreed, a meeting was held on January 7 and 8, 1985, in Geneva between George P. Shultz, U.S. Secretary of State, and Andrei A. Gromyko, Member of the Politburo of the Central Committee of the CPSU, First Deputy Chairman of the Council of Ministers of the USSR and Minister of Foreign Affairs of the USSR.

"During the meeting they discussed the subject and objectives of the forthcoming U.S.-Soviet negotiations on nuclear and space arms. The sides agreed that the subject of the negotiations will be a complex of questions concerning space and nuclear arms, both strategic and intermediate range, with all the questions considered and resolved in their interrelationship. The objective of the negotiations will be to work out effective agreements aimed at preventing an arms race in space and terminating it on earth, at limiting and reducing nuclear arms and at strengthening strategic stability.

"The negotiations will be conducted by a delegation from each side, divided into three groups. The sides believe that ultimately the forthcoming negotiations, just as efforts in general to limit and reduce arms, should lead to the complete elimination of nuclear arms everywhere.

"The date of the beginning of the new negotiations and the site of these negotiations will be agreed through diplomatic channels within one month."

While the statement speaks for itself, I would like to give you my own views on what has been accomplished during these two days of meetings.

From our perspective, these meeting represent an important beginning. We can't be sure where these negotiations will lead and, clearly, we have a long road ahead of us. There are many tough and complicated issues still to be resolved. But we have here in Geneva agreed on the objectives for new negotiations on nuclear and space arms. We have also agreed that these negotiations will be conducted by a delegation from each side divided into three groups.

We came to Geneva with high hopes, but realistic expectations. Our previous exchanges had confirmed that we were in general agreement that the problems of nuclear and space arms are interrelated and that both sides attach priority to achieving radical reductions in nuclear weapons as a first step toward their complete elimination.

But we also knew that we had our differences on how to go about achieving these goals. That we were able to reach agreement today on new negotiations signifies, we hope, a shared interest in moving forward in the necessary give-and take required to reach agreement that satisfies both sides' concerns.

An important element of my presentation to Mr. Gromyko concerned our views on the nature of the strategic relationship and our goals for the future. For the near term, in addition to seeking radical reductions in nuclear weapons, I stated that we should reverse the erosion of the ABM Treaty that has occurred over the last decade.

On the subject of the Strategic Defense Initiative, I explained to Mr. Gromyko that SDI is a research program intended to determine whether it would be possible to shift to a more stable relationship involving a greater reliance on defensive systems. I noted that it is fully consistent with the ABM Treaty and that no decisions to go beyond research have been made nor could they be made for several years.

While the issues posed by SDI are for the future, I told Mr. Gromyko that we were now nonetheless prepared to discuss the question of strategic defense. Our views differ on the question, but we now have agreed on a form for tackling the issues head-on with the objectives of seeking reductions in nuclear arms and strengthening strategic stability.

In addition to a group in which we intend to address space arms, whether based or targeted on earth or in space, we have agreed with the Soviets to establish two other new negotiating groups to address limitations and reductions in strategic and intermediate-range nuclear arms. I told Mr. Gromyko that we have constructive new ideas to explore in all of these areas and that we hope for an equally constructive approach on the part of the Soviet Union.

In sum, as I agreed with Mr. Gromyko, our exchanges were frank, businesslike and useful. We are addressing the substance of the most serious issues between our two countries.

It is a task worthy of our best efforts. Both sides will be giving these exchanges careful consideration and will be following up through contacts and diplomatic channels as we prepare of the new negotiations.

The success of our meeting here is due in no small part to the advice and support of the strong delegation that accompanied me here. Everybody really helped and contributed. And I especially thank National Security Adviser Bud McFarlane.

Members of our delegation will be briefing our allies and friends in the next few days. And we will, of course, be giving a thorough read-out to the Congress.

I will be reporting personally to the President tomorrow, as I did briefly over the phone tonight, the results of this meeting. I know that he intends to pursue these negotiations with persistence and determination.

QUESTION: Will strategic weapons and space weapons be addressed at the same time and with the same vigor?

SECRETARY SHULTZ: The answer to the question is that we envisage two delegations. Each of the delegations will be divided into three groups. One group will address strategic nuclear arms. Another group will address intermediate-range nuclear arms. Another group will address space arms, whether based on earth or in space.

As the statement says and as I emphasized, and as we have been saying for some time, these issues are clearly interrelated. That's why the concept of one delegation but with three parts -- because they have to be seen in their relationship to one another.

QUESTION: Your administration is completing four years without an arms control agreement. All your immediate predecessors have had some success, at least. What expectation is there that the administration will succeed the second time around when it didn't the first? What basis is there for expecting a curbing of the nuclear arms race?

SECRETARY SHULTZ: The basis of course is that we have agreed on what you have seen here. However, I think anyone who participated in the meetings that we have had -- let alone the negotiations that we have had in this Administration or earlier -- no one could fail but to see the great difficulties involved.

We will pursue these efforts as we have in the past, with constructive and positive spirit, just as we brought that spirit to Geneva. But we will also be realistic, and we will be looking to the interests of the United States, just as we expect the Soviet Union to look to its interests.

The main point is that we hope we will identify important and significant areas where the interests of both sides will dictate major reductions and eventually the elimination of nuclear arms.

QUESTION: Mr. Secretary, would it be fair to say tonight that you and Mr. Gromyko have agreed to resume serious arms control talks?

SECRETARY SHULTZ: Yes.

QUESTION: There was a good deal of speculation coming into this meeting that you would merge, if you got an agreement, the strategic and intermediate-range missiles into one set of negotiations. That hasn't happened. Was there anything that occurred during your long talks with the Soviet Foreign Minister that indicated progress may be possible on reducing the number of Soviet SS-20s and cruise and Pershing missiles?

SECRETARY SHULTZ: Well, I can't speak for the speculation, and we didn't discuss the speculation. I can only refer to the statement -- that we have agreed to start new negotiations, addressing the subject you raise on intermediate-range nuclear weapons, and we discussed the subject to some degree, and it's clear there are major differences.

Nevertheless, we'll have new negotiations, and we will be trying to resolve the differences.

QUESTION: You are going to have three groups -- space, strategic and intermediate range weapons. Is progress in one area going to depend on progress in another, or can each go at its own pace, regardless of what happens in the other groups?

SECRETARY SHULTZ: Well, as I said and as the statement said, we view the subjects as being related, so it will have to be seen, when something emerges from one of the groups or on a related subject, the extent to which the relationship would have an effect on whether that agreement would be brought forward and finalized. So we will just have to see, but the relationship is there, and it will be observed by both sides.

On the other hand, I would say from the U.S. standpoint, if we find an area of importance in which we think it is in the interests of both sides to make an agreement, we will be in favor of making that agreement. But it takes two to make an agreement.

QUESTION: Mr. Secretary, did you find in your discussions with Mr. Gromyko flexibility sufficient to give you hope that an agreement in one of these three areas can be reached, say, within the next year?

SECRETARY SHULTZ: We have just concluded two very full days of discussions that as I said were businesslike and frank, and I think useful; and they were good, tough discussions all the way. There was enough flexibility on both sides to reach the agreement that has been read to you.

Whether there will be substantive agreements following on simply remains to be seen, but certainly we do share the objective of drastic reductions in nuclear arms. And if you share that objective, I hope we can find a way to implement it.

QUESTION: You are supposedly sending your emissaries from this delegation out around the world to tell the allies. Can you tell us who's going where?

SECRETARY SHULTZ: I am not supposedly sending them; I am sending them, and they are going to key places all over the world. I don't know that I can reel off accurately exactly who is going where. I probably could, but I might skip something, so I don't think I'll try. But it's not a secret; Mr. Kalb can provide that to you.

QUESTION: Can you tell us if the United States has given Foreign Minister Gromyko any indication that during the period of these talks the United States will refrain from the testing of any anti-satellite or anti-missile weapon?

SECRETARY SHULTZ: There are no preconditions or prior understandings to this agreement.

QUESTION: Do you expect that President Reagan at his press conference in Washington tomorrow will say something in addition to what you have said tonight?

(Laughter)

SECRETARY SHULTZ: Well, you know the President gets asked all kinds of questions, on this subject and many other subjects, so I'm sure he'll say things in addition. But basically the joint statement says the essence of what there is to be said, Foreign Minister Gromyko and I have agreed on it, and there it is. Basically, it gets added to, you might say, as negotiations proceed, when they do, and as results are forthcoming from them.

QUESTION: Given the experience of SALT II, did you give any indication that the United States would ratify any agreement you might sign?

SECRETARY SHULTZ: That subject wasn't discussed as such. But certainly President Reagan will look carefully, throughout the negotiating process, as I assume the Soviet leaders will too, at the relationship of what's being discussed and any agreement that's reached, to the interests of our country. The President will only agree to something if he feels it is in our interests; and if it's in our interests, he will advocate it. And I think his track record of getting support for things that he advocates strongly is pretty good. So I think that;s the answer I would give.

QUESTION: Did you discuss with Mr. Gromyko the possibility or any plans for you to go to Moscow in the next couple of months? Was there any discussion of a summit meeting at this time? And did you discuss other subjects than arms control during these two days of talks?

SECRETARY SHULTZ: There's no plan, in the sense of a date or so forth, for a subsequent meeting between me and Mr. Gromyko, although we talked about that subject; and I feel sure that whenever one is deemed appropriate, we won't have any trouble arranging the time and place for it. We didn't have any discussion of a summit meeting. We did have some brief discussion of some other issues, and I might say that, as I always do in such meetings, I raised issues that go under the general heading of human rights issues about which we in the United States feel so strongly.

QUESTION: (Inaudible)...are you surprised the Soviets went along so readily with what you had in mind and that there were only fourteen and a half hours of talks instead of, say, twenty-five?

SECRETARY SHULTZ: Well, we had a schedule and we talked somewhat longer than the schedule. But I have dealt with the Soviet leaders before, including in my prior time in government, so that didn't surprise me.

But I think, more generally, the subjects involved were tough, and there are lots of differences of opinion. We took the time to explore -- you might say, philosophically, conceptually -- some of these issues and didn't just start talking about the wording of a statement or something of that kind. So it was thorough in that sense and, I think, very useful and worthwhile because of that kind of exploration. And I think that is the way in which we should continue to go about things.

QUESTION: Do you think the constructive spirit in your talks will set a precedent for and have a effect on other areas of Soviet-American relations?

SECRETARY SHULTZ: Of course it remains to be seen. The fact of the matter is that we have worked along on a number of issues reasonably well over the past year or so. For example, we reached an agreement on upgrading the hot line. Perhaps not a big deal, but it's something. I think, myself, of great significance is the constructive work that we have done together on non-proliferation; and obviously, if you have the aspiration of eliminating nuclear weapons, then the subject of non-proliferation has got to be right up on the front burner. So there are a number of things of that kind that have been working along, and no doubt there is a kind of interplay between one area and another in this regard.

QUESTION: In the negotiations, will the Strategic Defense Initiative of the Reagan Administration be a bargaining chip?

SECRETARY SHULTZ: We really don't believe in bargaining chips. We think -- the President believes -- that we should seek from the Congress the authority and the appropriations to carry out programs that we think are in the interests of the United States, and that's what we have been doing.

The President believes very deeply that the Strategic Defense Initiative is designed to answer the question of whether -- and it's a research program; we don't know the answer -- but the answer of whether it is possible to find a way so that the strategic stability and deterrence can move more in the direction of defense. That's an important goal, and he will pursue it.

QUESTION: Did you have any luck in persuading the Russians of that point of view?

SECRETARY SHULTZ: I don't speak for them; I can only speak for myself, but I would guess that the answer is that we didn't have much luck in persuading them of that point of view. But they will speak about that. The main point is that we will be discussing all of these issues, and it is a fact that everything will be open for discussion, and they can raise any question they wish and we'll take it up. We expect to do the same.

QUESTION: I wonder if you could cite for us any single specific change in the positions of either side on any of the three categories you have mentioned which might have lead us to conclude that these negotiations might lead somewhere other than a repetition of previous stalemates?

SECRETARY SHULTZ: We didn't try to get into negotiations on the substance of particular areas. That wasn't the objective of this meeting. The objective of the meeting was to see whether we could agree on the subjects and objectives for new negotiations, and the result of our discussions was this joint statement.

Now, whether we will get anywhere in the negotiations that start remains to be seen. I don't know the answer to that. What I can say is that we will bring to those negotiations an attitude of positive and constructive spirit, of realism, of concern for our interests and of our allies. We expect the Soviets to do the same, and we will see whether we can get anywhere. I do point out to you that both sides agree on the importance of radical reductions in nuclear arms and their eventual elimination.

QUESTION: Who will be the head of the U.S. negotiating delegation and who will be the heads of the three sub-groups?

SECRETARY SHULTZ: The structure of this forthcoming negotiation evolved out of our discussions, and we didn't come here, obviously, knowing just how this would come out. So we haven't felt that it was appropriate to try to prejudge; and now that we see the basic structure of what is emerging, we will have to then see how to staff and who to try to get to head these various delegations. So the answer is, I can't tell you who will be the various delegation heads, because we don't know. We haven't addressed that question yet.

QUESTION: What were the factors that made agreement possible here?

SECRETARY SHULTZ: Well, I don't know. We had lots of discussions. We had extensive discussions with Mr. Gromyko when he was in the United States last September. The President spent quite a little time with him, and they obviously have had discussions in the Soviet Union about all these developments. I just don't know how to speculate about that except to say that we have had, and continue to have, and we will have in the future a positive attitude toward this negotiation process, and I hope that we'll get some constructive results from it.

Thank you very much.

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PRESS
DEPARTMENT OF STATE

January 9, 1985
NO. 3

NEW RULES FOR COMMERCIAL ARMS SALES IN EFFECT

As of January 1, 1985, new regulations for the control of commercial exports of defense articles and defense services are in effect. The revised International Traffic in Arms Regulations (ITAR) (22 CFR 121-128 and 130) affect commercial exports of commodities on the U.S. Munitions List, as well as technical data, and manufacturing license and technical assistance agreements related to those commodities. The new regulations were published in the Federal Register on December 6, 1984.

This revision was initiated in 1979 by the State Department's Office of Munitions Control (OMC), which administers the ITAR, in order to simplify and clarify the old regulations. Further modifications were added to reflect the Reagan Administration's increased emphasis on the control of exports of militarily significant equipment and technology. Foreign end-use and transfer assurances, for example, are now required for all exports of classified defense articles and technical data.

Other notable changes include:

-- the addition of a chapter explaining the relation of State's ITAR to export regulations administered by other agencies;

-- new definitions for "technical data" and "defense services" subject to the ITAR;

-- the addition of required clauses in agreements for the production of defense articles using U.S.-origin know-how to ensure conformity with statutory requirements;

-- new standards and procedures applicable to the export of technical data for offshore procurement;

-- an exemption from licensing requirements for the export of nonoperable models and mockups;

-- a new procedure which replaces the current requirement for a license for the export by private freight forwarders of defense articles and services sold under the Foreign Military Sales (FMS) program;

-- removal of the requirement for prior State Department approval for certain proposals to sell or manufacture significant military equipment abroad;

-- an increase in the fees charged for the registration with OMC of manufacturers and exporters of defense articles and services;

-- an increase in the monetary thresshold on sales subject to the requirement to report foreign political contributions, fees and commissions.

For further information, contact Mark Wiznitzer, Office of Munitions Control, 235-9756.

PRESS
DEPARTMENT OF STATE

January 10, 1985
NO. 4

PROGRAM FOR THE OFFICIAL WORKING VISIT TO WASHINGTON, D.C. OF HIS EXCELLENCY WILFRIED MARTENS, PRIME MINISTER OF BELGIUM, AND MRS. MARTENS.

January 13 - 15, 1985

Sunday, January 13

4:50 p.m. — His Excellency Wilfried Martens, Prime Minister of Belgium, Mrs. Martens and their party arrive Andrews Air Force Base, Maryland, via U.S. Presidential Aircraft.

5:10 p.m. — Arrival Washington Monument Grounds, (Reflecting Pool Side).

The Honorable George P. Shultz, Secretary of State, and Mrs. Shultz will greet the party on arrival.

5:20 p.m. — Arrival Vista International Hotel, 1400 M Street, Northwest.

Private evening.

Monday, January 14

Private morning.

11:30 a.m. — Prime Minister Martens will meet with President Reagan at the White House. At the conclusion of the meeting, President Reagan will host a luncheon in honor of Prime Minister Martens at the White House.

S/CPR - Mary Masserini,
Vista International Hotel,
Protocol Office,
429-1700 Ext. 1205

Monday, January 14 (continued)

2:00 p.m. Prime Minister Martens will meet with The Honorable Caspar Weinberger, Secretary of Defense, Woodlawn Room, Ballroom Level, Vista International Hotel.

3:00 p.m. Prime Minister Martens will meet with The Honorable George P. Shultz, Secretary of State, East Room, Ballroom Level, Vista International Hotel.

PHOTO COVERAGE OF ABOVE MEETINGS: Photographers to be at site of event no later than 15 minutes before scheduled meeting.

8:00 p.m. His Excellency Wilfried Martens, Prime Minister of Belgium, and Mrs. Martens will host a dinner in honor of The Honorable George P. Shultz, Secretary of State, and Mrs. Shultz, at the Ambassador's Residence, 2300 Foxhall Road, Northwest.

Dress: Black tie.

POOL COVERAGE: Receiving Line Only.

PRESS CONTACT: Mr. Andrew Mernier, Embassy Press Counselor, 333-6900

Tuesday, January 15

8:20 a.m. Prime Minister Martens, Mrs. Martens and party arrive Washington Monument Grounds, Reflecting Pool Side.

8:40 a.m. Arrival Andrews Air Force Base, Maryland.

8:50 a.m. Departure from Andrews Air Force Base via U.S. Presidential Aircraft for Logan International, Boston, Massachusetts.

Private day in Boston.

PRESS
DEPARTMENT OF STATE

January 10, 1985
NO. 5

INTERVIEW OF
THE HONORABLE GEORGE P. SHULTZ
SECRETARY OF STATE
WITH CNN
GENEVA, SWITZERLAND
JANUARY 8, 1985

MR. BEGLEITER: Mr. Secretary, do you expect negotiations to begin simultaneously, and if so, do you expect the negotiations themselves to begin this year?

SECRETARY SHULTZ: I would expect they will begin this year all right. But I can't say exactly when. The idea is to have two delegations that will divide themselves into three parts. So I think that does imply there will be a certain element of simultaneity, at least as they start, but then they will probably each take on a pace of their own.

MR. BEGLEITER: From the point of view of the United States, will questions such as an ASAT moratorium and the SDI program be part of the negotiations on space matters?

SECRETARY SHULTZ: We will respond to questions that are raised by the Soviet Union, and from everything they have said, I think they are likely to raise questions about those subjects and we will be prepared to respond.

MR. BEGLEITER: Is the United States prepared to show restraint in the area, for example, of anti-satellite weapons testing when the negotiations actually begin?

SECRETARY SHULTZ: Well, the negotiations, when they start, will probably explore that issue, and that's when we will find out.

MR. BEGLEITER: Would you anticipate that progress can be made as quickly in the area of space weapons as you hope it would be in the area of intermediate-range missiles or long-range missiles?

SECRETARY SHULTZ: It's a little hard to judge the speed and pace of negotiations that haven't even started yet. But we know that the issues are difficult in each area, and we do think -- and the Soviets believe as well -- that there are relationships among them. So just how this will work out remains to be seen. But the main point is that we will start, and start with a constructive approach.

MR. BEGLEITER: Did Mr. Gromyko ask you about changes in deployments of the intermediate-range missiles, and if so, will that be discussed in the negotiations on intermediate (weapons)?

SECRETARY SHULTZ: We didn't get into a negotiation about any of the specific areas, although we did discuss the substance of them somewhat. So it wasn't a question of trying to negotiate in any one of the areas being addressed, but rather to negotiate about the start of negotiations which was what we addressed, and what we came here to address. And that succeeded.

MR. BEGLEITER: Last October you said you were disappointed in New York when Mr. Gromyko's speech in the United Nations seemed to reflect a fair amount of criticism of the U.S. How do you feel now about the Soviet view of the United States -- having met with Mr. Gromyko for two days, are you less disappointed?

SECRETARY SHULTZ: Well, I am glad to see the agreement that has been reached, and I think that it's a positive development. I don't have any sense of euphoria, because -- having participated in these talks and many others -- I know full well that there are plenty of differences of opinion, and there is a long, hard road ahead. However, you never can travel down that long, hard road unless you get on it and start. And that's what we've done.

MR. BEGLEITER: Thank you, Mr. Secretary.

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PRESS
DEPARTMENT OF STATE

January 10, 1985
NO. 6

INTERVIEW OF
THE HONORABLE GEORGE P. SHULTZ
SECRETARY OF STATE
BY ABC
GENEVA, SWITZERLAND
JANUARY 8, 1985

MR. JENNINGS: Mr. Secretary, it isn't bad news from Geneva, but what is really the very good news?

SECRETARY SHULTZ: I don't know the very good news, but I think it's a good thing to have agreed to these new negotiations and get them started. The subjects are important. They're important to the U.S, they're important to the Soviet Union, and they're important to everybody all over the world. And I think that both of us felt a certain responsibility about that.

MR. JENNINGS: Why were you able to accomplish something here that you weren't able to accomplish before?

SECRETARY SHULTZ: Well, I don't know exactly why these things happen, and their timing, but this is something that we have been working for, and perhaps the Soviets have too. And no doubt with the election over, it's a little bit easier for them to know who they're dealing with. And so we're off.

MR. JENNINGS: Is there any change of attitude in either capital, as best you can tell, that makes you think you'll be more successful in these negotiations than you have been in the past?

SECRETARY SHULTZ: We didn't discuss substance in great detail, but we discussed matters enough to know that there are lots of differences of opinion that we're going to have to struggle with. But we had differences of opinion about how to start new negotiations and we seemed to resolve them, so perhaps other differences will be resolvable, so we'll just have to see.

MR. JENNINGS: Are there any indications, as best you can tell, that the Soviets are really prepared to negotiate a radical reduction in their offensive weapons?

SECRETARY SHULTZ: The indication I can get is that they say they are.

MR. JENNINGS: Can you take them at their word?

SECRETARY SHULTZ: Well, it's their word, and that's what they say. I think it's important to point out that we regard these subjects and they do as related to each other, and the question of just how that relationship works is an important issue. It isn't one that we see quite the same way, and it's going to get a lot of discussion, I'm sure.

MR. JENNINGS: The Soviets have said in the past, however, they were ready for radical reductions in arms. Your administration hasn't believed them in the past. What makes you more hopeful now?

SECRETARY SHULTZ: Well, I didn't say I was necessarily more hopeful. We have agreed to start negotiations, and there are difficult issues ahead. We'll work hard to resolve them, and I hope and perhaps expect that they will, too, try to, so we'll just have to see.

MR. JENNINGS: There is an agreement to negotiate weapons in space.....

SECRETARY SHULTZ: I think it's important to see that space arms, as we think of them, as I believe as they think of them, involve arms that are located on earth and may go into space -- or possible future areas that might be located in space and go toward earth. It includes a very broad range and broad category.

MR. JENNINGS: My question is, Mr. Secretary, given the negotiations, given the existing Anti-Ballistic Missile Treaty, how far can the United States go in developing the strategic defense initiative or so-called Star Wars while negotiations are going on?

SECRETARY SHULTZ: Under the ABM treaty, research is permitted. Deployment of a system around one place is permitted, and various other things are permitted. I think it's important for people to recognize that the Soviets have deployed a system around Moscow. They have modernized -- in other words, they've been working on the subject. They have installed a variety of other things that go with such a system. They have been carrying out extensive research on all the types of things that we are now working on. These are matters of importance, obviously, to them, or they wouldn't be working on them so much -- just as they are to us.

MR. JENNINGS: Thank you, Mr. Secretary.

PRESS
DEPARTMENT OF STATE

January 10, 1985
NO. 7

INTERVIEW OF
THE HONORABLE GEORGE P. SHULTZ
SECRETARY OF STATE
BY NBC
GENEVA, SWITZERLAND
JANUARY 8, 1985

MR. BROKAW: Mr. Secretary, there's a certain amount of confusion about the three-track approach. What happens in the course of these negotiations if you get very close to a deal on the big missiles and you're still way behind in terms of an agreement on strategic defense initiatives, or "Star Wars?" Do you go ahead with the big-missile deal?

SECRETARY SHULTZ: It remains to be seen. There is a relationship among these different negotiations, and we both believe that is so. We believe that if an agreement is reached in an area that is to the mutual advantage of both sides, then it makes sense to go ahead and implement it. It may be that the Soviets would feel otherwise. It just remains to be seen.

MR. BROKAW: Pardon my vernacular, Mr. Secretary, but the Russians have been raising hell with "Star Wars" in public. Did they do so in private today?

SECRETARY SHULTZ: Well, we had some very extensive discussion of our idea of strategic defense, and our idea--the President's idea--that it makes sense to have strategic stability and deterrence depend more on defense than it has in the past. In other words, to move away from the notion that we have deterrence because we can both do so much damage to each other, toward a notion that we have deterrence because we both have a lot of defenses.

MR. BROKAW: Does that extensive discussion mean that you were able to persuade them of your point of view? Even the smallest bit?

SECRETARY SHULTZ: I wouldn't say that we persuaded them, but it's an important subject to discuss and they have some different views about it. What I can say is obviously that we agreed on this joint statement which foreshadows the beginning of negotiations on these three aspects of nuclear and space arms. That's a very important subject to everybody.

MR. BROKAW: The Soviets are always tough in these sessions--generally, Gromyko specifically.

SECRETARY SHULTZ: So are we.

MR. BROKAW: And he was tough today and yesterday?

SECRETARY SHULTZ: Yes, and so were we. We both, I'm sure, feel that it's important to be clearheaded and realistic in representing the interests of our respective countries.

MR. BROKAW: Can you talk to us about the prospects for a meeting in Moscow next month? There has been a fair amount of speculation, and tonight you were generally vague about when you might gather again.

SECRETARY SHULTZ: We don't have any specific date set for the next meeting between Mr. Gromyko and myself, but we have talked about the general desirability of such meetings, and when it seems that one is worthwhile and we have the subject prepared, it won't be any problem to work one out. But I have no idea when the next one will be.

MR. BROKAW: Could you rule out the prospect or the possibility of a summit meeting between Soviet President Chernenko and President Reagan in the course of the next six months?

SECRETARY SHULTZ: There's no current plan for one, and I think both sides feel that such a meeting should be preceded by careful preparations so that there would be reasonably assured a significant outcome from it. So there's no immediate plan for one.

MR. BROKAW: Is there a chance for even a social gathering--for example, on the fortieth anniversary of V-E Day?

SECRETARY SHULTZ: Oh, I would doubt it. There's no plan for anything of that kind.

MR. BROKAW: As the bottom line, Mr. Secretary, do you think there will be an arms control agreement in the course of the President's second administration?

SECRETARY SHULTZ: Certainly we're going to try to bring one about, and if one can be developed along the lines that are referred to in the joint statement, and which we believe is in our interest, then there will be one.

MR. BROKAW: Thank you very much, Mr. Secretary.

PRESS
DEPARTMENT OF STATE

January 10, 1985
NO. 8

INTERVIEW OF
THE HONORABLE GEORGE P. SHULTZ
SECRETARY OF STATE
WITH CBS
GENEVA, SWITZERLAND
JANUARY 8, 1985

MR. RATHER: (Inaudible)

SECRETARY SHULTZ: I think we both came into this with a realistic view and the things that we agreed on that are explicitly referred to we really do agree on. We do want to, at least speaking for the United States side, we do want to eliminate nuclear weapons if we can, certainly reduce them. But we do see the various issues as being related. The President has had that view for quite some considerable time, and yet at the same time we recognize that there are some really important differences, and so there's a long, tough road ahead.

MR. RATHER: Mr. Secretary, will the defense build-up that began four years ago when President Reagan came into office continue while these talks that were agreed on today start?

SECRETARY SHULTZ: Of course. I think it's essential that, from the standpoint of the security of the U.S., we do the things that are necessary.

MR. RATHER: When you were in the room with Secretary Gromyko, as a person, as a human being, did you have a sense that you were sitting across the table from a friend and fellow inhabitant of the planet or that you were negotiating hard and tough, as you said, with an enemy?

SECRETARY SHULTZ: Well, we had frank discussions but we're two human beings and we had some laughs and we had some fun. We acted like people do. We're people, you know.

MR. RATHER: What was the worst moment?

SECRETARY SHULTZ: Oh, I don't know how to classify, up or down. It was a good strong discussion all the way and there were times when I didn't think we were going to get anywhere and other times when I thought things were falling more into place. In the end, we managed to find a way of agreeing on something we thought was mutually in our interest.

MR. RATHER: Thank you, Mr. Secretary.

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PRESS
DEPARTMENT OF STATE

January 14, 1985
No. 9

INTERVIEW OF
THE HONORABLE GEORGE P. SHULTZ
SECRETARY OF STATE
ON NBC-TV'S
"MEET THE PRESS"
WASHINGTON, D.C.
JANUARY 13, 1985

MR. KALB: Good day from Washington, I am Marvin Kalb.

MR. MUDD: I'm Roger Mudd.

MR. KALB: And we welcome you to MEET THE PRESS. A rather extraordinary diplomatic coincidence today, five days after Secretary of State Shultz and Soviet Foreign Minister Gromyko agreed in Geneva on a new framework for arms control negotiations. Secretary Shultz is our guest today on MEET THE PRESS, an appearance arranged several weeks ago. Given the questions about Soviet-American relations growing out of Geneva, we are delighted to see you here, Mr. Secretary. But interestingly, Roger, Foreign Minister Gromyko just finished a two-hour appearance on Soviet television giving his side of the story.

MR. MUDD: Marvin, the Soviet television broadcast that press conference throughout the whole Soviet Union and the Eastern Bloc countries, and I must say when I first saw the feed come in from Moscow, I thought Soviet television had bought up the rights to our old MEET THE PRESS format, the desks and the walls. The foreign minister was questioned today by four Soviet journalist for two hours, and he claimed that U.S. negotiators in Geneva had tried very hard to exclude space weapons from the new arms talks. He also repeated over and over that there could be no progress in reducing medium-range and long-range nuclear missiles unless there is also progress in controlling space weapons.

FOREIGN MINISTER GROMYKO (Through Interpreter): Do you really believe one can assume a situation when progress is made and success is reached in strategic arms and medium-range arms questions that is a success has been reached? And as to space there exist an arms race and space is stuffed in this case with ever newer systems of weapons. This situation will only bring to naught what has been done on earth. It would also block the success and as a result the bellows would be a negative one for peace.

MR. MUDD: Welcome to MEET THE PRESS, Mr. Secretary. You have heard Foreign Minister Gromyko's remarks a minute ago. Do you think those remarks today on Soviet television doom any chance of progress in arms control, or is he simply embarking on a propaganda war?

SECRETARY SHULTZ: Well, they certainly don't doom any chance at all, and I think the fact that there is a relationship among the different kinds of arms that we'll be talking about is something that we believe and we have advocated, and the Soviet Union does, too. So there isn't a difference of opinion about the fact that there are relationships here. Now, I think there may be a difference of opinion emerge if something is agreed to in one of the three groups we've agreed to talk in, and we want to go ahead or they want to go ahead and the other side doesn't want to until something is agreed on in another. That remains to be seen. And it may or may not be a controlling element here.

MR. MUDD: But Mr. Gromyko made it very clear that there could be not progress on reducing medium-range and long-range missiles unless there was progress on what we call "Star Wars".

SECRETARY SHULTZ: Well, we'll have to see what emerges from the discussions. But let me remind you that the President has been emphasizing for quite a long time now that here in this country we must look to defense as well as offense, that these two things are related. And if you recall back to the early '70s when the ABM Treaty and the SALT I agreements were reached they were reached in the context of the relationship between defense and offense, and the President has sought to bring that back to our consciousness, and very successfully, and I think it's an important point. Let me also recall to your mind that when the Soviets proposed last June, I think it was, that we start in discussions on space we agreed quickly, and we said that we will also bring up matters of offensive arms, because anything that you do on defense or do in space is related to the offense. So there's no argument about the fact that there's a relationship; we advocate that.

MR. KALB: You use the word "relationship," Mr. Secretary, but the Russians are, in effect, using the old American terminology of "linkage," which is something we taught them in the early 70s.

They're throwing it back at us right now. There may be a relationship between the two, but can you envisage an agreement on intermediate forces in Europe or long-range missiles, and then have it blocked because of an absence of agreement on Star Wars?

SECRETARY SHULTZ: Well, of course, we may seek to link things ourselves, and it makes sense to look at the relationship among the different things that you're talking about. It also makes sense to look at anything you might agree to in one area and say, independent of these relationships, if it is important enough and in our mutual interests, we should go forward with them, and exactly what will happen remains to be seen, and we think that if we find something that's in our mutual interests we ought to go forward with it. Now, I should point out that in our direct discussions in Geneva, Mr. Gromyko made a statement like the one you recorded here, and then he proceeded to list a lot of exceptions that represented areas that he thought would go forward if they were agreed to. Now, there were exceptions --

MR. KALB: Could you tell us about those?

SECRETARY SHULTZ: There were exceptions of things that the Soviet Union has wanted, and at the same time, I think it very much remains to be seen. But relationship between these areas is very much something that the President has been putting forward for some time, and I think he's right about it.

MR. KALB: You seem to be suggesting though, sir, that within this concept of linkage, there are exceptions that the Russians have set forward, that it is possible therefore to get agreements in limited areas, that you can get agreements in limited areas; is that correct?

SECRETARY SHULTZ: Well, I'm just saying that in our discussions after making a statement on linkage, Mr. Gromyko listed a set of exceptions. But my only comment is that it remains to be seen what will happen if we agree on something in one area but not in some other area. It may or may not go forward. And as to the importance of looking upon these different arms as related to each other, that's something we think is very important, and we're glad that they think so, too.

MR. MUDD: So, in other words, the Gromyko comments this morning were not unexpected and did not really take you by surprise?

SECRETARY SHULTZ: Well, we spent the better part of two days talking with each other about these matters, and I think that we understand our differences as well as things we agree on.

MR. MUDD: So this has not added a new element of uncertainty as you plan for your next round?

SECRETARY SHULTZ: Not a bit. We have some differences of view. The discussions we had were very frank, candid, business-like discussions, we mentioned a lot of things that we don't agree on, and we struggled to set the subjects and objectives of these talks, and successfully did so.

MR. MUDD: We'll continue our questioning of Secretary of State Shultz on "Meet the Press" in just a moment.

MR. KALB: We are back on "Meet the Press" with Secretary of State George Shultz. Mr. Secretary, one of the things that Soviet Foreign Minister Gromyko says he said to you in Geneva is that if the United States continues to put Euro-missiles into central Europe, it would radically, seriously complicate the entire process of negotiation. Is that rhetoric?

SECRETARY SHULTZ: He knows that we intend, and our allies intend, to carry out our decisions on deployment, unless there is an agreement reached that arranges it some other way. So we will carry forward and he knows that very well. Now, he made lots of statements about what the Soviet position is on intermediate-range, strategic, space and so forth, and we disagree with him on many things, but we're starting these discussions without any preconditions, and we'll struggle with these issues head on.

MR. KALB: Has he set forth at any point threats of a pull-out unless the United States does this or that?

SECRETARY SHULTZ: No.

MR. MUDD: Mr. Secretary, can I ask some little quick nitty-gritty questions about the arms talks?

SECRETARY SHULTZ: Sure.

MR. MUDD: When will the next ones be?

SECRETARY SHULTZ: The discussions will probably start maybe next week to determine the place and the time when these talks will start.

MR. MUDD: At what level would that be, next week?

SECRETARY SHLULTZ: Well, probably with our Ambassador in Moscow and theirs here.

MR MUDD: And do you favor a particular place?

SECRETARY SHULTZ: We have our ideas on what's a good place, but I'm not going to start our negotiations with them over television.

MR. MUDD: You have one large delegation and it will be divided into three parts. Who's going to head the delegation?

SECRETARY SHULTZ: The President has not addressed the question yet of who should be the leaders of our -- the three groups, and how we'll structure ourselves, but he'll be doing that promptly, I'm sure. So I don't have any answer for your question yet.

MR. MUDD: Would you lead the main delegation, as you did to Geneva?

SECRETARY SHULTZ: No. These will -- the Geneva meeting was a meeting, let's say, at the political level of their Foreign Minister and our Secretary of State, and then the arms negotiations will go forward with an explicit arms control, two delegations and three groups, and those people will spend full time on arms control, and I feel as though I've been spending full time on it lately, but I do have other things I have to do.

MR. MUDD: It would be fruitless then to float a bunch of names by you and ask you for comments on whether Max Kampelman will become a negotiator, whether Nitze will continue, whether Rowny will continue? I'm going to strike out on that, am I?

SECRETARY SHULTZ: Well, you're basically going to strike out, although all the people you named are terrific people. In the case of Paul Nitze, I think what he will do, I hope, is stay very close to the President and me and make available the benefit of his wisdom and advice to us. He does not want to take up residence somewhere as a negotiator and one of these talks would do.

MR. KALB: Well, Max Kampelman spent a lot of time in Madrid. I wonder if he's prepared, do you think, to spend a lot of time in Geneva?

SECRETARY SHULTZ: I don't know. Max did a terrific job in the negotiations in Madrid, and he's a great patriot, and a wonderful person. But I just have to go back to my statement, the President hasn't addressed this question yet, and so there's no real point in speculating about it, it just hasn't been reached.

MR. MUDD: Would you go, Mr. Secretary, to Moscow and see Gromyko before the next major round of negotiations gets started? Is that in the cards?

SECRETARY SHULTZ: Well, my expectation is that we'll dicker back and forth on dates and places, and I should think we'll be able to agree on that, and then that will probably take place. I imagine that will be the next event.

MR. MUDD: That you would go to Moscow?

SECRETARY SHULTZ: No, that the negotiations would start. But, Mr. Gromyko spent considerable time here in the U.S., in Washington, and I think for these matters to go forward and for that matter, the broad agenda of U.S.-Soviet relations to go forward, there need to be periodic discussions at the foreign ministry level, and the idea of doing them alternately in Washington/Moscow-Moscow/Washington is a sensible way to do it.

MR. KALB: Mr. Secretary, aside from human rights, arms control was the major issue, was anything else raised?

SECRETARY SHULTZ: Well, there were fleeting references to things, but basically we had a big agenda discussion on arms control, and it was -- it started in on, you might say, a conceptual level, a philosophic level, and it worked through some of the substantive matters just on an illustrative basis, and then we spent a lot of time in working out these procedural arrangements. So we really didn't have time to address other things very much, and in fact, we agreed to come there to talk about arms control, and we did.

MR. KALB: Mr. Secretary, it took three years for the U.S. and the Soviet Union to agree on SALT I, something like six years to agree on SALT II. The Senate did not ratify that even after the agreement. Please understand the spirit in which I ask this question, but is it responsible really for you or Gromyko to tell the world that you're both aiming at radical cuts when it is so difficult to get even the most minute cuts?

SECRETARY SHULTZ: Well, it's irresponsible not to tell the world what you're driving for, and of course, I can't speak for the, but I can speak for the President on this. The President is dedicated to the idea of radical reductions. He has been before he took office and since, and he's consistently said the problem with arms control is that it sets limits on how much you're going to increase, and what it should be doing is reducing. That's been his point of view right all along that I can remember, and he has also been advocating that what we should aspire to do in the end is to eliminate nuclear weapons entirely, and those ideas of the President's are very much present in the joint statement that we made with the Soviet Union.

MR. KALB: Well, the Soviet Union came forth as far back as 1936 with proposals for complete disarmament, and obviously we're building up radically in the other direction. What I'm trying to get at is, for example, at the beginning of START I, the Russians said we would reduce to 1,800. Would you accept that 1,800 figure on strategic weapons systems as a radical cut?

SECRETARY SHULTZ: The launchers are one question. One of the things that I think we've learned in the arms control process is

that if you limit one thing like launchers what you tend to get out of it is putting a lot more warheads on the launchers, and we have to remember that what potentially hits somebody is not a launcher, it's a warhead. So in our proposals in START, we have focused not simply on launchers, but on warheads, and also on the amount of thrust and power or throw weight that comes out of the launcher, and I think those are very relevant considerations, and you have to look at them together.

MR. KALB: Well, that's kind of a definition of the sort of complexity you will both face. We will be back with --

SECRETARY SHULTZ: Yes, the issues are tough. Don't mistake that.

MR. KALB: We'll be back with more questions for the Secretary of State right after this message.

MR. MUDD: We're back on "Meet the Press" with Secretary of State George Shultz. Mr. Secretary, if the negotiations on arms control don't go well, if you can assume that for a moment, are there other openings you can use to keep the dialogue going with the Soviet Union, other subject?

SECRETARY SHULTZ: Well, I'm not going to make that assumption, I'm going to make the assumption that as we go there in a constructive and positive frame of mind, and we hope they will, and we're going to try to achieve something. However, I think your question is very much to the point that there are a lot of other things in this relationship beyond arms control, and in fact, the behavior of the Soviet Union in other areas has derailed arms control in the past. Remember that President Carter withdrew the SALT II Treaty from the Senate when the Soviets invaded Afghanistan. So there is a big, broad relationship here, and we need to talk about all aspects of it together.

MR. KALB: You mentioned Afghanistan. There's a story in today's Washington Post that the United States is giving approximately $250 million in covert assistance to the rebels in Afghanistan. Is that correct, sir?

SECRETARY SHULTZ: Well, I have nothing to say in any way about covert assistance. We do sympathize very much with the Freedom Fighters in Afghanistan and we provide humanitarian aid, we're very much in support of what kind of resistance they're putting up. The point is, there is a potential solution in Afghanistan, and it is that the Soviet Union withdraw its forces, that a government get established there that represents the people of Afghanistan, and that provisions be made so that the large number of refugees come back without prejudice to their condition, and there are things that we have pointed out and in the U.N. negotiations have been brought up very strongly.

MR. KALB: Isn't the United States providing more than just humanitarian assistance, as you put it, sir?

SECRETARY SHULTZ: Well, as you know, I will not comment on questions involving covert assistance on anything.

MR. MUDD: What about aid to Nicaragua? It's now published that Honduras and El Salvador have increased their aid to the Nicaraguan Contras, and Congressman Addabbo has asked the State Department for clarification as to whether El Salvador and Honduras is truly diverting the aid they get from us and then sending it on to Nicaragua. The State Department says, well, we can't comment on that. Would you, sir, comment on that?

SECRETARY SHULTZ: Well, as far as we're concerned the -- under the appropriations process in the Congress, we are sending no money into Nicaragua, and as far as we're able to tell, and we do trace it through to see that it's used for the purposes it was given for, and as far as we're knowledgeable, that is the case. Now, in the case of an individual country, it's a sovereign country, and if they have things they want to do with their own funds, that's up to them. But in our case, according to our law, we are providing the -- we are providing funds to Honduras, to El Salvador, and they're using it for the purposes it was given for.

MR. MUDD: You've left the door open a little, haven't you, on that question?

SECRETARY SHULTZ: I've only left the door open to the extent of recognizing that sovereign countries are sovereign countries, and I don't know everything that everybody does.

MR. KALB: Mr. Secretary, on V-E Day -- Victory in Europe Day -- there'll be a 40th anniversary celebration in the spring. I'm told that you and the Russians have had at least preliminary negotiations or talks on what the two sides may do. Is that correct?

SECRETARY SHULTZ: We've had a very brief interchange, and from our standpoint, we think that the themes that should come forward on the recognition of V-E Day are peace, reconciliation, that that date marked a new beginning, and people who were our enemies then have now -- are ruling themselves through a democratic process. They have rebuilt, and they are strong partners. That's what we want to see come out of that.

MR. KALB: Do you see the possibility of a get-acquainted session between the President of the Soviet Union and the United States in honor of that event?

SECRETARY SHULTZ: There's no plan or a particular discussion of that at all.

MR. MUDD: Quick question. Do you think Senator Kennedy's visit to South Africa is contributing to the easing of racial tensions?

SECRETARY SHULTZ: It's hard to see that it is, and he's run into a lot of static from the blacks in South Africa, so far as I can see from the reports. But let me say that as far as the President is concerned and our Administration policy, apartheid is a horror. We have nothing but opposition to it. We seek to work with South Africa, to do everything we can to bring it to an end, and in the meantime I think American investment and businesses in South Africa are providing jobs for blacks, as many of the blacks have pointed out to Senator Kennedy, and it would be a great mistake to look at a problem and say it's horrible and then just walk away from it. You've got to engage yourself and try to help on it, and help in the turmoil and conflict in southern Africa generally, which our diplomacy has been doing, and gradually moving away from military to diplomatic means of dealing with those issues.

MR. KALB: Mr. Secretary, our time is up. Thank you very much for being our guest on "Meet the Press." We hope you'll be back soon. Roger and I will be back after these messages.

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PRESS
DEPARTMENT OF STATE

January 18, 1985
NO. 10

1985 FOREIGN FISHING ALLOCATIONS

The Department of State, in cooperation with the Department of Commerce, has recently issued the 1985 allocations of fishery resources available for foreign fishing in the U.S. exclusive economic zone. The Magnuson Fishery Conservation and Management Act requires the Department to give consideration in its allocation decisions to those countries which are actively contributing to the development of the U.S. fishing industry. Other criteria such as historical fishing patterns, cooperation in enforcement and the exchange of scientific information are also taken into consideration. However, economic factors such as trade, tariffs, and joint venture cooperation, receive principal consideration in allocation decisions. The Department of State, together with the Department of Commerce, and the relevant regional fishery management councils, will be closely monitoring the performance of all countries receiving allocations of U.S. fish to assure the continued effective implementation of U.S. fisheries law and policy. In this regard, these initial allocations represent about 50 percent of the projected country allocations. After evaluating each country's cooperation with U.S. fisheries development, the Department will make decisions on additional releases.

Raymond V. Arnaudo
Office of Fisheries Affairs
(202) 632-5690

1985 U.S. FOREIGN FISHERY ALLOCATIONS FOR THE BERING SEA

PR NO. 10

	JAPAN	ROK	PORTUGAL	U.S.S.R.	POLAND	UNALLOCATED	TOTAL
Pollock	111,531	22,606	43	1,409	6,931	87,310	229,830
Atka Mackerel	25	4	1	3	2	15	50
Turbots	10,720	1,314	28	50	55	18,533	30,700
Yellowfin Sole	13,000	11,635	12	8,296	100	71,252	104,295
Other Flounder	7,000	4,562	31	1,034	97	28,641	41,365
Pacific Cod	15,000	250	440	132	48	21,130	37,000
Pacific Ocean Perch	230	30	1	7	3	229	500
Other Rockfish	2,700	249	1	19	8	1,150	4,127
Sablefish	298	33	3	19	6	91	450
Snails	1,500	0	0	0	0	1,500	3,000
Squid	2,600	739	15	37	80	5,029	8,500
Other Species	2,639	1,990	25	737	170	25,782	31,343
TOTAL:	167,243	43,412	600	11,743	7,500	260,662	491,160

Initial allocations effective January 1, 1985

Department of State
January, 1985

TABLE 1. 1985 ATLANTIC ALLOCATIONS (January 1-December 31)

COUNTRY	RED HAKE	SILVER HAKE	RIVER HERRING	OTHER FINFISH	SHARKS
	(Metric tons)				
EEC (ITALY)	50	250	2	500	---
EEC (NETHERLANDS)	50	250	20	500	---
FAROE ISLANDS	--	---	---	---	---
GDR	50	250	20	500	---
ICELAND	--	---	---	---	---
JAPAN	50	250	2	500	---
NORWAY	--	---	---	---	---
PORTUGAL	--	---	---	---	---
SPAIN	50	250	2	500	---
USSR	--	---	---	---	---
TOTAL	250	1,250	46	2,500	---

Department of State
January, 1985

TABLE 2. 1984-85 ATLANTIC ALLOCATIONS (APRIL 1-March 31)

COUNTRY	MACKEREL	LOLIGO SQUID	ILLEX SQUID	BUTTERFISH	TOTAL(TABLE 1&2)
	(Metric-tons)				
EEC (ITALY)	50	5,000	800	72	6,724
EEC (NETHERLANDS)	12,500	25	25	10	13,380
FAROE ISLANDS	---	--	--	--	---
GDR	9,900	25	25	10	10,780
ICELAND	---	--	--	--	---
JAPAN	50	700	500	54	2,106
NORWAY	---	--	--	--	---
PORTUGAL	---	--	--	--	---
SPAIN	60	6,500	900	78	8,340
USSR	---	--	--	--	---
TOTAL	22,560	12,250	2,250	224	41,330

Department of State
January, 1985

PRESS
DEPARTMENT OF STATE

January 18, 1985
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For further information contact:

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Department of State
January, 1985

PRESS
DEPARTMENT OF STATE

January 22, 1985
NO. 11

PRESS CONFERENCE
BY
THE HONORABLE GEORGE P. SHULTZ
SECRETARY OF STATE
AT THE WHITE HOUSE
WASHINGTON, D.C.
JANUARY 18, 1985

SECRETARY SHULTZ: This is a statement by the President.

Today, I have asked three highly capable Americans to be the head negotiators of each of the three groups making up the U.S. delegation to the negotiations on nuclear and space arms.

These negotiations will take place in accordance with the agreement reached at Geneva on January 8th, between Secretary of State George P. Shultz, and Foreign Minister Andrey A. Gromyko, of the Soviet Union.

Senator John Tower of Texas will be nominated to serve as U.S. negotiator on strategic nuclear arms. Ambassador Maynard W. Glitman, a Minister Counselor of the Foreign Service of the United States, will be nominated as U.S. negotiator on intermediate-range nuclear arms. Ambassador Max M. Kampelman will be nominated as U.S. negotiator on space and defense arms. Ambassador Kampelman will also serve as head of the U.S. delegation.

Ambassador Paul H. Nitze and Ambassador Edward L. Rowny will serve as special advisors to the President and to the Secretary of State on arms reduction negotiations.

I am pleased that these distinguished Americans have agreed to serve in these positions of great importance to the United States.

That's the end of the statement.

QUESTION: When is the meeting? When does it start and where?

SECRETARY SHULTZ: That hasn't been determined yet. It is being worked out through diplomatic channels.

QUESTION: What does it mean, that Mr. Rowny is not going to be at the START talks anymore?

SECRETARY SHULTZ: He will be involved as a special advisor, not only on those talks, but on others. So I think one can say that his responsibilities have been enlarged and broadened.

QUESTION: When you and Secretary -- you and Gromyko meet --

QUESTION: Broadened to be an equal with Ambassador Nitze?

SECRETARY SHULTZ: He and Ambassador Nitze are both special advisors to the President and me, and, for that matter, to the arms control community.

QUESTION: Mr. Secretary, can you explain how you happened to reach the choice of Mr. Kampelman, who, among the three, has obviously the least experience in the field of strategic or nuclear arms or space weapons or even defensive --?

SECRETARY SHULTZ: Well, he's smart. (Laughter.) And he's a good negotiator. And he's experienced. He did an outstanding job in his work in Madrid. So he is really first class, as are the other two.

QUESTION: Mr. Secretary, how do you and Bud McFarlane and Ken Adelman, Director of the Arms Control Agency, fit in this fairly complicated process so far as decision-making and direction? We're now involved in the process. Can you set yourself, McFarlane, and Adelman into this picture for us?

SECRETARY SHULTZ: We will, all three of us, worm our way into the picture.

QUESTION: At the bottom or the top, sir?

SECRETARY SHULTZ: Well, we'll be part of it. I think the process is working very well; and the President, who gave a lot of thought to these names over a period of time, and just really decided on them early this morning, has been heavily involved in this whole process, and everything is basically revolving around him.

QUESTION: Mr. Secretary, do you envision, or does the President envision, these as full-time jobs for these people? And how long do you see them -- how long -- have they agreed to a certain term of service, or period of time to act in this post?

SECRETARY SHULTZ: I think they'll be about triple-time jobs, not just full-time jobs, as most of these jobs are. And we all recognize that we're starting a process here that is going to be a difficult process and probably a long process. And what I can say is they all are experienced people, and they recognize that. No, we didn't try to say, "We're going to get this done by a certain time and that's it."

We're starting in with very positive and constructive attitudes in the hope and expectation that we'll get something done.

QUESTION: None of these people have ever engaged in arms negotiations. They're plunging in cold, and --

SECRETARY SHULTZ: You are wrong. I hate to say this, but you are wrong --

QUESTION: How -- who?

SECRETARY SHULTZ: Mike Glitman was Paul Nitze's deputy in the intermediate-range negotiations, and he's presently serving as --

QUESTION: How do you spell his name?

SECRETARY SHULTZ: -- as MBFR negotiator. It'll be in the handout.

Senator John Tower has spent his Senate career on matters dealing with defense and security and knows the subject inside out. And my impression is that Senators spend a good part of their lives negotiating, and he's a very good negotiator.

And I've already commented on the extraordinary abilities of Max Kampelman. So I think this is an absolutely terrific slate.

QUESTION: Mr. Secretary, would you say, then, that Mr. -- that Senator Tower and Mr. Glitman will report to Mr. Kampelman who, in turn, will report to you, who will report to the President. Is that the chain of command?

SECRETARY SHULTZ: The chain of command is that each one of these heads of delegation, or heads of these groups, will get their instructions directly from the President. Now, the process of developing the instructions for each session is obviously something that we will all participate in. So we have tried to give thought

to having a strong sort of Washington organization, to go with the strong organization at wherever the talks are located. But in the end, there will be instructions for each one of these three talks, and those instructions will be the President's instructions.

QUESTION: Well, then Mr. Kampelman --

SECRETARY SHULTZ: Now I think that it has been very clear to us for some time -- and the Soviets have put a lot of emphasis on this point, too -- that there are very clear relationships among these different sets of issues. So, we expect that it will be important in their conduct that there'll be a lot of comparing notes across the different groups.

And Ambassador Kampelman on the spot will be the person whose responsibility it is to coordinate that and be sort of the convener.

QUESTION: Mr. Secretary, you've described their experience briefly. Would you please describe how they feel about arms control? Would you call Senator Tower, for instance, an enthusiastic supporter of arms control, or can you characterize their positions on arms control?

SECRETARY SHULTZ: I think all three are people who, first and foremost, will be looking out for the interests of the United States and of our allies. And any agreement that is reached will be one that is good for us.

Everyone recognizes that you don't make an agreement with somebody unless it is mutually agreeable. And, so, all three, I think, are people who are accustomed to the give-and-take of negotiations. But you can be sure that each one of these individuals is a tough-minded patriot and the --

QUESTION: That wasn't his question

SECRETARY SHULTZ: -- outcome of anything that they put forward will be in our interest.

QUESTION: Mr. Secretary, are you at all concerned by what some would see as a somewhat hawkish cast to the delegation, or is that a plus?

SECRETARY SHULTZ: Well, I don't think of it as hawkish or whatever. I think it's a strong, very strong group with a very strong Washington backup that will have the benefit of the experience of both Ambassadors Nitze and Rowny. And, so, I think it's a very powerful group, just as the group that accompanied me to Geneva was a very strong and powerful group.

What this reflects is the President's determination to do everything possible to have these talks succeed. Now, "succeed" means a good agreement, an agreement in the interest of the United States, not just any agreement. So, we won't be looking for "any" agreement, but it is a determination to get something that's in our interest.

QUESTION: And you don't believe, sir, that it is hawkish?

SECRETARY SHULTZ: Well, it's pro-American and pro our allies.

MR. SPEAKES: Two questions --

QUESTION: -- thinking on why not to have a single head of the delegation and three sub-heads? And why did you combine Mr. Kampelman in two jobs rather than have either he or somebody else as above the whole group?

SECRETARY SHULTZ: Because we think it probably will work better this way. And I think the convening role is something that can well be done by the head of one of the groups. We discussed that, and it seemed to us to make sense and to save another position in effect.

QUESTION: Do you anticipate that you and Gromyko will get together before the talks get under way?

SECRETARY SHULTZ: There's no plan for that. And I would hope the talks could get under way reasonably promptly. At least, that's our intent. And the fact that we are naming -- the President has picked out and named his negotiating team -- is by way of moving forward ourselves to be well prepared to get going.

MR. SPEAKES: Mr. Barrett and then --

QUESTION: Who will Kampelman report to -- in terms of organization, will he report back to Nitze and Rowny together, and then they report to you, or -- I mean, I'm still a little confused about the organization.

SECRETARY SHULTZ: Well, I think it is more or less up to me to help the President manage all of this. But in the end, we're all reporting to the President, and the President has been very much involved in all of this. And I don't mean that on a day-to-day basis, obviously, he's going to be looking at it, but I think it's very much a Presidential operation. And we all are sort of oriented that way.

QUESTION: But in the middle of negotiations, if there needs to be something checked, or some further question about the flexibility on instructions, who will they --

SECRETARY SHULTZ: Well, I think they are part of ACDA and that kind of tactical consideration comes back that way. But it's looked at by all of us who are concerned. And I think, also, the senior arms control group that Bud McFarlane has chaired undoubtedly will continue and play a very important role in coordinating these activities.

So, we have evolved a structure that's coming into place here and it's working quite well.

QUESTION: Mr. Secretary --

MR. SPEAKES: Larry Barrett, last question here, please.

QUESTION: Since you left Geneva, has anything occurred in diplomatic channels that -- behind the scenes -- that makes you more or less optimistic that this is actually going to work? Have there been signals that you can tell us about?

SECRETARY SHULTZ: I think that the statements made subsequent to Geneva have been, basically, supportive of the Geneva result. And both sides have expressed their readiness to get on with the negotiating process. And we'll just have to see. But as far as the United States is concerned, the President has moved rapidly to assemble his delegation and to make it known. And we are prepared to move forward in a positive and constructive way. And so I just hope that the Soviet Union is likewise disposed.

MR. SPEAKES: Thank you, sir.

QUESTION: Who do you like in the Super Bowl?

SECRETARY SHULTZ: Forty-Niners all the way.

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THE FUTURE OF AMERICAN FOREIGN POLICY: NEW REALITIES AND NEW WAYS OF THINKING

TESTIMONY BY
THE HONORABLE GEORGE P. SHULTZ
SECRETARY OF STATE
BEFORE THE
COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE
99th CONGRESS, 1st SESSION
WASHINGTON, D.C.
THURSDAY, JANUARY 31, 1985

For further information contact:

Mr. Chairman, members of the Committee,

I am honored to lead off this important series of hearings on the future of American foreign policy. This is an auspicious moment: the beginning of a new Presidential term, of a new Congress, and of the term of a distinguished new Chairman. It is, for many reasons, a time of great promise and opportunity for the United States in world affairs.

Therefore, I commend the Chairman for focusing the attention of the Congress and the American people on the fundamental issues we will face -- not just the day-to-day issues that make the news, but the underlying trends at work and the most important goals we pursue.

My presentation today is thus of a special kind. I would like to step back a bit and look at the present situation in perspective -- the perspective of recent history, the perspective of the intellectual currents of our time, and the perspective of America's ideals and their relevance to the world's future.

The Changing International System

Soon after the dawn of the nuclear age, Albert Einstein observed that everything had changed except our ways of thinking. Even so dramatic a development as the nuclear revolution took a long time to be fully understood; how much longer has it usually taken to understand the implications of more subtle, intangible historical changes taking place around us.

Nineteen-forty-five, everyone knows, marked a major turning point. An international system that had lasted for more than a century had broken down under the weight of two world wars and a great depression. An international order centered on Europe and dominated by Europe was replaced in the early postwar period by a new arrangement -- a world dominated by two new superpowers, torn by ideological conflict, and overshadowed by nuclear weapons that made a new world war potentially suicidal. At the same time, an integrated international economic system established by America's initiative -- based on the dollar and on a strong commitment to the freest possible flow of trade and investment -- replaced the unbridled economic nationalism that had helped undermine international peace between the wars.

But history never stops. The postwar order, too, evolved and changed its shape. The breakup of colonial empires brought scores of new states onto the world stage. The so-called Third World became the scene of a growing number of local and regional conflicts. America, after Vietnam, retreated for a time from its active role of leadership. Europe, China, and Japan came into their own again as important economic and political actors; the energy crisis dramatized both the diffusion of economic power and the vulnerability of the postwar economic system. The United States and the Soviet Union attempted a political dialogue to stabilize relations and control nuclear arms; then the dialogue broke down under the weight of the Soviet military buildup and geopolitical offensive.

Today, the cycle is turning again. Change is constant. America has recovered its strength and self-confidence. Power continues to be dispersed and the structure of political relations more complex, even as the interdependence of states increases. And as we head toward the 21st century, is a stable new pattern of international relations emerging? Einstein's observation takes on new relevance: Our ways of thinking must adapt to new realities; we must grasp the new trends and understand their implications.

But we are not just observers; we are participants and we are engaged. America is again in a position to have a major influence over the trend of events -- and America's traditional goals and values have not changed. Our duty must be to help shape the evolving trends in accordance with our ideals and interests; to help build a new structure of international stability that will ensure peace, prosperity, and freedom for coming generations. This is the real challenge of our foreign policy over the coming years.

What are the forces of change? And what are the possible elements of a new and more secure international system?

Relations between the Superpowers

Relations between the superpowers remain crucial, even though their political predominance is less than it was a few decades ago. Over 50 years' experience of US-Soviet relations has given us by now a mature understanding of what is possible and what is not possible in this relationship. Yet conditions are evolving and the problem remains a conceptual challenge.

True friendship and cooperation will remain out of reach so long as the Soviet system is driven by ideology and national ambition to seek to aggrandize its power and undermine the interests of the democracies.

We must resist this Soviet power drive vigorously if there is to be any hope for lasting stability. At the same time, in the thermonuclear age the common interest in survival gives both sides an incentive to moderate the rivalry and to seek, in particular, ways to control nuclear weapons and reduce the risks of war.* We cannot know whether such a steady Western policy will, over time, lead to a mellowing of the Soviet system. Perhaps not. But the West has the same responsibility in either case: to resist Soviet encroachments firmly while holding the door open to more constructive possibilities.

After the failure of their political campaign to divide NATO, their propaganda to thwart deployment of intermediate-range nuclear missiles in Europe, and their boycott of talks, the Soviets have now returned to the arms control dialogue. We welcome this. My meeting in Geneva with Soviet Foreign Minister Gromyko was a constructive beginning of what the United States hopes will be a fruitful negotiation.

My able interlocutor Andrei Gromyko is, in a sense, the living embodiment of some of the Soviet Union's great advantages -- continuity, patience, the ability to fashion a long-term strategy and stick to it.

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* See in the Appendix: "Realism and Responsibility: The U.S. Approach to Arms Control," Detroit, May 14, 1984.

When the Soviets shift tactics, it is more often than not an adjustment to objective conditions without basic diversion from their long-term aims.

The democracies, in contrast, have long had difficulty maintaining the same consistency, coherence, discipline, and sense of strategy. Free societies are often impatient. Western attitudes have fluctuated between extremes of gloom and pessimism on the one hand, and susceptibility to a Soviet smile on the other. Our ways of thinking have tended too often to focus either on increasing our strength or on pursuing negotiations; we have found it hard to do both simultaneously -- which is clearly the most sensible course and probably the only way we can sustain either our defense programs or our ability to negotiate.

It is vital, for example, to carry through with the modernization of our strategic forces -- in particular the MX -- to avoid undercutting our negotiators just as they begin the quest for real reductions in nuclear arms. The Soviets will have little incentive to negotiate seriously for reductions to lower, equal levels if we hand them on a silver platter their long-cherished goal of <u>unilateral</u> American reductions. Likewise, as we pursue such agreements, we are obliged to bear in mind the Soviets' record of violating previous accords and to insist on effective verification provisions in any new agreements.

In the last four years, the underlying conditions that affect US-Soviet relations have changed dramatically. A decade or so ago, when the United States was beset by economic difficulties, neglecting its defenses, and hesitant about its role of leadership, the Soviets exploited these conditions. They continued their relentless military buildup; they and their clients moved more boldly in the geopolitical arena, intervening in such places as Angola, Cambodia, Ethiopia, and Afghanistan, believing that the West was incapable of resisting. They had reason for confidence that what they call the global "correlation of forces" was shifting in their favor.

Today, the West is more united than ever before. The United States is restoring its military strength and economic vigor and has regained its self-assurance; we have a President with a fresh mandate from the people for an active role of leadership. The Soviets, in contrast, face profound structural economic difficulties, a continuing succession problem, and restless allies; its diplomacy and its clients are on the defensive in many parts of the world. We have reason to be confident that the "correlation of forces" is shifting back in our favor.

Nevertheless, history won't do our work for us. The Soviets can be counted upon periodically to do something, somewhere, that is abhorrent or inimical to our interests.

The question is how the West can respond in a way that could help discipline Soviet international behavior but does not leave our own strategy vulnerable to periodic disruption by such external shocks. We must never let ourselves be so wedded to improving relations with the Soviets that we turn a blind eye to actions that undermine the very foundation of stable relations; symbolic responses to outrageous Soviet behavior have their place, and so do penalties and sanctions. At the same time, experience shows we cannot deter or undo Soviet geopolitical encroachments except by helping, in one way or another, those resisting directly on the ground. And many negotiations and endeavors we undertake with the Soviets serve mutual interests -- indeed, they all should.

This leaves us with tough choices. Whether important negotiations ought to be interrupted after some Soviet outrage will always be a complex calculation. When the Soviets shot down the Korean Air Lines passenger plane in 1983, President Reagan made sure the world knew the full unvarnished truth about the atrocity; nevertheless, he also sent our arms control negotiators back to Geneva because he believed that a reduction in nuclear weapons was a critical priority.

In short, our "way of thinking" must seek a sustainable strategy geared to American goals and interests, in the light of Soviet behavior but not just a reaction to it.

Such a strategy requires a continuing willingness to solve problems through negotiation where this serves our interests (and presumably mutual interests). Our leverage will come from creating objective realities that will give the Soviets a growing stake in better relations with us across the board: by modernizing our defenses, assisting our friends, and confronting Soviet challenges. We must learn to pursue a strategy geared to long-term thinking and based on both negotiation and strength simultaneously, if we are to build a stable US-Soviet relationship for the next century.*

The intellectual challenge of a new era faces us in a related dimension, namely arms control. The continuous revolution in technology means that the strategic balance -- and the requirements of deterrence -- are never static. Unfortunately, conventional ways of thinking about many of these questions continue to lag behind reality.

For decades, standard strategic doctrine in the West has ultimately relied on the balance of terror -- the confrontation of offensive arsenals by which the two sides threaten each other with mass extermination.

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* See in the Appendix: "U.S.-Soviet Relations in the Context of U.S. Foreign Policy," testimony to the Senate Foreign Relations Committee, June 15, 1983; "Managing the U.S.-Soviet Relationship over the Long Term," Los Angeles, October 18, 1984.

Certainly deterrence has worked under these conditions; nevertheless, for political, strategic, and even moral reasons, we should seek to do better than the proposition that our defense strategy must rely on offensive threats and must leave our people unprotected against attack. The Soviets, for their part, have always attached enormous importance to strategic defense, including not only air defense and civil defense but a deployed and modernized anti-ballistic missile system around Moscow -- and intensive research into new defensive technologies.

The pace of technological advance now opens possibilities for new ways of strategic thinking -- never an easy process. The vehemence of some of the criticism of the President's Strategic Defense Initiative seems to come less from the argument over technical feasibility -- which future research will answer one way or another in an objective manner -- than from the passionate defense of orthodox doctrine in the face of changing strategic realities. We are proceeding with SDI research because we see a positive, and indeed revolutionary potential: Defensive measures may become available that could render obsolete the threat of an offensive first strike. A new strategic equilibrium based on defensive technologies and sharply reduced offensive deployments is likely to be the most stable and secure arrangement of all.

Our concept can be described as follows: During the next ten years, the U.S. objective is a radical reduction in the power of existing and planned offensive nuclear arms, as well as the stabilization of the relationship between offensive and defensive nuclear arms, whether on earth or in space. We are even now looking forward to a period of transition to a more stable world, with greatly reduced levels of nuclear arms and an enhanced ability to deter war based upon an increasing contribution of non-nuclear defenses against offensive nuclear arms. This period of transition could lead to the eventual elimination of all nuclear arms, both offensive and defensive. A world free of nuclear arms is an ultimate objective to which we, the Soviet Union, and all other nations can agree.

The Growing Unity and Strength of Friends and Allies

As the political dominance of the superpowers began to erode in the last few decades, some saw a five-power world emerging -- with the United States, Soviet Union, Western Europe, China, and Japan as the major players. After the energy crisis of the early 1970s, others emphasized the increasing importance of the North-South relationship. The fact is, none of these concepts adequately describes the evolving pattern of world politics.

In my view, the most striking trend is something else: the growing dynamism, cohesion, and cooperation of like-minded nations that share an important set of positive goals.

Equilibrium is not enough. American foreign policy is driven by positive goals -- peace, democracy, liberty, and human rights; racial justice; economic and social progress; the strengthening of cooperation and the rule of law. These are not Soviet goals. Yet they are at the core of any durable international system, because they are the goals that inspire peoples and nations around the world.*

The new spirit and unity of peoples that share these goals is a new trend we can see in many regions of the world and in many dimensions of foreign policy.

We see a new spirit of collaboration and friendship in our ties with our immediate neighbors Canada and Mexico -- ties whose importance is self-evident and which are a priority interest of the President.

In the Atlantic community, our time is marked by a new degree of political harmony and intimate collaboration among the Western allies.

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* See in the Appendix: "Human Rights and the Moral Dimension of U.S. Foreign Policy," Peoria, February 22, 1984.

Just as striking, Japan too has emerged as a partner on key political and security issues. There is a new awareness, for example, of the importance of strengthening conventional defenses, as a way of bolstering Europe's security while reducing NATO's reliance on nuclear weapons. A strong Western deterrence posture is the most solid basis for engaging the East in constructive negotiations. Under Lord Carrington's wise leadership, NATO is taking steps for the short run to improve its readiness and infrastructure. For the longer run, the Alliance is addressing other critical deficiencies, including the fundamental challenge of improving the efficiency of allied defense procurement.

Amid all the changes in the world, the security and well-being of Western Europe continue to be a vital interest of the United States. We have always supported Western European unity, knowing that a strong Europe, while it would be a competitor in some ways, was in the overall interest of the free world. We wish the European Community well; we encourage our European friends to make further progress in developing a true European-wide market and in breaking down structural rigidities that impede both economic expansion and effective economic cooperation with us.

We see also, in Europe, new and creative thinking about the continuing pursuit of political unity, and about strengthening Western European cooperation in the defense field.

We support both these goals. The West can only benefit from a major European role in world affairs. And the peoples of Western Europe should see defense as an endeavor they undertake for their own future, not as a favor to the United States. With statesmanship and a spirit of collaboration on both sides of the Atlantic, this evolution will strengthen the common defense and heighten the sense of common political purpose among the democracies.

As we think about Europe's evolution, we cannot forget Eastern Europe. Since the days of the Marshall Plan, when the West invited the East to join, we have always wanted the success of Western Europe to be a beacon to all of Europe. The present political division of the continent is wholly artificial; it exists only because it has been imposed by brute Soviet power; the United States has never recognized it as legitimate or permanent. Behind this cruel barrier lie political repression and economic stagnation. In certain countries, there are efforts at liberalization. But all the peoples of Eastern Europe are capable of something better, deserve something better, and yearn for something better. We have witnessed in recent years the powerful aspiration for free trade unions, for economic reform, for political and religious freedom, for true peace and security, for human rights as promised by the Helsinki accords.*

* See in the Appendix: "Remarks to the Followup Meeting of the Conference on Security and Cooperation in Europe," September 9, 1983.

We hope to see the day when the Soviet Union learns to think anew of its own security in terms compatible with the freedom, security, and independence of its neighbors.

In East Asia and the Pacific, another new reality is changing our thinking about the world. The economic dynamism of this region is taking on increasing importance, not only as a factor in America's foreign trade but as an economic model for the developing world and as a unique and attractive vision of the future. We see the countries of free Asia growing at seven percent a year over the past decade; for the past five years, our trade with East Asia and the Pacific has been greater than our trade with any other region and is expanding at an accelerating rate. ASEAN has become one of the world's most impressive examples of economic development and regional political cooperation. The Republic of Korea is a spectacular economic success story. Japan is playing a larger role -- responsibly, positively, and cooperatively -- commensurate with its growing strength. Experience is proving that economic openness is the formula for prosperity.

Pragmatism is now the watchword in the People's Republic of China, where the hopes for economic modernization have been invested -- wisely -- in a bold program of reform. China's long march to market is a truly historic event -- a great nation throwing off outmoded economic doctrines and liberating the energies of a billion talented people. We wish China well in this exciting endeavor.

There are, of course, problems that pose dangers to this bright economic future: the Soviet military buildup in the region; aggression by the Soviet Union and its clients in Afghanistan and Cambodia; unresolved tensions on the Korean peninsula; internal problems in various countries. East Asia has a rich heritage of civilization -- and also a turbulent history of bitter conflict. The tragedy that two of Asia's great ancient monuments -- Angkor Wat and Borobudur -- have suffered damage from modern violence is both a paradox and a warning.

The United States is conscious of its responsibility to contribute, in its way, to security and stability in East Asia and the Pacific. Our diplomacy seeks peaceful solutions to Asia's problems so that the fullest potential of its promise can be realized. We welcome in particular the role of ASEAN, including the front-line state of Thailand, which is working effectively to curb Vietnamese expansionism and aggression and to achieve a just settlement of the Cambodian conflict.

Overall, we are enormously encouraged by the new trend we see toward wider collaboration among many Asian nations with an extraordinary diversity of cultures, races, and political systems. A sense of Pacific community is emerging. There is an expanding practice of regional consultation, and a developing sense of common interest in regional security.

In this sense, a decade after Vietnam, the United States has more than restored its position in Asia. We can be proud of the vitality of our alliances, friendships, and productive ties in this promising region. If nations act with wisdom and statesmanship, we may well be at the threshold of a new era in international relations in the Pacific Basin.*

In Latin America, another kind of trend is apparent -- the steady advance of democracy. Democracy is hardly a new idea, but this new development is revising some earlier assumptions in some quarters about the world's political future. A few years back, pessimists maintained that the industrial democracies were doomed to permanent minority status in the world community. Today, there is mounting evidence that the ideal of liberty is alive and well. In the Western hemisphere, almost 95 percent of the population of Latin America and the Caribbean today live under governments that are either democratic or clearly on the road to democracy -- in contrast to only one-third in 1979. Over the last five years, popularly elected leaders have replaced military rulers or dictators in Argentina, Bolivia, Ecuador, El Salvador, Honduras, Panama, Peru, and Grenada.

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* See in the Appendix: "Asia-Pacific and the Future," Honolulu, July 18, 1984

Brazil and Uruguay will inaugurate new civilian presidents in March. Guatemala is in transition to democracy. After a long twilight of dictatorship, the trend toward free elections and popular sovereignty in this hemisphere is something to cheer about.*

The United States has always been a champion of democracy. Democratic institutions are the best guarantor of human rights, and also the best long-term guarantor of stability. The National Endowment for Democracy, with bipartisan support, is one reflection of this American commitment. On every continent, we see a trend toward democracy or else a yearning for democracy; both are vivid demonstrations that the idea of liberty is far from a culture-bound aspiration or monopoly of the industrialized West.

In fact, after years of guerrilla insurgencies led by Communists against pro-Western governments, we now see dramatic and heartening examples of popular insurgencies <u>against</u> Communist regimes.

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* See in the Appendix: "Democratic Solidarity in the Americas," Bridgetown, Barbados, February 8, 1984.

Today -- in a variety of different circumstances -- in Nicaragua, in Afghanistan, in Cambodia, in Ethiopia and elsewhere in Africa -- Marxist-Leninist rulers have found that the aspiration for representative government is not so easy to suppress. Americans have a long and honorable tradition of supporting the struggle of other peoples for freedom, democracy, independence, and liberation from tyranny. In the 19th century we supported Simon Bolivar, Polish patriots, and others seeking freedom -- reciprocating, in a way, the aid given to us in our own revolution by other nations like France.

As the President put it a week ago, "[W]e, who are committed to free government and democratic institutions, must maintain a sense of fraternity between ourselves and other freedom-loving peoples." This is a proud heritage and a moral responsibility -- and it poses some practical questions that we must face up to early in the 99th Congress.

The future of democracy is precisely what is at stake in Central America. United States policy is to promote democracy, reform, and human rights; to support economic development; to help provide a security shield against those who seek to spread tyranny by force; and to support dialogue and negotiation both within and among the countries of the region. Acting directly and through Cuba, the Soviet Union is abetting the establishment of a new Communist dictatorship in Nicaragua.

We are backing democratic governments and democratic political forces throughout Central America against extremists of both the left and the right. If we abandon those seeking democracy, the extremists will gain and the forces of moderation and decency will be the victims. This is why the Administration has worked so hard, and will continue to work hard, for effective negotiations, for economic and security assistance, and for the bipartisan plan that emerged from the Kissinger Commission. If the forces of dictatorship continue to feel free to aid and abet insurgencies in the name of "proletarian internationalism," it would be absurd if the democracies felt inhibited about promoting the cause of democracy, even by collective self-defense against such actions. Our nation's vital interests and moral responsibility require us to stand by our friends in their struggle for freedom.*

The Dynamic of Change

The process of change is inexorable. In southern Africa we have a role to play in working for democratic change in South Africa.

* See in the Appendix: "Struggle for Democracy in Central America," Dallas, April 15, 1983.

We are also key to efforts to help create a climate of regional security that will enable and encourage countries to get on with the priority of building decent and prosperous societies. In short, United States policy must pursue the dual objectives of racial justice and regional security. These two goals are not in conflict; they reinforce each other. But achieving them requires responsible, prudent, and dedicated diplomacy.

These twin challenges call for serious analysis and sober thinking, not emotional responses. We have already accomplished much, but our influence is not infinite. Today there is less cross-border violence in southern Africa than at any time in more than a decade. Progress is being made toward a Namibia settlement. We have strengthened ties with Mozambique and other regional states. And South Africa itself has developed cooperative relations with many of its neighbors.

President Reagan has made clear that we regard South African apartheid as repugnant. He spoke loud and clear on December 10 when he said: "We call upon the Government of South Africa to reach out to its black majority by ending the forced removal of blacks from their communities, and the detention without trial and lengthy imprisonment of black leaders....

We ask that the constructive changes of recent years be broadened to address the aspirations of all South Africans.... We urge both the government and the people of South Africa to move toward a more just society."

Within South Africa, a dynamic of change is already at work: More positive change is occurring now than in the 1970s or '60s or '50s. The positive influence of our relationship -- our diplomacy, our companies, our assistance programs for black South Africans -- is helping to build the basis for further change. Apartheid must go. But the only course consistent with American values is to engage ourselves as a force for constructive, peaceful change while there is still a chance. It cannot be our choice to cheer on, from the sidelines, the forces of polarization that could erupt in a race war; it is not our job to exacerbate hardship, which could lead to the same result.

Another region of change is the Middle East. Recent events have reminded us that the Arab-Israeli conflict is far from the only source of tension in that part of the world. There are other deep-seated national, ethnic, and religious conflicts like the Iran-Iraq war; there are diverse sources of radical extremism ranging from Marxist-Leninist ideology, to Islamic fundamentalism, to Qadhafi's bizarre personal brand of fanaticism; the Soviets seek to reinforce rejectionist elements and to exploit regional tensions for their own advantage.

The United States will continue its efforts to promote peaceful solutions in this vital area. This mediation is, of course, a traditional American role, but new conditions always call for new ways of thinking about how to pursue it. We are committed to the support of diplomatic efforts to end the conflicts in the Gulf, in Lebanon, and in the Sahara. We are committed to the President's September 1 initiative as the most promising route to a solution of the Palestinian problem. We will be intensively engaged this year in consultations with our Arab and Israeli friends to explore opportunities for progress.*

In the global economy, an important shift of another kind is taking place -- an intellectual shift, reflecting some lessons from experience. Lord Keynes's point about practical men being in thrall to some defunct economist may be less true now than in the past. Or perhaps the views first expressed by Adam Smith over two centuries ago on the creation of the "wealth of nations" are once again gaining practical prominence. At any rate, reality is intruding on some long-held notions about economic policy.

* See in the Appendix: "Promoting Peace in the Middle East," Atlanta, November 19, 1983.

In both industrialized and developing countries, the economic difficulties of recent years are reminding us of some old truths about the real sources of economic progress. Some of us never forgot those truths. But recent experience has fueled a broad and long-overdue skepticism about statist solutions, central planning, and government direction.

This intellectual shift is partly the product of the extraordinary vigor of the American recovery. The United States has revised its tax system to provide real incentives to work, to save, to invest, to take risks, to be efficient. We have reduced government regulation, intervention, and control. We have opened opportunities for freer competition in transportation, finance, communication, manufacturing, and distribution. Last year's real growth in GNP was the sharpest increase since 1951; inflation was the lowest since 1967. The overall result has been the extraordinary creation of over seven million new jobs in two years.

Success inspires emulation. Not only in East Asia, as I noted, but on every continent -- Europe, Latin America, Africa, and elsewhere in Asia -- we see movement to decentralize, to deregulate, to denationalize, to reduce rigidity, and to enlarge the scope for individual producers and consumers to cooperate freely through markets.

In Africa, for example: If there is to be a long-term solution to the problem of hunger, it will have to come not just from relief efforts but from training, productive investment, and liberalizing reforms in agriculture; our aid policy is encouraging the efforts of African countries to move further in this direction.*

A worldwide revolution in economic thought and economic policy is underway. And it is coming just in time, because it coincides with yet another revolution -- a revolution in the technological base of the global economy. This is what Walter Wriston has called "the onrushing age of information technology" -- the combination of microchip computers, advanced telecommunications, and continuing innovation that is transforming almost every aspect of human endeavor.

The implications of this revolution are not only economic. First of all, the very existence of these new technologies is yet another testimony to the crucial importance of entrepreneurship -- and government policies that give free rein to entrepreneurship -- as the wellspring of technological creativity and economic growth.

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* See in the Appendix: "The U.S. and the Developing World: Our Joint Stake in the World Economy," New York, May 26, 1983.

The closed societies of the East are likely to fall far behind in these areas -- and Western societies that maintain too many restrictions on economic activity run the same risk. Second, any government that resorts to heavy-handed measures to control or regulate or tax the flow of electronic information will find itself stifling the growth of the world economy as well as its own progress. This is one of the reasons why the United States is pressing for a new round of trade negotiations in these service fields of data processing and transfer of information.

Third, the advance of technology in this dimension is bound to challenge many cherished notions of sovereignty. But here too the West has the advantage, because the free flow of information is inherently compatible with our political system and values. The Communist states, in contrast, fear this information revolution perhaps even more than they fear Western military strength. If knowledge is power, then the communications revolution threatens to undermine their most important monopoly -- their effort to stifle their people's information, thought, and independence of judgment. We all remember the power of the Ayatollah's message disseminated on tape cassettes in Iran; what could have a more profound impact in the Soviet bloc than similar cassettes, outside radio broadcasting, direct broadcast satellites, personal computers, or xerox machines?

Totalitarian societies face a dilemma: Either they try to stifle these technologies and thereby fall further behind in the new industrial revolution, or else they permit these technologies and see their totalitarian control inevitably eroded. In fact, they do not have a choice, because they will never be able entirely to block the tide of technological advance however hard they try.

The march of technology also compels us to continue our efforts to prevent the spread of nuclear weapons. The United States has long been the leader of an international effort to establish a regime of institutional arrangements, legal commitments, and technological safeguards to control the proliferation of nuclear weapons capabilities. This program has, in fact, had considerable success, in that the number of states that have acquired the means to produce nuclear explosives is far lower than doomsayers predicted 20 years ago. At the same time, the potential dangers of nuclear weapons proliferation remain as serious and menacing to international stability as has long been predicted.

The Reagan Administration will pursue this essential endeavor with a realistic appreciation of its complexities.

Our thinking on this issue takes account of the growing international reliance on peaceful nuclear energy, the security concerns that give rise to the incentive to seek nuclear weapons, and the need for broad multilateral collaboration among nuclear suppliers if a non-proliferation regime is to be effective. We have made progress in restoring a relationship of confidence and a reputation for reliability with our nuclear trading partners. We have had fruitful talks with the Soviet Union on this subject; we have worked to promote comprehensive safeguards and stricter export controls.*

New Challenges to Our Ways of Thinking

Mr. Chairman, these broad trends I have described are mostly positive trends, but not all. We see social dislocation arising from economic change; we see urban alienation, political turbulence, and the many potential sources and forms of disorder I have mentioned. The changes in the international system will follow the positive trends only if we -- the United States and the free world -- meet our responsibility to defend our interests and seek to shape events in accordance with our own ideals and goals.

* See in the Appendix: "Preventing the Proliferation of Nuclear Weapons," New York, November 1, 1984.

In at least one respect, the modern world -- with its spreading technology and prosperity and democratic aspirations -- is ironically becoming also more and more vulnerable. I am thinking, of course, about terrorism. Even as the world becomes more secure from the danger of major war, paradoxically the democratic world now faces an increasing threat from this new form of warfare.

Terrorism these days is becoming less an isolated phenomenon of local fanatics, and increasingly part of a new international strategy resorted to by the enemies of freedom. It is a vicious weapon used deliberately against democracies; against the interests, policies, and friends of the democracies; and against completely innocent people. There are disturbing links, as well, to international drug trafficking. Terrorism is a problem that, more than many others, is forcing us into new ways of thinking about how to safeguard our future. During the year ahead we must be prepared for serious terrorist threats in Western Europe, in the Middle East, and in Latin America, much of it supported by or encouraged by a handful of ruthless governments.

As you know, Mr. Chairman, I have been speaking out frequently on this subject, to stimulate public consideration and discussion of the complex issues involved.*

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* See in the Appendix: "Terrorism: The Challenge to the Democracies," June 24, 1984; "Terrorism and the Modern World," New York, October 25, 1984; "The Ethics of Power," New York, December 9, 1984.

A counter-strategy for combatting terrorism, in my view, must encompass many things:

-- We and our allies must work still harder to improve security, share information, coordinate police efforts, and collaborate in other ways to defeat international terrorism. Much has been done in the past year, but much more remains to be done.

-- We in this country must think hard about the moral stakes involved. If we truly believe in our democratic values and our way of life, we must be willing to defend them. Passive measures are unlikely to suffice; means of more active defense and deterrence must be considered and given the necessary political support.

-- Finally, while working tirelessly to deny terrorists their opportunities and their means, we can -- and must -- be absolutely firm in denying them their goals. They seek to blackmail us into changing our foreign policies or to drive us out of countries and regions where we have important interests. This we cannot permit; we cannot yield position or abandon friends or responsibilities under this kind of pressure. If we allow terrorists even one such victory, we embolden them further; we demoralize all who rely on us, and we make the world an even more dangerous place.

There is, of course, a broader issue here, which I have also been discussing in several public statements. This is the basic question of the use of American power in the defense of our interests and the relevance of our power as the backstop to our diplomacy. It is reflected, for example, in what are often called "gray-area challenges" -- namely, the kind of regional or local conflicts and crises that are likely to persist in a turbulent world, below the threshold of major war but nonetheless affecting important Western interests. Most of the major conflicts since 1945, indeed, have originated in such conflicts in the developing world. The end of the colonial order has not brought universal peace and justice; much of the developing world is torn by the continuing struggle between the forces of moderation and the forces of radicalism -- a struggle actively exploited and exacerbated by the Soviet Union.

It is absurd to think that America can walk away from such challenges. This is a world of great potential instability and many potential dangers. We live, as is commonly said, on a shrinking planet and in a world of increasing interdependence. We have an important stake in the health of the world economy and in the overall conditions of global security; the freedom and safety of our fellow human beings will always impinge on our moral consciousness. Not all these challenges threaten vital interests, but at the same time an accumulation of successful challenges can add up to a major adverse change in the geopolitical balance.

We must be wise and prudent in deciding how and where to use our power. Economic and security assistance to allies and friends is clearly the preferred course -- and is of crucial importance to our foreign policy; the direct American use of force must always be a last resort. The United States will always seek political solutions to problems -- but such solutions will never succeed unless aggression is resisted and diplomacy is backed by strength. We are reasonably well prepared to deter all-out Soviet nuclear aggression -- provided we continue with our strategic modernization -- but we must be sure we are as well prepared, physically and psychologically, for this intermediate range of challenges.*

Peace, Progress, and Freedom

Mr. Chairman, I have touched on a wide variety of topics, but two very important, and very basic, conclusions can be drawn from them.

First, the agenda for the immediate future seems to me to be an agenda on which the American people are essentially united. These are goals that are widely shared and tasks that are likely to reinforce another important trend: namely, the reemergence of a national consensus on the main elements of our foreign policy.**

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* See in the Appendix: "Power and Diplomacy in the 1980s," April 3, 1984.

** See in the Appendix: "A Forward Look at Foreign Policy," Los Angeles, October 19, 1984.

This, indeed, may be the most important positive trend of all, because so many of our difficulties in recent decades have been very much the product of our own domestic divisions. I hope, Mr. Chairman, that our two parties and our two branches of government will find ways to cooperate in this spirit, which would enormously strengthen our country in the face of the new opportunities and challenges I have described.

Second, Mr. Chairman, all the diverse topics I have touched upon are, in the end, closely interrelated. President Reagan made this point in his speech to the United Nations last September.* The United States seeks peace and security; we seek economic progress; we seek to promote freedom, democracy, and human rights. The conventional way of thinking is to treat these as discrete categories of activity. In fact, as we have seen, it is now more and more widely recognized that there is a truly profound connection among them. And this has important implications for the future.

It is no accident, for example, that America's closest and most lasting international relationships are its alliances with its fellow democracies.

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* See in the Appendix: "Reducing World Tensions," the President's address before the UN General Assembly, September 24, 1984.

These ties with the Atlantic Community, Japan, and other democratic friends have an enduring quality precisely because they rest on a moral base, not only a base of strategic interest. When George Washington advised his countrymen to steer clear of permanent alliances, his attitude was colored by the fact that there were hardly any other fellow democracies in those days. We were among the first, and we had good reason to be wary of entanglements with countries that did not share our democratic principles. In any case, we now define our strategic interests in terms that embrace the safety and well-being of the democratic world.

Similarly, as I have already discussed, it is more and more understood that economic progress is related to a political environment of openness and freedom. It used to be thought in some quarters that socialism was the appropriate model for developing countries because central planning was better able to mobilize and allocate resources in conditions of scarcity. The historical experience of Western Europe and North America, which industrialized in an era of limited government, was not thought to be relevant. Yet the more recent experience of the Third World shows that a dominant government role in developing economies has done more to stifle the natural forces of production and productivity and to distort the efficient allocation of resources.

The real engine of growth, in developing as well as industrialized countries, turns out to be the natural dynamism of societies that minimize central planning, open themselves to trade with the world, and give free rein to the talents and efforts and risk-taking and investment decisions of individuals.

Finally, there is almost certainly also a relationship between economic progress, freedom, and world peace. Andrei Sakharov has written: "I am convinced that international trust, mutual understanding, disarmament, and international security are inconceivable without an open society with freedom of information, freedom of conscience, the right to publish, and the right to travel and choose the country in which one wishes to live. I am also convinced that freedom of conscience, together with other civic rights, provides both the basis for scientific progress and a guarantee against its misuse to harm mankind."

The implication of all this is profound: It is that the Western values of liberty and democracy, which some have been quick to write off as culture-bound or irrelevant or passe, are not to be so easily dismissed. Their obituary is premature. These values are the source of our strength, economic as well as moral, and they turn out to be more central to the world's future than many may have realized.

After more than a century of fashionable Marxist mythology about economic determinism and the "crisis of capitalism," the key to human progress turns out to be those very Western concepts of political and economic freedom that Marxists claimed were obsolete. They were wrong. Today -- the supreme irony -- it is the Communist system that looks bankrupt, morally as well as economically. The West is resilient and resurgent.

And so, in the end, the most important new way of thinking that is called for in this decade is our way of thinking about ourselves. Civilizations thrive when they believe in themselves; they decline when they lose this faith. All civilizations confront massive problems -- but a society is more likely to master its challenges, rather than be overwhelmed by them, if it retains this bedrock self-confidence that its values are worth defending. This is the essence of the Reagan revolution and of the leadership the President has sought to provide in America.

The West has been through a difficult period in the last decade or more. But now we see a new turn. The next phase of the industrial revolution -- like all previous phases -- comes from the democratic world, where innovation and creativity are allowed to spring from the unfettered human spirit. By working together, we can spread the benefit of the technological revolution to all.

And on every continent -- from Nicaragua to Cambodia, from Poland to South Africa to Afghanistan -- we see that the yearning for freedom is the most powerful political force all across the planet.

So, as we head toward the 21st century, it is time for the democracies to celebrate their system, their beliefs, and their success. We face challenges, but we are well poised to master them. Opinions are being revised about which system is the wave of the future. The free nations, if they maintain their unity and their faith in themselves, have the advantage -- economically, technologically, morally.

History is on freedom's side.