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February 16, 1985 No. 30 AS PREPARED FOR DELIVERY

## THE IMPORTANCE OF THE MX PEACEKEEPER MISSILE

TESTIMONY BY

THE HONORABLE GEORGE P. SHULTZ

SECRETARY OF STATE

BEFORE THE SENATE ARMED SERVICES COMMITTEE

WASHINGTON, D.C.

TUESDAY, FEBRUARY 26, 1985

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Mr. Chairman and distinguished members of this Committee,

I welcome this opportunity to appear before you to speak in support of the President's program of strategic modernization. This subject is of enormous importance to our diplomacy because of the direct impact of strategic modernization on our national security, our arms control objectives, and our most fundamental foreign policy goals.

### Strategic Modernization and Foreign Policy

As Secretary of State, I am acutely conscious of the strength or weakness of American power, because it directly affects our ability to achieve our most fundamental goals: the defense of our values and our interests and the construction of a safer, freer, and more prosperous world. Power and diplomacy are not separate dimensions of policy; they are inextricably linked together.

That is why I am here today to urge support for strategic modernization, and, in particular, for the MX Peacekeeper missile program which is a central pillar of that modernization.

As leader of the democratic nations, we have an inescapable responsibility to maintain the strategic balance -- and only we can maintain it.

If our determination flags, we shake the confidence of our friends and allies around the world; we weaken the cohesion of our alliances. If we in America are strong and united in our commitment to peace and international security, then those who rely on us, and upon whom we rely, have the confidence to move together with us toward our shared goals.

Modernization of our strategic forces is essential. The Soviet strategic buildup has continued relentlessly. Since we deployed our most modern type of ICBM, the Minuteman III, the Soviet Union has deployed three new types of ICBMs -- the SS-17, 18 and 19 -- including 360 SS-19s roughly comparable in size to the MX, each with six warheads, and 308 of the much larger SS-18, each with ten warheads. Moreover, within the next two years, the Soviets will begin deploying two additional new types -- the SS-X-24 and 25. This means five new Soviet ICBMs compared to one -- the MX -- for the United States.

A credible, flexible American strategic posture is vital to the stable balance of power on which peace and security rest.

And the MX is a vital element of that stable balance. It represents the response that four successive administrations -- both Democratic and Republican -- have believed necessary to offset, at least partially, the formidable Soviet ICBM arsenal.

It was permitted by the SALT II Treaty, and indeed its contribution to the strategic balance was one of the premises on which that Treaty was based. The bipartisan Scowcroft Commission concluded, and I am convinced, that the MX remains an essential component of a modernized strategic triad.

If the Soviets could strike effectively at our land-based ICBMs, while our own land-based deterrent lacked any comparable capability, they might believe that they had a significant advantage in a crucial dimension of the strategic balance; they could seek to gain political leverage by a threat of nuclear blackmail. Such a crucial imbalance in strategic capabilities could well make them bolder in a regional conflict or in a major crisis.

As the Scowcroft Commission put it:, "A one-sided strategic condition in which the Soviet Union could effectively destroy the whole range of strategic targets in the United States, but we could not effectively destroy a similar range of targets in the Soviet Union, would be extremely unstable over the long run [and] would clearly not serve the cause of peace."

We must move ahead with deployment of the MX now because it represents a credible deterrent today.

After years of planning and billions of dollars in effort, only the MX offers a way toward redressing the serious strategic imbalance now.

Many critics of the MX have focussed on the issue of MX basing in relationship to survivability. There are three points I wish to make:

First, Soviet planners, in the uncertainty of war, would have to take into account that some of our MX missiles would survive attack and would be used to retaliate against those targets the Soviets value most highly, including Soviet missiles held in reserve for further attacks against our country.

Second, the survivability of the MX must be viewed in conjunction with the other elements of our strategic triad. The three legs of the triad -- bombers, submarines, and land-based ballistic missiles -- strengthen deterrence by greatly complicating Soviet planning. If the Soviets were to contemplate an all-out attack, they would be forced to make choices that would significantly reduce their effectiveness against one leg of the triad in order to attack another.

For example, it is not possible to attack our bomber bases and our ICBM silos simultaneously, without allowing certain retaliation. Indeed, deterrence rests upon the Soviet planners knowing they cannot contemplate a successful, disarming first strike.

Third, silo hardening can be improved significantly in the future and thereby increase the survivability for the MX force. The Scowcroft Commission reported on this capability and the Congress has funded its research. The prospects are firm and promising and will ensure the MX will remain a key element of the triad far into the future.

Additionally, it is important to understand that the whole of our strategic triad is greater than the sum of the individual parts. Viewed in the full context, the MX will strengthen the whole of our triad, on which our security has rested for many years, and in so doing, it will strengthen the fabric of deterrence and peace.

#### Strategic Modernization and Arms Control

At this moment, the MX program plays a pivotal role in advancing our arms control goals, as well.

One thing we have learned over the years is that the Soviets respect strength and firmness. I am convinced that our firmness and that of our allies in the last few years -- in proceeding with INF deployments and resisting Soviet efforts to drive a wedge between the allies -- persuaded the Soviets that they could not achieve their objectives by political pressure, that they could not sit back and wait for unilateral concessions, but they must bargain at the table instead.

Thanks to the West's cohesion and determination over this period — and thanks to Congress' bipartisan support for the strategic modernization program over the past three years — our negotiating position today is strong. The Soviets must realize that we have the will to protect our security in the absence of arms control agreements, and that it is in their interest, as much as ours, to seek ways to reduce nuclear arsenals and the dangers of war. This basis of strength improves the prospects for successful negotiations.

These new weapons are <u>not</u> "bargaining chips;" they are part of the very strength on which real bargaining rests. They represent much-needed modernization, consistent with existing arms control agreements; they are an essential element of our deterrent posture; and they are the foundation on which an effective and balanced arms control regime can be built.

### Negotiating with Strength and Unity

As you know, a new round of arms control negotiations is about to begin in Geneva. The American people and their government — the Congress and the President — all share the hope that these negotiations will bear fruit. We must be prepared to defend our ideals and interests whether negotiations are successful or not. The United States has, however, long sought a more constructive and productive relationship with the Soviet Union. We emphasized throughout 1984 the importance of resuming a US-Soviet dialogue aimed at reductions in nuclear arsenals.

The year 1985 has begun on a positive note. The outcome of the January meetings with Foreign Minister Gromyko marked a potentially important beginning. The agreement to start new negotiations in Geneva on March 12 brings the resumption of the dialogue on the most important strategic issues now facing our two nations. We will use these negotiations to discuss fully our views on the evolution of strategic deterrence, including our hope that the Strategic Defense Initiative research will allow us to move to a new strategic environment, based on defense and not simply the prospect of mutually assured destruction. We are now engaged in a process that can produce beneficial results for the United States, for our allies, and for world peace and security.

Success, however, will require firmness and determination, a degree of flexibility and a degree of caution. It will also require something even more basic: unity at home on the importance of these requirements and of our fundamental strength.

As we move toward these negotiations, we must proceed as a united people. When we sit down at the table to discuss these questions with the Soviet Union, it is essential that we speak with one voice, that we not present the picture of a nation in conflict with itself, giving the Soviet Union either openings to exploit or false hopes that we will make unilateral, unreciprocated concessions. The negotiations we are about to embark upon are between the United States and the Soviet Union. We cannot and must not allow them to deteriorate into negotiations among ourselves.

The negotiators the President has chosen to represent us at Geneva, including your former colleague John Tower, are among the most intelligent, able men in the land. They are tough negotiators. They will represent our country, defend our interests, and pursue our goals, with skill and dedication. In a sense, however, these men are only the tip of the pyramid: Their work in Geneva will be supported by their respective delegations and by the expertise and commitment of hundreds of people in the United States government.

But the real foundation of the whole edifice -- on which its strength really depends -- is the degree to which they are supported also by our Congress and public. Our arms control efforts cannot succeed without this support.

This is no time to cast doubt on our national resolve. When we send our negotiators to the table in Geneva, we owe it to them and to our country to send them in with the strongest possible negotiating position, and with the full backing of the nation. And that means not suggesting unilateral concessions that might diminish the incentives the Soviets have to talk. That means not cutting programs vital to our strategic posture. It means coming together behind a solid negotiating position that offers the best hope for achieving the goals I know we all seek.

# PRESS DEPARTMENT OF STATE

No. 31 February 26, 1985

REAGAN SUBMITS COMPACT TO THE CONGRESS FOR APPROVAL

President Reagan has asked the United States Congress to enact a proposed Joint Resolution approving the Compact of Free Association between the United States and the Republic of the Marshall Islands and the Federated States of Micronesia (FSM).

In his letter of February 20, transmitting the Compact, the President states that:

"The Compact of Free Association is the result of more than fourteen years of continuous and comprehensive negotiations, spanning the administrations of four Presidents. The transmission of the proposed Joint Resolution today, and Congressional enactment of it, marks the last step in the Compact approval process."

The United States has administered the Trust Territory of the Pacific Islands (TTPI) under the Trusteeship Agreement since 1947, and has been responsible for promoting the political, economic and social development of its peoples. The Compact provides grant assistance to promote economic development and establishes a close political relationship between the U.S. and the other signatory governments. The FSM and the Marshall Islands will achieve full self-government under the terms of the Compact, which provides that their governments will have control of their internal affairs and the ability to conduct foreign affairs. The United States will retain full authority in all security and defense matters relating to the FSM and the Marshall Islands.

In order to promote the development of self-government in the Trust Territory in accordance with the democratically expressed wishes of the people, the United States fostered the establishment of constitutional governments in Palau, the Marshall Islands, and the FSM. Throughout the negotiations, the representatives of Palau, the Marshall Islands and the FSM sought to establish the free association political relationship with the United States. This relationship is set forth on a government-to-government basis in the Compact of Free Association. In 1983, the peoples of the Federated States of Micronesia and the Marshall Islands approved the Compact of Free Association in United Nations-observed plebiscites.

Representatives of the Northern Mariana Islands, the fourth political jurisdiction of the Trust Territory, negotiated commonwealth status with the United States. In 1975, the people of the Northern Mariana Islands approved the Covenant establishing the Commonwealth of the Northern Mariana Islands in the United Nations-observed plebiscite, and the United States Congress enacted the Covenant into law in 1976.

In transmitting the Compact to Congress, President Reagan stated:

"Enactment of the draft Joint Resolution approving the Compact of Free Association would be a major step leading to the termination of the Trusteeship Agreement with the United Nations Trusteeship Council....Therefore, I urge the Congress to approve the Compact of Free Association."

The Administration is asking Congress to enact into law the Compact for the FSM and the Marshall Islands, as it has enacted the Covenant for the Northern Mariana Islands. (The Senate has referred the Compact to the Energy and Natural Resources Committee, and in the House, the Committees on Foreign Affairs and Interior and Insular Affairs have been assigned joint jurisdiction of the document.) Once so enacted by a majority vote in both Houses of the Congress, the Compact will provide the principal basis for seeking to terminate the Trusteeship for the FSM and the Marshall Islands, as the Covenant does with respect to the Northern Mariana Islands.

In 1983 and again in 1984, a majority of the people of Palau approved Free Association as defined in the Compact. However, the Compact did not obtain the 75% margin required under the Palau Constitution. Consequently, President Reagan is not asking Congress to approve the Compact of Free Association for Palau at this time.

For further information contact: Mr. Samuel B. Thomsen or Mr. James D. Berg of the Office for Micronesian Status Negotiations, 202-343-9143.

February 27, 1985 No. 32

AS PREPARED FOR DELIVERY

STATEMENT OF

GEORGE P. SHULTZ

BEFORE THE

SUBCOMMITTEE ON INTERNATIONAL OPERATIONS OF THE COMMITTEE ON FOREIGN AFFAIRS

HOUSE OF REPRESENTATIVES

FEBRUARY 27, 1985

DEPARTMENT OF STATE AUTHORIZATION REQUEST FOR FISCAL YEARS 1986-1987

Mr. Chairman and Members of the Committee:

I am here today to discuss the President's authorization request for the the Department of State. The Department is a principal national security arm of the United States Government, comparable with our military and intelligence services. War only starts when diplomacy fails. Diplomacy is the front line, world wide, 24 hours a day. As a result, this budget should be seen as a fundamental part of our national security program.

For Fiscal Year 1986, the President and I are requesting \$2,898,693,000 to support the Department's activities at home and abroad. This figure is \$18,468,000 less than the estimate of \$2,917,161,000 for FY 1985. For Fiscal Year 1987, we are requesting authorization of \$2,885,137,000 which is \$13,556,000 less than the amount for Fiscal Year 1986, primarily reflecting the non-recurring of building costs in Fiscal Year 1986.

Before discussing the details of our authorization request,

I would like to tell you about some of our accomplishments

since I talked with you last.

## In the field of Reporting and Analysis;

- -- We have established the new political and economic officer positions authorized by the Congress as part of the Administration's program to rebuild the Department's reporting and analysis capabilities. Sixty percent of these were overseas positions; some of the domestic positions were used to augment our analysis of terrorist organizations and activities.
- -- We have opened five new Foreign Service posts, including embassies in Grenada and Brunei and consulates in Brisbane, Australia; Pusan, Korea; and Shenyang, China. (Shenyang is the third consulate we have opened in China.)

## In the field of Security;

- -- 144 posts worldwide have received funds for emergency perimeter security improvements.
- -- We have contracted with 10 U.S. construction firms to design and build major physical security improvements at 37 high-threat posts abroad. These firms are beginning to survey construction requirements this month.

- -- 60 fully armored vehicles will be delivered to posts
  worldwide by early fall of this year to augment the current
  fleet, which is woefully inadequate.
- -- Mobile security training teams have been formed and after special training will be dispatched to overseas posts in June to train foreign national security personnel and Americans in antiterrorist tactics, such as defensive driving, and hostage survival techniques.

I will come back to Reporting and Analysis and Security in a moment.

In the field of Reciprocity;

- -- We have imposed travel and real estate controls on certain foreign missions and their diplomats (mostly Eastern Bloc).
- -- We have begun issuing red, white and blue federal diplomatic license plates for vehicles owned by foreign missions and their personnel as part of a program to require that all diplomatic vehicles carry adequate third party liability insurance.

### In the field of Management;

-- Partly in response to OMB and the Grace Commission, we are developing a five-year workforce plan to determine the appropriate size and structure for the Foreign Service.

Our goals are to reduce staffing at the mid and senior levels and add junior officer positions. In the last promotion cycle, we took the difficult decision to curtail promotions into the Senior Foreign Service.

## In the field of Communications;

- -- We have formed a crisis communication team equipped with tactical satellite systems that can provide emergency communications for three simultaneous crises.
- -- We have installed four classified information systems that provide "paperless" handling of sensitive information at overseas posts.

I am proud of these accomplishments, but much remains to be done. Therefore, we are requesting authorization of appropriations for Fiscal Year 1986 in four major categories.

First, we seek \$1,962,376,000 for the Administration of Foreign Affairs -- to cover the Department's basic diplomatic and consular functions, salaries, operating expenses, allowances, overseas building construction and maintenance. Second, in the category International Organizations and Conferences, we request \$553,574,000 to cover assessed contributions to international organizations of which the United States is a member, contributions for United Nations peacekeeping activities, and American participation in multilateral international conferences. Third, under the heading of International Commissions, \$26,278,000 is required to meet our treaty commitments under boundary agreements with Canada and Mexico and to cover our share of expenses as a member of eleven international fisheries commissions. Finally, in the category of Other Appropriations, we propose \$356,465,000 for assistance to migrants and refugees, Bilateral Science and Technology Agreements with Yugoslavia and Poland, support for the Asia Foundation, and the Soviet East European Research Training Fund.

FY 1986 is the first time in 14 years the Department has not requested an increase in funding. Nonetheless, within this necessarily harsh fiscal environment we will continue to meet the challenges which are central to the security and economic vitality of the nation.

We will pursue the President's policies to reduce the risk of war through arms control and nuclear nonproliferation, to fight terrorism, and to expand opportunities for economic development and personal freedom through trade promotion, solutions to international debt problems, increased food production and other humanitarian efforts.

The Department's budget strategy has been to hold the line on spending in all areas except those which are absolutely essential to accomplish our mission. While we cannot fund all our current activities at existing levels, we will seek to increase productivity through automation and management improvements to absorb significant workload increases in areas such as passport issuance and administrative support.

But three important areas must be maintained and strengthened. They are:

- Expanding and improving the Department's ability to obtain and interpret foreign policy information through improved reporting and analysis.
- 2. Improving the security of our people overseas.

3. Improving our personnel management and training.

I would like to discuss reporting and analysis first. It is our central function. When I talk about reporting and analysis, I mean information about the thoughts and plans of key foreign leaders, the factors which influence them, how they make policy decisions and how they will react to our own decisions and those of other countries. We must predict trends, intentions and objectives. Ultimately, I must use this information and related judgments as a basis for policy recommendations to the President.

These recommendations based on reporting and analysis are critical to our national security. The Department is the single most important source of foreign affairs information for the entire United States Government. In the case of the national security-intelligence and economic intelligence categories, the Department provides more than half of all foreign affairs information available to the government. Concerning the internal politics of other countries, the Department provides about two-thirds of this data.

But, as I have stated to the Congress before, State's ability to meet national reporting and analysis requirements has seriously atrophied in the previous decade in the face of budget constraints. With the support of the Congress, we have begun to restore our weakened reporting and analysis capability. Based on the advice of our Ambassadors, assessments by our regional bureaus, evaluations by the Bureau of Intelligence and Research, inspection reports, and advice from other elements of the intelligence community, the Department has identified where our reporting analysis capability is deficient and produced a three-year plan to remedy that deficiency. This year the Administration is seeking 176 new positions for this purpose.

Mr. Chairman, I would now like to turn to the issue of security. Last year I told the House and Senate Appropriations Committees I was taking two steps: first, an immediate effort to improve wordwide security primarily in the Persian Gulf area and, second, that I planned to convene a high level advisory panel to study how the worldwide security problem would affect us in the future and to make recommendations to deal with it.

As you know, the bombings in Beirut led to a greatly expanded effort to strengthen the security of our facilities and people overseas -- an effort which received strong Congressional support.

All our posts have intensively reviewed their security needs, and these reviews have been the basis for quick action. We have made immediate improvements at 23 high-threat posts, and we are planning to construct 13 new office buildings that will meet new security standards. In addition, we have contracted with private firms to provide longer-term improvements at 38 of our posts. We have kept Congressional leadership advised of our progress on a regular detailed basis.

It has been a crucial necessity to spend more money to protect our people abroad, and the Congress, on a bipartisan basis, has been enormously helpful. Last year the Congress authorized a \$361 million security supplemental of which \$110 million was appropriated. That money is currently funding the bulk of the new measures we are now taking.

We are now seeking the balance of this emergency authorization in a 1985 supplemental appropriation to allow us to start the construction of these new embassy buildings and other essential actions. It is a major undertaking. Delay extends the period of danger to our people.

The high level advisory panel was formed last summer under the chairmanship of retired Admiral Bobby Inman. Its members include Senator Warren Rudman and Representative Dan Mica, former Under Secretary of State Larry Eagleburger, Ambassador Anne Armstrong, Lt. General D'Wayne Gray, Chief of Staff of the Marines, Robert McGuire, former Police Commissioner of New York City and now President of Pinkerton.

This distinguished and experienced group plans to give me a report and recommendations in late May. But it has recently given me some preliminary suggestions. The most important preliminary finding of the Panel is that facilities at perhaps 139 of our 262 posts abroad do not meet our new minimum security standards and are in need of replacement or significant overhaul. For example, some posts are located on the streets in downtown areas while others are vulnerable for other reasons.

There is one other development regarding security of our personnel overseas I would like to comment on. I recently announced the formation of a new joint venture between the State Department and the private sector: the Overseas Security Advisory Council.

The Members of this Council will come from a wide range of American businesses that operate abroad, American law enforcement agencies, and other foreign affairs agencies. The Council's goals are:

- -- to establish a continuing liaison between officials in both the public and private sector in charge of security matters.
- -- to recommend plans for greater operational coordination between the government and the private sector overseas.

By working together to enhance security, I know we can be more effective in saving lives and reducing the dangers of doing private or official business abroad.

Mr. Chairman, I would like to conclude my remarks with some thoughts about personnel management and training in the Foreign Service. In doing so, I would like to point to the strong record of Congressional support for our personnel most recently expressed in the Foreign Service Act of 1980. Your support affects morale strongly, and we deeply appreciate it.

It is a truism to say that our people are the Department's most important resource. We must never lose sight of this fact. It is why we attach so much importance to improved security, to pay and benefits, and to training.

For the last sixty years the Congress has directed the Department to provide training in foreign affairs for the Foreign Service and other government agencies without providing a location for it. The Foreign Service Institute, which has become one of the finest training centers in language, area and professional studies, has been housed in a series of temporary buildings, apartments, a garage and now unsatisfactory office building space in Rosslyn. We will have to curtail the training program mandated by Congress in the Foreign Service Act of 1980 if we do not get new space.

The time has come to establish a permanent, national foreign affairs training center to serve all foreign affairs agencies.

To that end, we seek authorization for the establishment of such a facility for the Foreign Service Institute.

This year the Congress will again be looking at benefits, principally retirement. I ask you to keep in mind the bravery, devotion to duty and sacrifice made by the men and women in the Foreign Service. Our people are constantly exposed to the dangers of terrorism, kidnapping bombings, and mob action. In just the last two years, 21 Americans assigned to Foreign Service posts abroad were killed by hostile action.

In a world in which the threat of terrorism is mounting, and America is called upon to deal with a difficult, dangerous, and debilitating array of problems, it is the Foreign Service which is out there on the front line.

Allowances, differentials and benefits do not enrich Foreign Service personnel. They partially compensate for unhealthful or dangerous living conditions or the absence of services such as public education to which all Americans are entitled. Now, many of them are reduced in this budget as a function of the 5% pay cut

The Foreign Service retirement plan is a benefit which is central to the management of the service. It offers the possibility of and in fact requires earlier retirement than the Civil Service program in recognition of the competitive nature of the Foreign Service and the accumulated stress and difficulties of a Foreign Service career. After age 50, for example, more than half of our Foreign Service personnel are unavailable for worldwide duty because either the employee or a member of the family cannot qualify for a full medical clearance. They no longer can meet the physical requirements of the job.

The Foreign Service personnel system is highly competitive and annually separates or "selects out" a number of officers.

Last year 39 officers were manditorily retired in that manner.

We need to be sure that changes to the retirement system do not render the "up or out" system or the management of the world-wide availability system unworkable.

Mr. Chairman, I would be pleased to answer any questions you and members of the Committee may have.