MEMORANDUM FOR DON REGAN

FROM: JAY KEYWORTH

SUBJECT: THE PRESIDENT'S DEFENSE STRATEGY

It has been two years since the President delivered his so-called "Star Wars" speech on March 23, 1983. We have made great progress since then. But at the same time a tremendous amount of opposition has developed. For a combination of reasons -- including those (on both sides of the Iron curtain) trying to undercut the President, and ambiguous or contradictory statements by Administration officials -- a great deal of confusion has arisen over what precisely the President is proposing. As a result:

- We are on the defensive over the U.S. defense buildup, and the situation is deteriorating;
- We are in danger of losing our firm grip on the Western Alliance;
- We are on a course that will erode the President's vision of a new defense strategy -- and with it a major chunk of the Reagan Administration's claim to history.

That erosion can be reversed. By regaining the offensive the President took two years ago with his "Star Wars" speech, we can recapture public support for defense, strengthen Europe and our grip on the Alliance and parry the Soviet propaganda thrusts. But it's essential we clarify the President's agenda:

First, the President seeks a strategy to establish defense -- as not only less threatening -- but cheaper and more effective than offense. Second, We have the necessary technologies, for both strategic and conventional arms. Third, We are willing to discuss how these technologies can be introduced to stabilize a world where offense now solely prevails. Fourth, we have an early opportunity to deploy the advanced conventional capabilities.
These tools are at hand. An often overlooked part of the President's SDI speech called for restoring conventional deterrence -- raising the nuclear threshold through the West's great strength -- technology. We can demonstrate the conventional leverage we possess today. By doing so we can broaden the front on which we debate defense modernization, and do it in context of a complete strategy. We have had two years since the introduction of SDI. We need to "drop the second shoe" so to speak, and now is the time.

THE PRESIDENT'S OBJECTIVES:

Let us be clear about what the President wants. In his March 23rd speech he did not merely propose a gadget to shoot down missiles. He proposed an entirely new strategy for defense of the West. Within this strategy, he did call for accelerated research to develop the means to intercept enemy missiles themselves -- the SDI. But also within this strategy he proposed we accelerate our modernization of Western conventional forces. It is imperative to realize that these two seemingly separate directives play hand-in-hand in a single direction.

Dramatic conventional modernization blunts our adversary's advantage in sheer conventional mass -- and makes nuclear weapons less necessary. The SDI blunts the utility of strategic nuclear weapons -- and makes nuclear weapons negotiable.

The President's vision rests on a perception that after forty years of nothing but offensive weapons -- under the so-called MAD doctrine -- the time has come for the U.S. and its allies to defend themselves. Sole emphasis upon the offense has played into Soviet hands through the power of sheer intimidation. While the Soviet failure to adhere to the spirit of the ABM Treaty has let them capture the defensive edge as well. The combination is devastating to Western stability.

But today, Western technology permits us to develop defenses that are cheaper and far more stabilizing than offense. Before we can adopt such measures, however, we need to change.
WHERE ARE WE?

In the two years since the President proposed such a fundamental change in our national security policy, we have seen considerable debate on the strategic portion -- the SDI. The SDI today is prominent on the international agenda and is the center of attention at Geneva. While the precise technical options that will become available to us are open, we are driving our program to provide, during the President's second term, incontrovertible demonstration of SDI's feasibility.

But the second half of the President's speech -- restoration of conventional leverage through similar technical advantage -- has languished.

Opposition to the President's vision has developed within the U.S. not only from the usual political sources but from large portions of our official and non-official defense establishment. The conventional wisdom continues to resist any change from established nuclear doctrine, and the architects of nuclear deterrence have drawn their wagons into a circle. A large segment of the establishment has in fact organized to actively frustrate the President. Regardless of protestations that "...we have a policy of 'Flexible Response,'...not MAD," most of the defense community is too familiar (too comfortable) with the fact of Assured Destruction to make the intellectual leap.

WHERE ARE THE ALLIES?

Our allies are nervous. They wish the President had never let the genie out of the bottle. To date, our allies have focused almost exclusively on the SDI portion of the President's agenda. In general:

- They have great cultural difficulty handling change;

- They are unfamiliar with our new technologies, and profess to be worried that they might not work;

- But at the same time, they believe deep down that anything the Americans set out to do, they'll do -- and that they, our allies, will be left behind;

- They then carp that a successful SDI removes the nuclear umbrella under which they've held down their defense budgets. (This is hogwash, and masks their real fear -- decoupling -- despite our repeated commitments to the Alliance.);

- In the end they claim -- with validity -- to be overwhelmed by the cost of modernizing their conventional forces.
By way of contrast, in Japan -- where technical change is familiar, competition a way of life, and the nuclear threshold not quite so imposing on a day-to-day basis -- the SDI is well received.

All our allies have ignored the President's proposal to raise the nuclear threshold by exploiting Western conventional leverage. Ironically, it is this half of the President's speech that holds the greatest promise for addressing Europe's defense and economic problems.

With the conventional technologies becoming available -- today -- we and our allies could vastly improve and modernize our conventional forces at little or no additional cost. And the Europeans would acquire much of the technology their economies so desperately need. That is the good news.

The bad news is that our allies will be furious when they learn that the U.S. has been pursuing advanced technologies that make today's "conventional wisdom" weapons obsolete -- while at the same time pushing our allies hard to buy more and more of those soon-to-be-obsolete weapons. We could be justly accused of selling them Remington manual typewriters while we ourselves invest in IBM personal computers.

WHAT DO WE NEED TO DO?

The President has provided the framework to restore U.S. leadership within the West, and to deal realistically with the Soviet Union. If we ignore this opportunity, we risk not only losing that leadership, but weakening of the Alliance as well. A bold step is necessary. We must restore U.S. popular support for defense -- and at the same time convince Europe that "conventional deterrence" is not a pipe dream. I believe this alone can thwart the ongoing love affair with the "new" Soviet leadership, and spike the onslaught of Soviet propaganda now aimed at splitting the Alliance. But most important, dropping this second shoe of conventional leverage will go far to restore U.S. public support for defense. It would show our public the leverage that in fact we possess today, and by doing so would offer a glimpse of what we can do tomorrow.
When you and I meet again with Bill Casey, he and I will bring to you a plan by which the President's defense strategy can be achieved. And I believe, if we are to be successful, we must move rapidly to set the first pieces of this agenda in motion.