

Sanitized Copy Approved for Release 2011/06/15 : CIA-RDP88G01116R001102090021-6

TRANSMITTAL SLIP		DATE
TO: ER		
ROOM NO.	BUILDING	
REMARKS:		
FROM: NIO/SP 2E49 Hdq [redacted]		
ROOM NO.	BUILDING	EXTENSION

STAT

Sanitized Copy Approved for Release 2011/06/15 : CIA-RDP88G01116R001102090021-6

The Director of Central Intelligence

Washington, D.C. 20505

REC-01846/86

15 APR 1986

Dr. G. A. Keyworth, II
Keyworth/Meyer International
Washington Harbour
Suite 320
3050 K Street, N.W.
Washington, D.C. 20007

Dear Jay:

Thank you for bringing your recent speech on SDI and CDI to my attention. I, too, am confident that the important work of the Packard Commission will serve to restore public enthusiasm for the President's defense modernization efforts. The concept of technical leverage which you address is, of course, central to this reinvigorated effort, and I am pleased to see the point made so well in an important public forum.

Sincerely,

[Signature]
William J. Casey



L-260 JK

NIC-01846/86
SP - 67/86

LETTER to G. Keyworth re speech on SDI and CDI

Distribution:

Orig - Addressee

- 1 - DCI
- 1 - DDCI
- 1 - SA/DCI/IA
- 1 - ER
- 1 - Chm/NIC
- 1 - VChm/NIC
- 1 - NIO/SP
- 1 - NIC/Registry



(9Apr86)

STAT

EXECUTIVE SECRETARIAT
ROUTING SLIP

ER

TO:		ACTION	INFO	DATE	INITIAL
	1 DCI		X		
	2 DDCI -D		X		
	3 EXDIR				
	4 D/ICS				
	5 DDI		X		
	6 DDA				
	7 DDO				
	8 DDS&T				
	9 Chm/NIC				
	10 GC				
	11 IG				
	12 Compt				
	13 D/OLL				
	14 D/PAO				
	15 D/PERS				
	16 VC/NIC	X			
	17 C/ACIS/DI		X		
	18				
	19				
	20				
	21				
	22				
	SUSPENSE			<u>11 Apr 86</u> Date	<i>dy</i>

Remarks
To 16: Please have suitable response prepared for DCI signature.

STAT

Executive Secretary

4 April 86
Date



Keyworth/Meyer International

Executive Registry
86- 1362X

April 1, 1986

Washington Harbour
Suite 320
3050 K Street, N.W.
Washington, D.C. 20007

The Honorable William J. Casey
Director
Central Intelligence Agency
Washington, D.C. 20505

Dear Bill:

You may find the attached remarks, delivered recently on the SDI and similarly motivated CDI (conventional defense initiative), to be of interest. Together, they comprise the defense strategy that the President envisioned before delivering the SDI speech three years ago. It is particularly pertinent today, as the Packard Commission is beginning to focus attention upon restoring technical leverage to our national defense.

Very truly yours,



G. A. Keyworth, II

GAK:cl



Telephone: (202) 333-4800 Telex: 5106011821

1-260-IR

**Remarks of Dr. G. A. Keyworth, II
Chairman, Keyworth/Meyer International
Washington, D.C.
Keynote Address to the
American Defense Preparedness Association
Washington, D.C.
March 18, 1986**

"Opportunities in Defense"

During the next two days, this conference will examine the present status of the SDI. I predict that you will emerge with a certain sense of pity--pity, that is, for the Dow Jones, whose remarkable recent climb seems lethargic in comparison to the exponential rate of progress that we've witnessed in the SDI. For all of you who have persisted in working on the technical challenges of SDI over these past three years, I offer my congratulations on that remarkable progress and my continued encouragement for the future.

When I was thinking about what I wanted to say today, I couldn't help but contrast my sentiments now to those of just exactly three years ago, which was five days before

the President's March 23, 1983 speech to the nation that began the Strategic Defense Initiative. As a personal aside, I can say that those days when the decision was being pondered about whether or not to proceed with the SDI were the most intense, and most momentous, in my life. And yet, I only partially foresaw the true consequences of the President's bold and courageous vision. That vision went beyond ballistic missiles, and all the attendant trials that resulted, to encompass a new defense strategy that could stem the erosion of Western security.

The SDI does not exist in isolation from the rest of our defense programs. It's both a product of earlier efforts and the precursor of what's to come. First, the SDI is very much a product of the President's decision in 1981 to undertake strategic modernization--to close the "window of vulnerability". Remember that we entered the 1980s with an alarming mismatch in forces between the West and East. The President responded by putting back on track our sole ICBM project, the MX, after keeping it on hold for more than 10 years; we began to recognize our dependence upon and improve our submarine-launched missile deterrents; we restarted the B-1 bomber to replace the ancient B-52s and we spurred development of the revolutionary Stealth bomber; we speeded up development of cruise missiles to ensure penetration of the increasingly effective Soviet air-defense system; and we took steps to improve the

survivability of our command and control capability--without which there is little credibility in our retaliatory deterrent.

Strategic modernization--closing the window of vulnerability--was one of the more difficult tasks confronting the President during those early years in office. Finding ways to safeguard our retaliatory capability had become revealing in its complexity. In effect, there are vanishingly few ways to protect our land-based strategic weapons today--and perhaps even our strategic submarines someday in the future--against accurate ICBMs. The consequence, which becomes more severe with each cycle of improved offensive weapons, is that there's an increasing perception that the aggressor--the one who strikes first--could possess a winning advantage, and at some point in this deterioration of stability, that perception of advantage may become unacceptably large.

The erosion of stability is not simply the result of the number of weapons, but of advances in technology as well. Nor was it the advent of MIRVing that gave the ICBM the first-strike potential it has today, in spite of the tremendous destructive power that proliferation of warheads creates. Today's problem came from something less dramatic: development of the precision guidance systems that led to "counter-force targetting." Counter-force

targetting introduced today's crisis instability--the ten to thirty minute window available in which to decide whether to launch-under-attack before the ability to retaliate is lost.

The strategic modernization program was an essential, and necessary, step toward restoring the credibility of our deterrent, and the President made it the cornerstone of his defense efforts in the first two years of his Administration. But what struck the President at the time of those decisions was the extraordinary difficulty of maintaining that credible deterrent. He perceived, as only someone bearing that special responsibility could, that it would become even harder--perhaps impossible--for his successors to make comparable corrective responses in the face of constantly improving Soviet offensive weapons. The current round of modernization should provide us with strong deterrents through the end of the century. And we can be reasonably certain that no technology is going to be developed over the next several decades to enable the Soviets to threaten our least vulnerable deterrent, submarines. But nonetheless, what we're seeing, over time, is a gradual diminution of the stability that is supposed to come from assured retaliatory weapons. Counterforce weapons have steadily whittled away at two legs of the strategic triad, and to me that trend is ominous. And with the rapid progress being made every year in sensors and in

data processing, there's a chance that the submarine detection problem will succumb in time. What then?

The President concluded that the time to ask the "what then?" question was now, while we still have time to ponder the answer--and while we still have time to do something about it. The answer he came up with was to propose to abandon the offensive arms spiral and to shift away from today's total reliance on retaliation--on the deadly doctrine of Mutual Assured Destruction--and increase our reliance on defense. And that, of course, was the impetus for SDI--a means to introduce a new basis for stability that's based on making taking away that first-strike ICBM option from an aggressor.

The next question, of course, was a practical one: Could we develop defenses good enough to let us shift away from offensive deterrents? The question we had to ask ourselves in 1983--the question we were struggling with exactly three years ago--was if the state of science and technology would permit us to develop an effective strategic defense. Today, thanks to the efforts of people like you, we're asking ourselves which technologies that have emerged since then will work best, not whether they will work at all.

Several developments within the SDI program are

particularly worth noting, because they've been some of the key determinants in that change from "if" to "how." First, without doubt, has been the emergence of the means for boost-phase defenses. Three years ago it was our perception that it should be possible to develop the technologies needed for directed-energy, boost-phase interceptors--something that had not been possible just a few years before. That assessment rested heavily on the brand new technology of atmospheric compensation, which opened the doorway for ground-based lasers. If there was any key technology that permitted a green light for the SDI, to deploy just a small pun, it was due to this first realization that the enormous leverage of boost-phase interception might be accomplished without the attendant vulnerability of expensive weapons based in the low-noise environment of space.

The new promise we first saw in 1983 has since been borne out with dozens of additional developments. In a concrete way, that progress has gone far to negate the earlier--and I think often hipshot--skepticism as to the feasibility of SDI technologies and to allowing, if not forcing, us to think about how the SDI will fit into and alter our defense strategy. As we look back, we can see that one of the reasons the SDI has emerged as our highest defense priority has been the speed with which the technical community built on those initial technologies and

produced tangible results. I like to cite, in particular, the successes in developing free-electron lasers, as well as pulsed, excimer lasers, particle beam and other directed-energy concepts as the core of SDI--because, in a real sense, they're the pacing items today. They may represent but a small part of an effective strategic defense, but their sheer speed and leverage has provided us a totally new perspective on the feasibility of missile defense.

Another development that's so revealing about the progress in SDI has been the increasing level of support from our Allies. We all remember how tentative they first were, trying to assess just how serious the President really was while trying to make their own independent assessments of the technical feasibility. When they observed that the President never wavered, not even a blink, and realized he wasn't going to, they concluded that the United States was truly committed to SDI, a commitment that was set in concrete in Geneva last fall. And as technical feasibility has become less of an issue with each advance, our Allies are concluding that participation in the SDI is not only important to building a defense partnership for the West, but is also an opportunity to participate in and share the results of leading edge R&D. To the extent that they see the SDI as possessing the kind of technology stimulus that, for example, the Apollo

program was in the 1960s, they know they must be part of it.

All of this progress has set the stage for what really counts, which is to begin to give us the tools to deal with the unprecedented challenge that nuclear weapons present, and to finally begin to truly manage the nuclear age without the ephemeral construct of total reliance upon faith in arms control. By managing, I mean to be able to diminish the possibility that nuclear weapons might be used or, more likely, might become the means by which the Soviets could blackmail the West into acceding to their intimidation. So one important outcome of SDI will be to catalyze a new basis for arms reductions--for massive arms reductions. In fact, I think we can make a good argument that the SDI has already begun to have that impact. In 1983 the arms control process was still nibbling around the edges; in 1986 we and the Soviets are talking about those massive reductions, perhaps the kinds of reductions that finally begin to address the most destabilizing aspect of the arms race--the unbalanced emphasis upon counter-force weapons that the Soviet doctrine of "damage limitation" has brought about. Obviously we have a long way to go before we can assess how serious the Soviets are about reducing their first strike weapons, but it seems clear to me that the handwriting has been on the wall for several years now: SDI can make the ICBM obsolete as a pre-emptive threat.

And, if that's the case, then a destabilizing trend can be reversed.

Those two major decisions--strategic modernization and SDI--have in large measure dominated our defense planning for the past five years. They represent major and ongoing successes in restoring eroded national security and in taking the initiative to regain control of our own destiny. But now, in 1986, we confront two additional challenges.

One is a matter of public priorities. When we read public opinion polls about defense, two things emerge consistently. First, the American people continue to assign high priority to national defense. They believe in being strong, and they recognize that America and the world are more secure when we deal from strength. Few people argue with the principle that government's first priority is defense, and they like the America that has emerged on the world scene in the 1980s, under Ronald Reagan's leadership.

Yet those same polls show sharply diminished support among the public for how we're going about providing that defense. Little of what they see--and only further fueled by the distractions of waste, fraud and abuse--looks like the kind of leverage competition-battered industries in

other sectors are pursuing.

That dichotomy in public support is unmistakable and, to me, clearly conveys, in a democratic society, orders to Washington--orders to do the job better. And anyone who fails to respect the significance of those orders is forgetting that we cannot have strong defense without strong public support. But we haven't done a very effective job in earning that support. With only a few exceptions--the President himself being the notable one--we've allowed debates on defense to become alarmingly localized here in Washington, as if the only issues were turf squabbles between the Pentagon and the Congress.

One of the consequences has been the hue and cry about waste, fraud, and abuse--and the inordinate diversion of energy to dealing with those issues as if they were the fundamental threats to our national security. Yet in Washington we have, to a large extent, invited that situation by neglecting to demonstrate to the public those many successes that show how well we can do the job of providing defense.

The public sees perfectly clearly that the Soviet Union's industrial economy is no more competitive today than it was 30 years ago. The gap in industrial technology between East and West remains enormous, and our fellow

citizens rightfully ask why we don't seem to be better able to take advantage of our technological and industrial superiority. Thirty years ago a major part of our defense thinking assumed a "force-multiplier," based upon our ability to use technology to give leverage to our military. We were well able to counter, and contain, the Soviets' brute force approach to defense with our better weapons, better organization, and better personnel.

Well, in thirty years we've let that force-multiplier erode. It's obviously not because of the failings of our industrial machine, and it's a weak excuse to say the Soviets have managed to close the gap simply by stealing our own technology. After all, competition in the free market is based upon the premise that the innovator must also be the implementer, lest he be the loser. The bottom line, I believe, is that we haven't done a good enough job of putting our immense resources to work for defense. One reason that the SDI stands out so startlingly is that it's a rare example where we have married what we're good at--technology--with bold leadership. The impact on the Soviets has certainly been galvanizing, and it's captured the imagination and enthusiasm of free people in a way that no other recent defense program has.

But SDI was unusual in that it was born not in the defense establishment, but in the mind of a civilian--the

President. It was born with the kind of vision and strategic purpose that was curiously lacking as the force-multiplier so dramatically eroded. So notwithstanding the example of SDI, we are now at an important--perhaps even precarious--point in the defense restoration of the 1980s. The public has issued its orders. What steps are those who are in a position to respond going to take?

Let me suggest something that I think is a good gauge of what's likely to happen. As I said, one of the pitfalls has been our distraction with issues of waste in defense programs. Last year, when it was first clear that the nation was demanding response and action to correct those problems, the President chose one of the wisest and most respected Americans I know, David Packard, to develop some remedies. The problem he was asked to address was the broader problem of how we allocate resources for defense, and that leads inevitably--at least if you have the vision of a David Packard--to the problem of how you establish priorities for defense. As the interim report of the Packard Commission showed a few weeks ago, we have the opportunity to make far better use of our inherent strengths--our science and technology, our industrial base, and especially the renewed vitality of our commercial sector as it responds to the competition from abroad. One thing the public is dead right about is in demanding that

we bring the same kind of competition-induced vitality to defense as American industries are bringing to the marketplaces in which they compete. And we should recognize the debt we owe to some of those reinvigorated, foreign challengers for stimulating our own newly competitive reactions.

It's no surprise that there's such strong consensus building for the kinds of reforms the Packard Commission has called for--because implementing them can address that dichotomy I mentioned earlier between public expectations for defense and what the public perceives is being delivered. The Commission, by the nature of its recommendations, is pointing the way for us to recapture leverage for our defense effort.

Archimedes, in another context, said that a lever long enough could move the world. In fact, technological levers, like those we pursue in the SDI, are capable of changing the world. The SDI is hardly unique in that sense--only the most visible because the issues it takes on are so prominent. But there's another important complement to the SDI in developing a defense strategy that uses our own strengths--and one that I believe is rapidly gaining momentum. When the President proposed the SDI, he also emphasized that our success in reducing our reliance on nuclear weapons would necessarily increase our reliance on

conventional defenses. If that meant we'd have to rely strictly on the kinds of conventional defenses in use by us today, arrayed against the Warsaw Pact forces, we'd be at an unacceptable disadvantage. Because, just as the Soviets turned to the brute force approach of massive numbers of ICBMs for their strategic forces, they've deployed massive numbers of troops and equipment in the field for their conventional forces.

But we can be as clever with what's coming to be called the CDI--the "conventional defense initiative"--as we're being with the SDI? That is, can we again find the tools for leverage based on our industrial superiority and our technological advantage? Let me offer one example. The Soviets build a pretty good tank, as do we. In fact, they're about comparable in overall performance. However, they have about fifty thousand of them deployed in Eastern Europe, and the sheer numbers create a substantial advantage over NATO armored forces. But instead of our continuing to think in terms of tank versus tank, there's every reason for us to think about how we could make those tanks ineffective by using technology--in a way similar to the way SDI can make the tanks' airborne counterparts, ICBMs, ineffective as weapons. Using a combination of imaging tactical radars, advanced sensors, modern "survivable" battlefield communication, and inexpensive unmanned aircraft, we can develop a deep interdiction

capability that could go far to reverse the present numerical imbalance. And this is but one example of how technology can restore conventional leverage to preserve our interests, and those of all free people, in as bold and innovative a manner as in the SDI.

No one is a stronger proponent of moving boldly to capture that leverage than the President. From the vantage of history I think we're going to see his call for and commitment to the SDI as one of the most important and courageous steps of leadership of any American President. This single step, followed--by design--by restoring conventional leverage with the CDI, can lead to a defense strategy that is synchronous with the competition-led reindustrialization of America, and there is no small linkage between those dual needs--of a new defense strategy and of industrial revitalization. But let's remember that the President took enormous political risk in stepping out front, in confounding his supporters and opponents alike by challenging the scientific and technical communities, and the military, to go to the drawing board and come up with a workable and totally-new basis for defense. In effect, he said the Soviets have been setting the pace and choosing the means of competition for too long, and it's time for us to assert our leadership.

That attitude is also reflected in the work of the

Packard Commission, producing a blueprint for doing what we do best. For that reason, I see the Commission as a timely means by which we can not only modernize defense and restore public confidence in defense, but even more important, to make it possible for us to develop a winning strategy for the West.

###