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MEMORANDUM FOR THE SECRETARY OF STATE
 THE SECRETARY OF THE TREASURY
 THE SECRETARY OF DEFENSE
 THE ATTORNEY GENERAL
 THE SECRETARY OF COMMERCE
 THE SECRETARY OF TRANSPORTATION
 THE SECRETARY OF ENERGY
 THE DIRECTOR, CENTRAL INTELLIGENCE AGENCY
 THE UNITED STATES REPRESENTATIVE TO
 THE UNITED NATIONS

FROM: JOHN M. POINDEXTER *JP*
 SUBJECT: National Security Issues and Priorities Books (U)

Attached for your use are copies of two NSC documents that you may find helpful in the coming months. (U)

The National Security Issues Book provides a concise, unclassified explanation of current key policy issues along with suggested talking points to illuminate Administration policy objectives. It is provided to senior level staff members at the White House, State, Defense, CIA, and our Ambassadors. (U)

The National Security Priorities Book presents a classified statement of the major national security priorities for the next six months. It is provided to an extremely restricted number of senior Administration officials. (S)

This document is published on a biannual basis. Any comments or suggestions for future issues would be appreciated. (U)

Attachments:

- TAB I - National Security Priorities Book (July-December, 1986)
- TAB II - National Security Issues Book (July, 1986)

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NATIONAL SECURITY PRIORITIES



JULY - DECEMBER 1986

July 1986

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MAJOR ACCOMPLISHMENTS OF FIRST HALF 1986

- Counter-Terrorism*** Dramatic U.S. self-defense strike against Qadhafi's state-sponsored terrorism underlined U.S. resolve and motivated tougher allied action.
- Tokyo Summit*** U.S. leadership on new GATT trade round, international debt, and agricultural surpluses continued the economic progress of the western democracies. Statements on terrorism, Chernobyl, and East/West relations demonstrated Allied unity.
- International Economics*** Longest sustained period of U.S. economic growth since World War II (40 months) led global recovery aided by lower U.S. dollar and a more robust U.S. economy.
- Regional Security*** Won House support for immediate and effective military aid to the Nicaraguan freedom fighters; took lead in supporting peaceful transitions in the Philippines and Haiti; reaffirmed support for democratic resistance forces in Angola and Afghanistan.
- Geneva Summit*** Soviet arms control offer of June 8 and the President's Glassboro speech set tone for progress toward a 1986 Summit. Expert-level talks and exchanges increased following the Geneva Summit in all areas of U.S./Soviet relations. Interim restraint decision declared U.S. commitment to deep, balanced, verifiable reductions in nuclear weapons to enhance strategic stability.
- Energy Prices*** U.S. market based oil policy in early 80's along with the world oil glut neutralized OPEC and brought lowest oil prices in many years.

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MAJOR INITIATIVES OF SECOND HALF 1986

TOP PRIORITIES

US - SOVIET RELATIONS

Achieve a productive Summit and give Gorbachev a personal introduction to American life and culture. Expand actions in all areas of U.S./Soviet relations: arms control, regional issues, human rights, and bilateral relations. .

ARMS CONTROL

Pursue potential in U.S. and Soviet arms control offers; pressure the Soviets to negotiate deep reductions in strategic arms, an acceptable interim INF agreement and verification regime, and a constructive approach to nuclear testing; maintain a unified Western position on arms control.

REGIONAL SECURITY

Pressure South Africa to reform without additional U.S. economic sanctions; employ military aid to Nicaraguan freedom fighters to compel internal democratic reform and end the Sandinistas' external aggression; maintain stability in Pakistan and expand U.S./Indian relations; aid UNITA, Afghan and Cambodian (through ASEAN) freedom fighters.

DEFENSE AND SECURITY

Reform the national security strategic planning process; institutionalize Packard Commission recommendations; protect key defense programs during the congressional budget process (especially strategic modernization and SDI).

INTERNATIONAL ECONOMICS

Hold the line against protectionism at home and abroad; implement Summit measures to stimulate trade, and monetary and debt reform.

SPACE

Restore space launch program; implement Rogers' Commission recommendations; decide question of fourth orbiter; devise an effective plan for commercialization of ELVs.

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ADDITIONAL PRIORITIES

- DEMOCRATIC TRENDS** Give moral support to democratic movements; e.g. peaceful transitions in the Philippines and Haiti, constitutional reform in South Korea, and restoration of democracy in Chile.
- COUNTER-INTELLIGENCE** Implement Presidential decisions to limit unauthorized disclosures and counter hostile intelligence activities.
- COUNTER-TERRORISM** Institutionalize VP task force on terrorism recommendations; maintain Allied commitment to get tough on state-sponsored terrorism.
- DRUGS** In cooperation with other nations, stem the production and flow of narcotics, reducing the destabilizing effects of such activities on friendly democracies.
- POTENTIAL FLARE-UPS**
- SOUTH AFRICA** Develop broad strategy for action, recognizing British concerns, that presses Pretoria for reform but avoids harmful economic sanctions.
- INDIA-PAKISTAN** Promote stability on the subcontinent; reduce mutual suspicion and border tensions to mitigate nuclear competition.
- ISRAEL-SYRIA** Monitor regional tensions throughout the transition of power in Israel; support Hussein moves toward cooperation with Tel Aviv and isolation of PLO; encourage Israeli-Egyptian rapprochement through settlement of Taba issue.
- MEXICO** Use de la Madrid visit to restore bilateral cordiality; concentrate on problems of debt crisis, drug enforcement, and immigration, and assess their impact on internal political stability.
- IRAN-IRAQ WAR** Ensure that Straits of Hormuz remains open; prevent hostilities from expanding to the Gulf States; and maintain the balance of power in the region.

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ACHIEVE A PRODUCTIVE MEETING WITH GORBACHEV IN THE U.S.

Enhance bilateral relations with the Soviets while protecting vital global interests

SETTING	Opportunity exists to build on the improved tone set by the Glassboro Speech and the June 8 Soviet arms control proposal. However, regional conflicts, human rights issues, and arms control disagreements could be obstacles.
ARMS CONTROL	Press the Soviets for commitments to deep, equitable, verifiable strategic arms reductions; and for positive movement on INF, testing verification, and MBFR.
REGIONAL SECURITY	Protect security assistance programs, develop a full range of active capabilities, and encourage Allied support thus strengthening our ability to limit Soviet action and influence in the Third World.
HUMAN RIGHTS	Continue to remind the Soviets that serious progress in bilateral relations is contingent upon improvements in Soviet human rights. Encourage benefits of private diplomacy in important Refusnik and dissident cases.
PUBLIC DIPLOMACY	Emphasize Geneva commitments to discussion and progress on all aspects of the relationship especially where there is common ground. Highlight Soviet intransigence, disinformation, lack of forthrightness, and abuse, while showing U.S. desire to improve relations.
RISK	Soviets may continue to issue broad and general arms proposals that appeal to Europe and the American public in an effort to saddle the Administration with the responsibility for impasse in arms talks.
MILESTONES	Cultural exchanges and contacts Regional and functional discussions Shultz-Shevardnadze meeting Gorbachev visit to the U.S.

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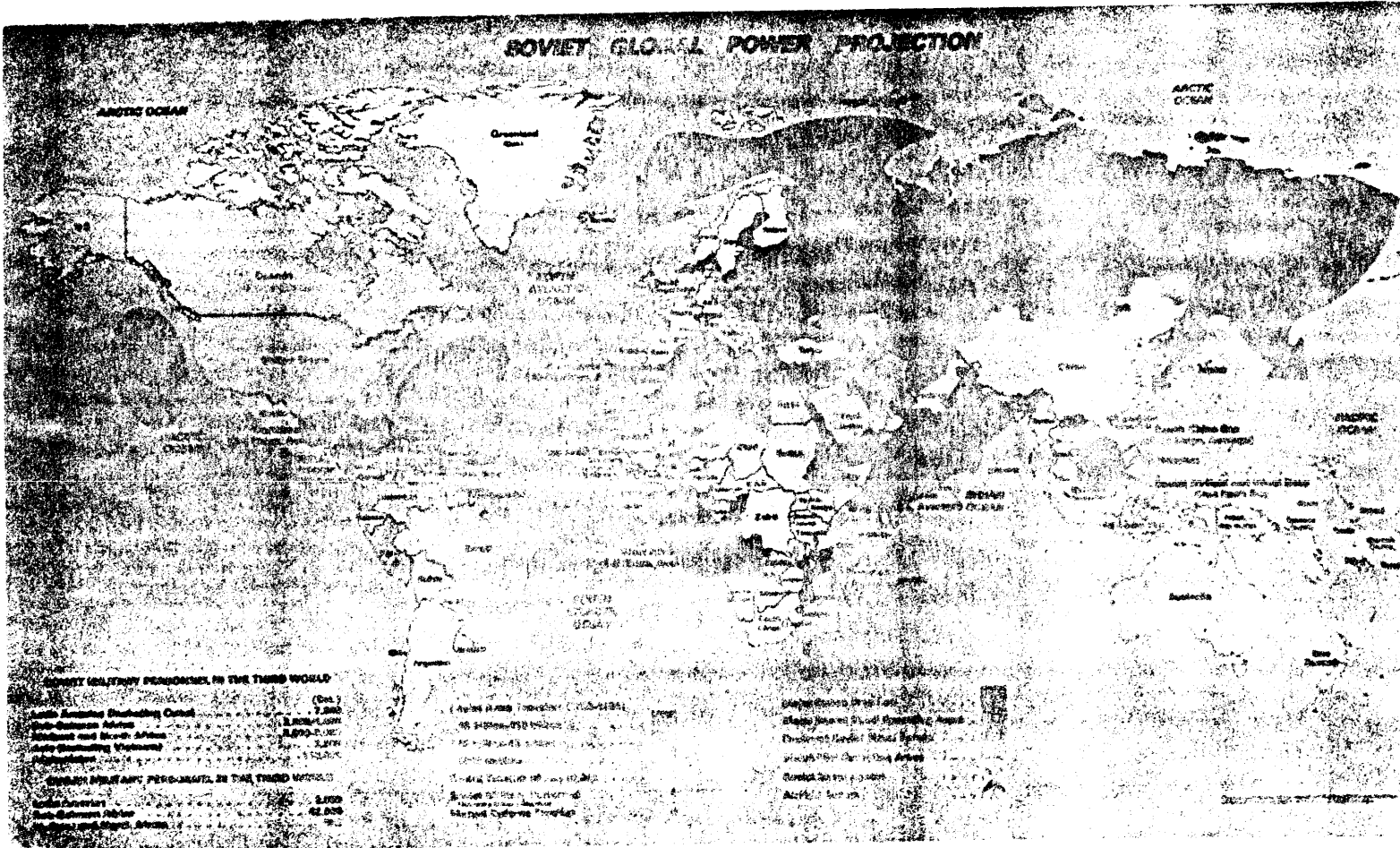
NEGOTIATE MEANINGFUL AND VERIFIABLE AGREEMENTS

Negotiate for deep, equitable, verifiable cuts in nuclear weapons and military assets

SETTING	Soviet propaganda on testing, interim restraint, and the elimination of nuclear weapons could stimulate public pressure in Europe and the U.S. to maintain old and conclude new agreements that are unfavorable.
NUCLEAR AND SPACE TALKS	Keep onus on the Soviets to negotiate substantial strategic offensive arms reductions, realistic interim INF agreement, and effective verification measures within the context of the overall offense-defense relationship.
NUCLEAR TESTING	Seek improvement of verification measures for existing limitations; conduct expert-level talks with the Soviets; thoroughly explain our position both at home and abroad.
MBFR, CDE, CD	Work with Allies to maintain a unified position on conventional force reductions, remaining force levels, and concrete confidence building measures. Maintain Allied position on stringent verification of CW Ban.
PUBLIC DIPLOMACY	Re-emphasize U.S. commitment to deep, equitable, verifiable reductions that enhance strategic stability and U.S. desire to enhance deterrence by establishing the possibility of effective strategic defenses; highlight Soviet intransigence to date on real arms reductions.
RISK	Displeasure over May interim restraint decision in Europe offers Soviets fertile ground. Congress may seek to limit Presidential flexibility by imposing constraints on strategic modernization, SDI, nuclear testing, and ASATs.
MILESTONES	New rounds in NST (9/18), MBFR (August), CDE (8/19) Interim Restraint dates Shultz-Shevardnadze meeting Week-long visit of Gorbachev to the U.S.

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SOVIET GLOBAL POWER PROJECTION



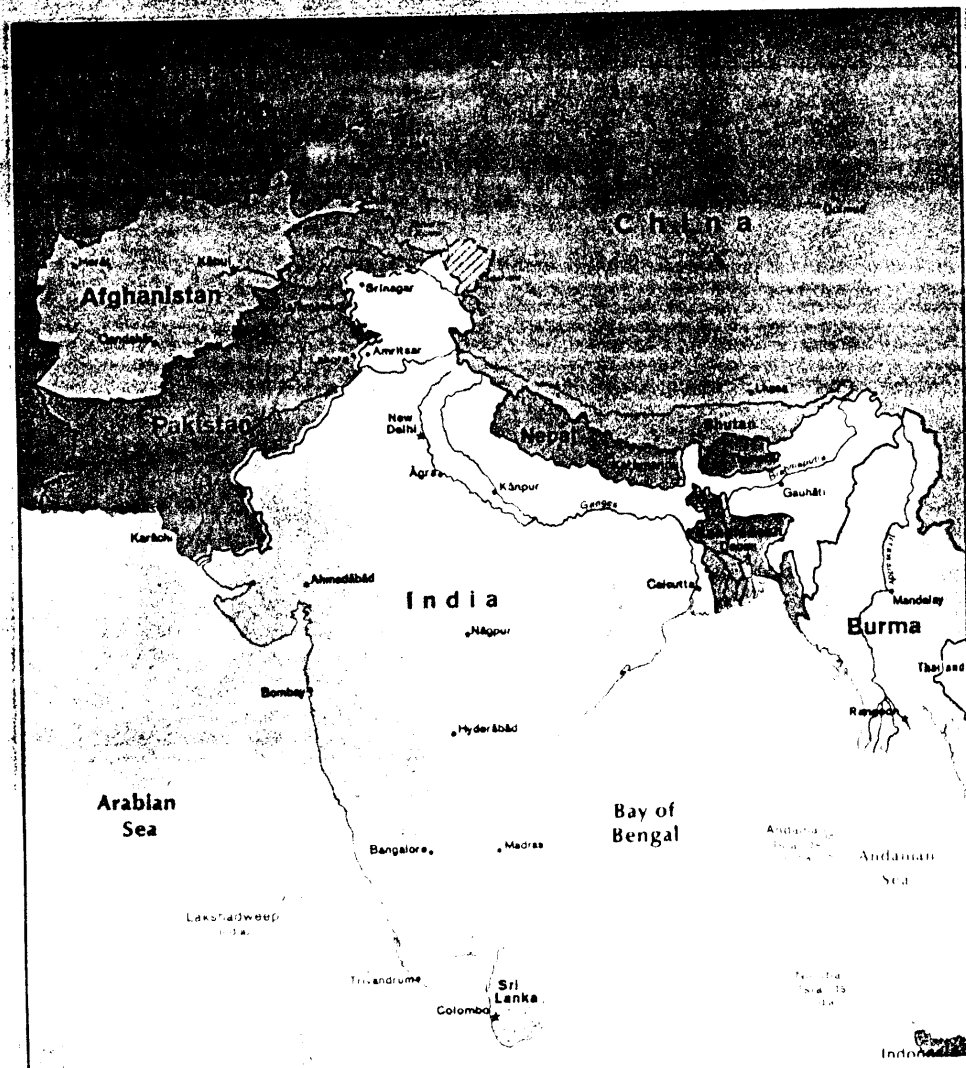
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SEEK FREEDOM, REGIONAL SECURITY AND GLOBAL PEACE

Advance the cause of democracy and human rights by promoting prosperity and social progress

SETTING	Trend toward democracy throughout the world is threatened by regional conflicts, economic turbulence, and expansionism by the Soviet Union and its clients.
DIPLOMATIC INITIATIVES	In concert with our friends and allies, seek favorable peaceful resolutions to regional conflicts with special attention to southern Africa, Central America, and Afghanistan. Use political efforts to limit violence, promote freedom and national self-determination, and bring true regional security.
FOREIGN ASSISTANCE	Target economic assistance to encourage free and fair trade and market-oriented reform and help fledgling economies to earn their own way throughout the world; protect necessary funds for a balanced and broad-based security assistance program throughout the congressional budget process.
SUPPORT FOR FREEDOM FIGHTERS	Pursue tailored policies that support forces trying to advance democratic principles against Soviet-sponsored regimes in Nicaragua, Afghanistan, and Angola. Work with the ASEAN nations to promote Cambodian self-determination.
PUBLIC DIPLOMACY	Take the cause of freedom and democracy to the free press at home and abroad. Address the multiple levels of the American regional security strategy.
RISKS	Potential exists to lose support for the broader regional strategy because of congressional concentration on the military aspect. Budget constraints on foreign assistance accounts will hobble U.S. foreign policy efforts.
MILESTONES	Meetings with de la Madrid, Sarney, Aquino, and Mobutu UNGA and IBRD Speeches Regional negotiations that forward U.S. interests Congressional budget process

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PROMOTE STABILITY ON THE SOUTH ASIAN SUBCONTINENT

*Improve US-Indian relations; reassure Pakistan of close ties;
urge momentum for Indo-Pak normalization; press for Afghan self-determination*

SETTING	There is some movement toward greater democracy in Pakistan; Gandhi is extending control over the Indian bureaucracy and India's domestic problems but faces many difficult issues.
NONPROLIFERATION	Reduce regional suspicion to mitigate nuclear competition; hold to existing nuclear "red lines"; verify Pakistani compliance; launch congressional strategy to renew Symington Waiver.
POLITICAL SUPPORT	Assist stabilization in Pakistan; affirm support for Pakistan's independence, sovereignty, and territorial integrity; further unification of Afghan resistance leaders; encourage closer coordination between Pakistan and Afghan resistance on Geneva Talks.
ECONOMIC SUPPORT	Carry through on the President's personal commitment to Gandhi for greater technology sharing; follow through with economic assistance to Pakistan consistent with overall foreign assistance funding.
INDO-PAKISTANI RELATIONS	Assist preparations for a Zia-Gandhi meeting where possible; encourage broadened agenda for bilateral cooperation through trade, anti-drug, and anti-terrorist measures.
AFGHANISTAN	Continue to seek the cooperation of both Pakistan and India to achieve an acceptable outcome to hostilities in Afghanistan; press Soviets for short and complete withdrawal timetables.
PUBLIC DIPLOMACY	Successful Junejo visit provides an opportunity to praise Pakistan on movement toward democracy and highlight Soviet intransigence in Afghanistan.
RISKS	Border tensions between Pakistan/Afghanistan and Pakistan/India; internal political and economic problems in India; Pakistan's nuclear problem.
MILESTONES	Zia-Gandhi meeting Afghan Proximity talks Symington Waiver renewal

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STRENGTHEN NATIONAL SECURITY STRATEGY/BUDGET PROCESS

Maintain prudent and responsible Defense; institute constructive organizational and budgetary reforms

SETTING	Public and Congressional sentiment supports a strong defense but can not tolerate reports of excessive spending and is not convinced of the full extent of the threat.
PLANNING PROCESS	Design, implement, and operate a planning process for producing strategic and budgetary guidance and for identifying key issues for first two-year budget cycle.
DEFENSE REFORM	Institutionalize constructive reforms of Packard Commission to strengthen public support, guide reform sentiment in Congress, and bolster force effectiveness.
STRATEGIC MODERNIZATION	Maintain pace of the ATB, ACM, and D-5 programs; reach decisions on next steps in production and development of the Second 50 MX and SICBM; continue improvement in strategic command, communications, and control.
CONVENTIONAL MODERNIZATION	Maintain funding for priority programs, encourage termination of marginal programs; implement reforms in the research, development, and production of weapon systems.
SDI	Continue research; boost support by showing progress and highlighting major technology demonstrations and near-term applications; broaden allied participation.
PUBLIC DIPLOMACY	Highlight Administration support for reforms in defense organization and acquisition; develop campaign to support the FY 88-89 budget on the Hill, especially for key programs.
RISKS	Pressure on the Hill to cut spending will place the defense budget under intense scrutiny; independent "reform" action on the Hill could prove harmful.
MILESTONES	NSDD on Strategy Implementation of NSDD-219 on Defense Reform Congressional budget process FY'88-89 budget preparation

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PROMOTE FREE TRADE, ECONOMIC GROWTH, AND CURRENCY STABILITY

Reduce trade deficit, promote pro-growth policies, and stabilize international exchange rates

SETTING	Coming off a successful economic summit with economic forecasts generally positive for developed countries and non-oil LDCs; lowest oil prices in 10 years.
TRADE	Secure agreement in Uruguay in September for a new round of GATT discussions; oppose omnibus trade bill and all other protectionist legislation and measures; examine agriculture as a trade agenda item.
ECONOMIC GROWTH	Slash federal budget deficit; encourage nations to coordinate economic policies and eliminate structural rigidities that inhibit growth; press for broad economic reform and privatization in high-debt countries; coordinate international policy measures on debt restructuring, particularly with Mexico.
INTERNATIONAL MONETARY SYSTEM	Seek greater stability in international exchange rates; avoid allowing exchange rates to adjust trade imbalances; keep U.S. monetary growth in a non-inflationary pattern.
PUBLIC DIPLOMACY	Build on success of Summit; highlight opening of markets, stabilizing of dollar, etc.; attack egregious foreign trade practices; emphasize that U.S. protectionist legislation destroys American jobs.
RISKS	Failure by developed nations to stimulate their economies may slow world economic growth. Congressional pressure for protectionist legislation may threaten override of any Presidential veto.
MILESTONES	Omnibus trade bill on Hill and other measures GATT Ministerial meeting (Uruguay) IMF and World Bank meetings Meetings with de la Madrid and Sarney

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RESTORE SPACE LAUNCH PROGRAM

SETTING	Recommendations of the Rogers' Commission, support in Congress, and American public opinion favor the recovery of the space program from the setbacks of early 1986, but funding problems may persist.
ROGERS' COMMISSION	Implement Commission recommendations; establish management organizations and structures at NASA; design and integrate cost-effective safety changes for shuttle.
SPACE SHUTTLE	Implement a Presidential decision on a 4th Orbiter based upon the expected total cost and use of the shuttle; consider commercial versus governmental funding; decide on the nature and extent of future payloads.
COMMERCIALIZATION OF ELVs	Encourage more commercial use of space by reducing regulatory impediments and developing a plan for transition to more commercial ventures in space without excessive governmental contribution.
THE NEXT GENERATION	Reach initial decisions on the next generation of the space program based upon existing endeavors; conduct discussions with Allies on the space station missions, operations, and development.
PUBLIC DIPLOMACY	Develop public campaigns to support the space program, the shuttle, and a limited commercialization of space.
RISK	Budget limitations may prevent major initiative in space programs.
MILESTONES	4th orbiter decision Commercialization transition plan Space Transportation Architecture Study and Paine Commission Report Congressional authorization and appropriation cycles Atlas and Titan launches

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