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TO: The Secretary

FROM: PM - Richard A. Ericson, Jr., Acting
       EUR - George S. Vest

SUBJECT: SCC Meeting on PRM-38, August 23

I. Introduction
   A. PRM-38's objectives are, in brief:
      1. To assess the theater nuclear "problem".
      2. To set the direction of further internal USG analysis, and of policy with the Allies.
      3. To produce guidance for the fall High Level Group (HLG) meeting and the Fall bilateral on theater nuclear issues.
   B. US objectives and interests relative to the PRM are:
      1. To preserve the consensus within the Alliance that the US nuclear guarantee is credible (given that the US guarantee is the binding force in the Alliance).
      2. To maintain the military/deterrent effectiveness of NATO's TNF posture while preserving the continuum of the NATO Triad and avoiding decoupling.
      3. To sustain the SALT process as a means for managing the US-Soviet strategic balance, and as the underpinnings of the US-Soviet political relationship (and, more specifically, to decide how to deal with cruise missiles in SALT III).
      4. To strengthen our defense of the SALT II Protocol in the ratification process by having a coherent
policy under development in the Alliance.

C. Structure of PRM-38 (Executive Summary at Tab ___)

1. Section I (by State), an assessment of NATO's theater nuclear "problem" -- historical background, current military situation, Allied political concerns. (Tab ___)

2. Section II (by OSD), a discussion of military considerations involved in enhancement of long-range TNF capabilities, with 8 notional force postures. (Tab ___)

3. Section III (by ACDA), a discussion of the technical and political aspects of possible arms control negotiations on long-range TNF, with 4 illustrative approaches. (Tab ___)

4. Section IV (by State), an analytical discussion of the four basic alternative strategies: maintain status quo, arms control alone, long-range TNF deployments alone, and an integrated deployments-cum-arms control strategy. (Tab ___)

5. Section V (by CIA), an assessment of Soviet theater nuclear objectives and speculation on Soviet reactions to NATO long-range TNF initiatives. (Tab ___)

6. Section VI (by NSC), issues for SCC discussion; this will be the agenda paper for the August 23 meeting. (Tab ___).

II. Desired Outcome for the SCC Meeting

A. Consensus on the combined political-military character of the problem: i.e., that the theater situation has
changed, but not in fundamental terms (i.e., a non-alarmist assessment).

B. Consensus that the character of problem dictates an integrated strategy: i.e., if the Alliance decides ultimately to make long-range TNF deployments, then they would have to be accompanied by a strong arms control effort, and that both these tracks would be guided by an integrated strategy.

C. Decision that further internal USG work, and the substance of consultations in HLG and on arms control, should focus on integrated approaches in analyzing possible force posture and arms control objectives.

D. Elimination of (or at least deemphasis on) extreme force posture options in further internal USG and HLG analysis.

E. Consensus that funding decisions in DOD budget should not have the effect of prejudicing possible deployment decisions in favor of any one system, and should be examined for their impact on potential arms control approach.

III. Issues for SCC Discussion (paralleling PRM-38, Section VI)

A. What is the nature of the theater nuclear problem?

1. The advent of strategic parity and Soviet TNF modernization (SS-20, Backfire, plus improved short-range capabilities) have reawakened Allied concerns about the credibility of NATO's posture and the US commitment.
2. In military terms, the SS-20 has not so much undermined NATO doctrine as reopened the old question of whether in-theater or external long-range forces are the better deterrent and means of controlling escalation.

3. The gravity of political problem depends in part on how we assess FRG concerns:

a. To some extent the FRG problem is a longstanding one: the Germans may never be wholly satisfied with American nuclear guarantees; periodic reassurances (some in concrete form) have always been necessary.

b. Traditional FRG fears have, however, been heightened considerably by the advent of strategic parity (expressed numerically for the first time in SALT II) and by what they see as an American inclination to move away from dependence on nuclear weapons (inaugural address, ERW decision, emphasis on conventional force modernization).

c. The SS-20 both catalyzes, and symbolizes, German anxieties: arguing that it adds only marginally to Soviet military capability to devastate Europe does not solve the problem.

d. Managing the problem of FRG confidence will be a continuing process, not a one-shot affair, so
long as the FRG is in the historically anomalous situation of being the most important military power in Europe, and yet denying itself (by domestic and international consensus) access to nuclear weapons.

4. Nonetheless, in the final analysis the problem is susceptible to management, and there is no need to move hastily with the Allies:
   a. We don't want to accept German assessment of the problem, since this could feed their anxieties.
   b. A constructive US stance in the upcoming consultations, plus active development programs for long-range TNFs, should reassure the Germans in the interim, and prevent them from locking themselves into a set position prematurely.

B. Strategies/Approaches

1. The political-military character of the problem rules out pure-arms control and pure-deployment approaches. If we decide to do one, we must do both.
   a. Arms control alone is unlikely to succeed in achieving constraints on Soviet TNF deployments, since the West's bargaining position will be weak without US deployments imminent or underway.
   b. Deployments alone are politically unacceptable to the Germans, who see a need for arms control as at least a "cover", if not a complement, to
NATO deployments. Moreover, deployments alone could jeopardize US interests in SALT, and in stable East-West relations overall.

2. We need to keep the political/arms control consultations and the work of the HLG in step, and to use both fora to focus analysis on integrated (deployments—arms control) approaches.

3. Deciding now that an integrated approach is the only way to go does not mean we have made a decision to pursue either deployments or arms control. It means only that we have decided that neither track can be followed alone.

a. Such a decision-in-principle provides a conceptual framework for the upcoming consultations, and a focus for further analysis.

b. Specific policies on deployments and arms control would be determined later, after intra-USG and intra-NATO analysis.

c. The options thus are two: (1) long-range TNF deployments and arms control; or (2) maintain the status quo (TNF modernization without a shift toward more long-range capability, and no arms control).

C. Decisions Required for Fall Consultations

1. HLG Meeting:

a. The fall meeting should focus on the
questions of basing modes, range
requirements, survivability, cost-sharing, etc.
The US should not table illustrative force
posture options (Section II of PRM-38 minus the
notional forces should be the basis of an HLG
paper).
-- The Alliance must face up to these issues,
which were bypassed in previous rounds of
the HLG.
-- Our programs would continue to move forward,
thereby transmitting a positive signal to the
Allies that we are not dragging our feet.
-- Such a deliberate approach to the HLG will
permit the political/arms control consultative
process to catch up with the purely
military analysis of the HLG.

b. We should venture the notion in the HLG that
if the Alliance decides to make deployments of
long-range systems, these would have to be ac-
companied by an arms control effort.

2. Bilaterals on TNF Issues (note: these bilaterals, and
a subsequent NAC on the same themes, will inevitably
deal with overall Alliance policy for TNF moderniza-
tion and arms control, not just with arms control
in isolation).
a. We should indicate our view that the questions of possible theater arms control and TNF deployments should be approached in combination, and seek Allied agreement on this score. (Sections III and IV of PRM-38 should serve as the basis for discussion).

b. The bilaterals should examine the considerations involved in theater arms control (systems to be involved, geographic scope, participation, verification, etc.) and alternative fora.

c. We should indicate that if the Alliance decides to pursue a strategy of deployments plus arms control, the US believes it likely that the negotiations would place in SALT -- given the deficiencies of other fora, and the inevitability of the Soviets raising theater issues in SALT III, but that we are willing to discuss the forum question.

3. Eliminating Options from Further Analysis:

a. Extreme force posture alternatives (those postulating very large deployments to "match" or "mirror-image" Soviet deployments) should be eliminated, or at least deemphasized: -- They are inconsistent with HLG's call for an "evolutionary adjustment".
-- They could lead to decoupling notions of a separate Eurostrategic balance.

-- They could lead to large Soviet counterdeployments, charges of circumvention of SALT, and a general downturn in East-West relations. However, the "null set" (no additional long-range TNFs) should remain an option, since we are not ready to endorse the HLG consensus.

b. Analysis of deployments without arms control, and vice versa, should be dropped, since they are inconsistent with US interests and probably incompatible with Allied political requirements.

c. Fora other than SALT should be downplayed in developing arms control approaches, in view of:

-- Allied preferences for SALT;

-- Complexity and geographic narrowness of MBFR;

-- Decoupling connotations of a separate forum;

-- Fact that the question will inevitably arise in SALT III, since Protocol issues are automatically on the agenda.

4. Status of Programs:

a. We don't want our budgetary choices to rule out potentially interesting options.

b. As it now stands, GLCM is the only long-range missile which could achieve an early IOC (1982).
c. In the context of integrated strategies, an extended-range Pershing II could have certain political advantages with both the Allies and the Soviets, as well as negotiating advantages. A ballistic Pershing II-XR might also have military advantages over cruise missiles.
d. If force posture alternatives other than those involving GLCM are to be viable options and not strawmen, we should consider increased funding for Pershing II-XR in the FY 80 budget.
e. We should also decide soon whether a new MRBM is a serious option—given its late IOC, high R&D costs, and consequent inconsistency with the HLG requirement that new TNFs not divert resources from conventional force modernization. A Pershing-based MRBM is a more realistic prospect.
f. It would be helpful if DOD could prepare a study of the implications of program IOC’s in the process of developing concrete integrated strategies.

D. Further Work (in addition to subjects in discussion paper)
1. Development and analysis of integrated deployment/arms control options, with strategies for managing them (including considerations of timing, consultative mechanisms, initial demarches to Soviets, etc.)
2. DOD review of the status of our TNF programs, with hypothetical funding options for accelerating the
IOCs of Pershing II-XR or other MRBM's.

3. Preparation of a calendar for consultations over the next year (timing of a NAC after the fall bilaterals, perhaps late October, future bilaterals and HLG meetings, etc., with goals for each stage of the process.

Attachments:

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