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ASSOCIATION OF THE UNITED STATES ARMY

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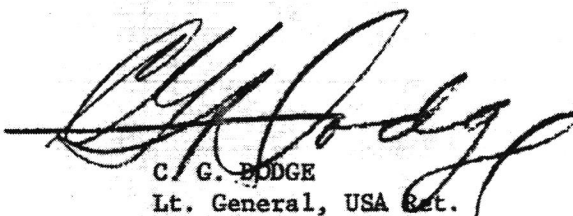
SUBJECT: Security of the Nation, 1975--A Year End Assessment

In view of world events during the past months, it seemed appropriate to continue the program started in 1973 and independently assess international conditions to bring into focus the principal problem areas that may affect our national interests.

The resultant paper, the basis for follow-on AUSA position papers on specific elements of national defense, is forwarded in the hope that it will aid you in developing the much needed public understanding and support for our defense requirements.


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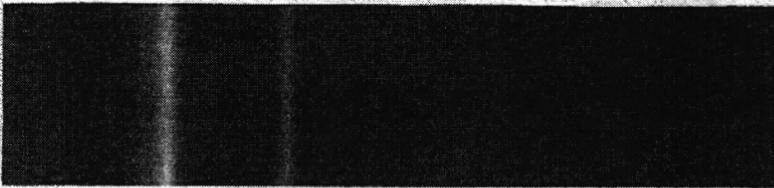
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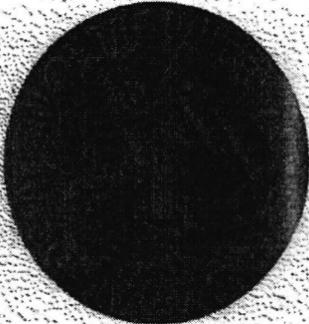
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THE SECURITY OF THE NATION

1975

A YEAR-END ASSESSMENT



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1529 Eighteenth Street, N.W., Washington, D. C. 20036 (202)-483-1800

A YEAR-END ASSESSMENT

January 1976

Introduction

This is the time of year when national budget requests must be hammered out for submission to Congress. It is a time for weighing carefully the changes affecting the delicate balances in our economic, political and military affairs that have occurred in the past year. Only by so doing can we even hope to plan with prudence any effective management of our affairs in the months ahead.

1976 will be a particularly trying year in this regard, for it marks again our quadrennial stalemate in progress while we work our way through the conflicting rhetoric of a presidential election. One is bound to be sympathetic in this bicentennial year with the fears and confusions which must have surrounded the first assessment of this kind which was undertaken by our colonial forefathers.

The United States, and indeed the world, continues to be beset with economic problems of the gravest nature. These could be the subject of a separate examination. Our primary concern here will be with the current state of world political and military affairs, our foreign policy, and the strength and credibility of our defense posture on which any successful foreign policy must rest.

The world has not become a safer place in which to live during 1975. The rising tide of violence in Africa -- civil and guerilla war -- most particularly of late in Angola -- has given rise to further proxy confrontations between the great powers -- a dangerous and delicate circumstance.

The addition of India to the list of nations with a nuclear capability has been marked by a rapid movement to an anti-American dictatorship under Mrs. Gandhi - a circumstance of grave portent.

The Mideast continues as a smoldering powder keg with growing splits among the Arab states - increasing terrorist activity on the part of the Palestine Liberation Organization and a growing fear on the part of Israel that it is losing important backing and ground by its partici-

pation in the Sinai agreements.

There has been a deterioration in the popular conception of detente -- at the same time the trends which will create a disparity in military capabilities between the Soviet Union and the United States continues to grow.

The difficulties stemming from opposing parties and philosophies in the White House and The Congress have been underscored by the more frequent incursions into foreign policy by The Congress. This, coupled with the overblown Congressional furor which seriously impaired our intelligence capabilities, contributed in no small way to the confusion and has reduced the ability of the government to conduct and maintain a viable, understandable and credible U.S. foreign policy posture in a tumultuous world.

The instability of other governments themselves have added greatly to our problems. In the last 12 months, there have been 29 changes of government leadership in 23 countries.

So, wherever one chooses to stick a pin in the globe, the odds are great that it will touch a potential trouble spot that impacts in some way on the safety and well-being of our country. What we must assess then in some detail, is not only the growing inventory of active problems but also our capability for dealing with them.

EUROPE

Europe continues to be the focus of our longest and strongest alliance as well as the sentimental attachment of most Americans. Moreover, it is fundamental to the security of the United States. Neither the NATO Alliance nor general economic welfare of the entire area gained any strength during the past twelve months. Rather, the opposite is true.

Detente with the Soviets - by either their definition - or the more wishful definition popular in certain segments of our society - has deteriorated.

A SALT II treaty - the ethereal promise of the Vladivostock Accord has not been realized. In recent weeks, the Soviets have been voicing

in the public press their opposition to our SALT proposals - a tactic which indicates that a solution to differences may not be very near.



Speaking to AUSA's George Catlett Marshall Dinner, Ambassador Stanley R. Resor reported on the two-year effort to make some meaningful progress with the Warsaw Pact Forces in the Mutual and Balanced Force reduction between NATO and the Warsaw Pact. His prognosis was not optimistic about what he views as "an important test of Eastern intentions." We support his view that "unless military forces confronting each other in Central Europe can be reduced, the reality and permanence of detente will continue to be subject to question." So far our suggestions for reductions have been met with a substantial increase in manpower and a vigorous program of modernization of the Soviet forces deployed in Eastern and Central Europe.

The Conference on Security and Cooperation in Europe which was held in Helsinki was concluded in mid-year with a great show of amity. The modest goals of this agreement included the encouragement of greater East-West

contact, advance notice of troop maneuvers within 180 miles of borders and a recognition of the post World War II borders of the countries in Eastern Europe. The outcome of this effort could scarcely be termed a rolling back of the tide of Communism. Rather, at best, it is merely a modest expansion of the flow of ideas between East and West.

NATO itself has been weakened by economic and political problems -- most notably by the Cyprus Crisis and the over reaction of our Congress to this problem. Political upheaval in Portugal and Italy further weaken the Southern flank of NATO. While Spain is not a member of NATO - the death of Franco with the accompanying major adjustments in the political structure of that country will contribute to more uncertainty about peace and equilibrium in Europe.

In the long run, the most serious difficulty may well be the reluctance - unwillingness or inability of the governments of Western Europe to make any real progress toward the development of a European Community which can work together in partnership.

Table 1

NATO	Manpower		Equipment		Warsaw Pact	Manpower		Equipment	
	Ground	Air	Tanks	Air-craft		Ground	Air	Tanks	Air-craft
United States	198	41	2,100	280	Soviet Union	460	45	8,000	1,200
Britain	55	9	650	130	Czechoslovakia	155	45	2,600	450
Canada	3	2	30	50	East Germany	100	28	1,650	325
Belgium	63	20	375	140	Poland	210	60	3,200	825
Netherlands	78	21	525	160					
West Germany	345	117	2,650	550					
	742	210	6,330	1,310					
France	58		325						
Total	800	210	6,655	1,310	Total	925	178	15,450	2,800

* Reprinted from AIR FORCE MAGAZINE with permission, Tables 1 through 4.

All the evidence points to the continuing need for the United States to maintain our forward troop deployments in Europe for the foreseeable future. Our allies provide 90% of NATO's ground forces, 85% of its ships and 75% of the aircraft. So we are not carrying an unfair share of the burden. But U.S. Forces remain the keystone of NATO defense and our contribution is essential to maintain any semblance of credible deterrence.

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Happily, the pronounced turnaround in our trade surplus picture makes the support of this overseas deployment economically more palatable. In 1974 we had a trade deficit of \$5.9 billion. For 1975, we should show a record \$11.6 billion surplus.

There is little in the way of encouragement in the past year in those countries which comprise the Northern and Central area of our NATO Alliance. Great Britain continues to be plagued with dispiriting economic problems exacerbated by a 26% inflation rate. Turmoil continues in Northern Ireland, a fishing rights confrontation is ongoing with Iceland, and there is increasing unrest on the home front. There are great pressures to reduce defense spending still further -- as there are in Holland.

Table 2

Ground Forces Available in Peacetime (division equivalents)	Northern and Central Europe			Southern Europe		
	NATO	Warsaw Pact	(of which) USSR	NATO	Warsaw Pact	(of which) USSR
Armoured	12	31	19	6	7	3
infantry, mechanized and airborne	15	37	21	33	24	5

France may have improved its economic status somewhat in the past twelve months but remains a non-contributor to our NATO Alliance. The threat of the second largest Communist Party in Western Europe helps keep the Government of Giscard D'Estaing from instituting any dramatic change more favorable to the United States. Although recent efforts at greater cooperation are improving.

Table 3

	Northern and Central Europe			Southern Europe		
	NATO	Warsaw Pact	(of which) USSR	NATO	Warsaw Pact	(of which) USSR
Main battle tanks in operational service in peacetime.....	7,000	20,000	12,400	3,000	6,500	1,700

West Germany continues as our strongest Ally both economically and in terms of its military contribution to the Alliance.

It is when one takes a look at the Southern tier of NATO and in fact the whole Mediterranean littoral that the problems brought on by political deterioration during the past twelve months is most apparent.

The Iberian peninsula is undergoing its greatest changes since the Spanish Revolutionary War brought Franco into power. Now he is dead - and a new young king must grapple with the pressures built up by the decades of oppression practiced by Franco's dictatorship. While not a member of NATO, Spain has an important role affecting U.S. policy both in terms of our bases there as well as the neutral posture which Spain has maintained.

Portugal, as a NATO member, has been a special problem. The inability of the Nation to settle its internal dispute has brought it to the brink of civil war and has paralyzed effective government. At the moment, the country is ruled by a Military Council headed by Francisco de Casta Gomes. The Soviets have been actively wooing the Portugese leadership and an estimated 10% of the voters belong to the Communist Party. Certainly Portugal's ability as a member of NATO capable of carrying its responsibilities is seriously undermined by these past 21 months of total political disarray.

As this review was being prepared, the government of Aldo Moro resigned in Italy adding further concern to an already deteriorating situation. In the most recent election, the Italian Communist Party (second in size only to the Communist Party of the Soviet Union) carried more than 33% of the national vote. With the Socialists, they control the governments of almost all of the major cities -- the industrial strength -- of Northern and Central Italy. High inflation and unemployment increase the chances of a Communist Government taking over Italy. As for its ability to carry out its treaty responsibilities NATO has given the Italian Army a "4" rating describing it as "an inadequately equipped and trained force with low morale." It would be surprising under present circumstances if the radical reforms that are required to bring this force up to standard could be adopted.

Table 4

Tactical Aircraft in Operational Service	Northern and Central Europe			Southern Europe		
	NATO	Warsaw Pact	(of which USSR)	NATO	Warsaw Pact	(of which USSR)
Light bombers	165	250	200	8	30	30
Fighter/ground attack	1,250	1,500	1,100	450	225	50
Interceptors	350	2,100	1,100	225	600	200
Reconnaissance	275	500	350	125	50	40

The southeastern portion of NATO presents the twin problems of Greece and Turkey -- and their mutual bone of contention - Cyprus.

Greece has in fact withdrawn as an active military participant in NATO and has seriously curtailed our bases and activities there. This in turn has caused our senate to vote to bar further military aid to Greece until NATO obligations are fulfilled.

The most serious blow to NATO's southern flank has been the disruption of our friendly relations and close cooperation with the Turks - perhaps the best organized and staunchest fighters in the whole of that area. Because of the fighting on Cyprus - in which American arms were alleged to have been used by the Turks, the Congress made a rash incursion directly into foreign policy by placing an embargo on the sale or delivery of arms already purchased by Turkey. This ill-timed, and thoughtless effort not only effectively reduced any flexibility we may have had in contributing to a peaceful solution to the Cyprus crisis but more importantly ruptured our relations with Turkey as well. Turkey closed U.S. facilities throughout the country and threatened to withdraw from NATO. Some of our most effective and important intelligence monitoring activities came from our bases in Turkey. Subsequently, the Congress did an about-face and partially withdrew the Arms Embargo which has lessened the strain. But it is unlikely that we will soon, if ever, enjoy the same cooperation from the Turks as had been the case before the embargo.

Cyprus remains a serious problem for all of NATO but for the moment at least, an uneasy calm remains. It seems most probable that the ultimate solution must involve a divided island with the Turkish Cypriots holding a larger share of the real estate than heretofore.

The Adriatic borders one more potential powder keg in Yugoslavia. President Tito, now 83, has been able to maintain over the years, a brand of Communism almost totally independent of Moscow. There is fear that once Tito passes from the scene, the attractiveness of Adriatic-Mediterranean bases for the Soviet Navy will stimulate prompt Soviet action to bring Yugoslavia under its complete domination. What the reverberations from such an action might be, give thoughtful men pause.

There can be no argument that during 1975 the whole southern flank of NATO was seriously weakened while at the same time the number of potential trouble spots in the area increased appreciatively.

Looking to the Soviet Union itself, there is continuing concern about the health of Leonid Brezhnev - the Russian leader - and what policy changes might occur if he were to turn the reins of government over to another. There appears to be abundant reason (the Sino-Soviet split; Russia's need for Western technologies and foodstuffs for example) to make peaceful coexistence (Russian for detente) attractive to Soviet leadership for some time to come. The dangers of greater tensions building up between the Soviets and the West - particularly the U.S. -- lie in the proxy confrontations of the Mid-East, Africa and the like.

It seems clear that the Soviets are in no immediate hurry to reach an acceptable SALT II accord nor as was noted earlier, have they found an agreeable basis with the West for reducing troops and arms in Europe. A SALT Agreement acceptable to the U.S. seems to have less than a 50-50 chance of accomplishment in 1976.

Soviet probing for expanding spheres of influence in Asia, Africa and Latin America will undoubtedly continue at an increasing pace. There is no evidence that the Senate Amendment to the Trade Act has had a favorable effect on increasing humanitarian considerations in the Soviet Union. This Amendment tied our trade with Russia to an increase in the number of Jews who would be allowed to leave the Soviet Union. This effort at internal meddling has, in fact, reduced the flow.

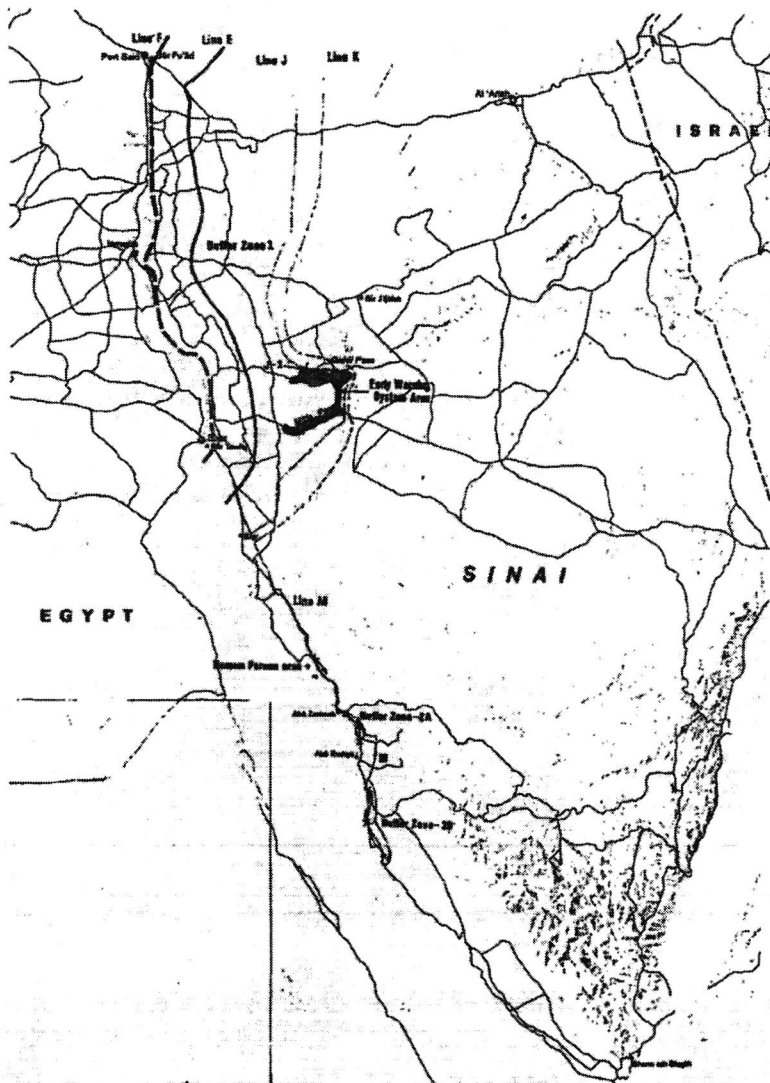
Moscow seems determined that detente - while producing a useful atmosphere in which to pursue its aims will not be permitted to either interfere with Soviet internal affairs or with its determined effort to advance the cause of communism on all fronts.

MIDEAST

Trying to summarize the current status of events in the Middle East is like trying to board a fast-moving train.

A year ago, we viewed the then on-going oil embargo being employed by the Organization of Petroleum Exporting Countries as the most immediate threat to world peace. The subsequent abatement of that problem staved off the consequence of serious economic disequilibrium in the industrial world and averted a broad crisis. The question of how far the Free World was willing to be pushed did not have to be met in 1975.

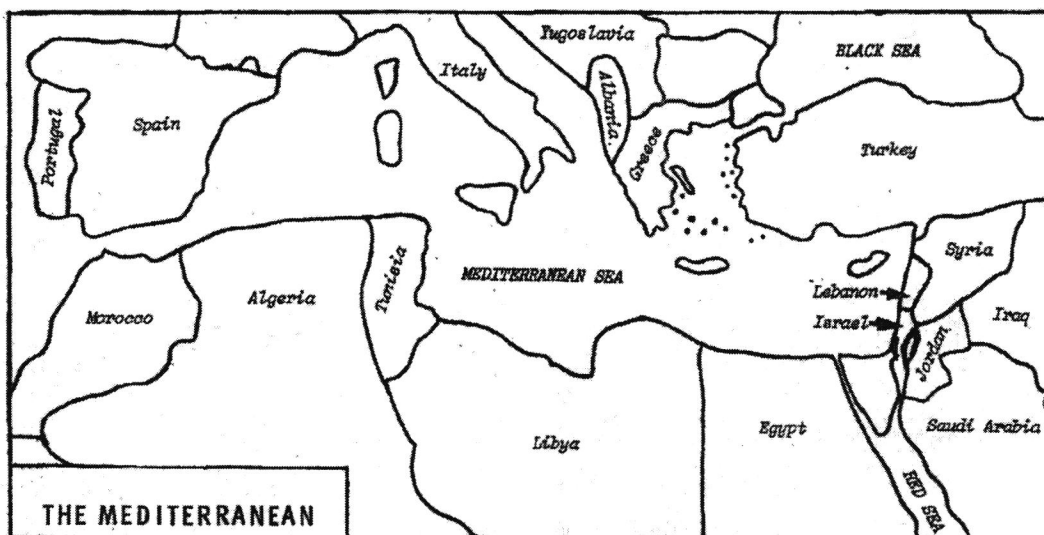
Primarily as a result of heroic shuttle diplomacy, the United States Secretary of State was able to facilitate an Egyptian-Israeli agreement in September of 1975.



Egypt-Israel Agreement September 1975

- Line E: The Egyptian line
- Line J: The Israeli line
- The lines E and J will extend 12 nautical miles into the Mediterranean Sea perpendicular to the direction of the coast and the area between the lines will be U.N. buffer zone.
- Line K: The limit of the Israeli area of limited forces and armaments.
- Line F: The limit of the Egyptian area of limited forces and armaments.
- Line M: The line separating the Israeli-controlled area from: the area south of line E and west of line M; and the areas of buffer zones 2A and 2B.
- B.Z.-1: The buffer zone between lines E and J.
- B.Z.-2A, & B.Z.-2B: The buffer zones along the Gulf of Suez.
- ↔: Road section for common use.
- E-1: Egyptian surveillance station.
- J-1: Israeli surveillance station.
- USA-WS: USA. watch stations 1, 2, & 3.
- USA-ESF: USA. electronic sensor fields 1, 2, 3.
- U.N. Posts in the Hamam Faroun area.

while negotiations for a more permanent peace in the Middle East have not gone forward, many believe that the Sinai Agreement has a significance that goes beyond the reduction of hostilities between Egypt and Israel. As a result of the negotiations - and a subsequent trip to the United States by President Sadat of Egypt -- our government has taken the opportunity to broaden our influence in Mid-Eastern affairs by identifying us also with Egypt's legitimate national and social aspirations instead of our former narrower connection only with Israel and her hopes.



Sadat emerged from the Egypt-Israeli Agreement as a statesman of greater stature than he had previously been regarded. By agreeing to disengagement, he continues to suffer political attack from the Palestine Liberation Organization and the particular fury of President Hafiz al-Asad of Syria. Sadat has also reduced Egyptian reliance on the Soviets whose advisors have largely been expelled from the country -- and the flow of Soviet arms to Egypt drastically reduced. The Soviets quite accurately assessed the Sinai Agreement as a serious defeat for their Mid-East aspirations. But the gains so far are fragile and could all be lost unless the Geneva Conference aimed at concluding a long-term peace settlement can be gotten underway.

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Embedded like a cancer in this whole picture are the goals of the Palestine Liberation Organization which has not been averse to terrorist activities to spotlight these goals. The PLO has gained a measure of legitimacy in the past twelve months to include a seat at the United Nations debate on the Mid-East -- a situation which Israel found unabiding and refused to participate. The strong prospect remains nonetheless that there will be some kind of accommodation to the PLO claims for both status as a nation and some land to call its own. A Palestinian homeland on Arab land now held by Israel would need to be accompanied by a change in PLO policy which would recognize and agree to Israel's right to exist as a nation. Israel must be encouraged further to turn the other cheek to the childish provocations of Syria and forego a surprise first strike attack.

We, in the United States, must be flexible enough to modify our views on the PLO and other Mid-Eastern nations, as we have done with Egypt, when they display the maturity to negotiate as adult nations.

Finally, some solution will have to be found to defuse the devastating civil war in Lebanon which is turning modern Beirut into a ghost town. This senseless religious crusade between the Christians and Moslems is as fruitless and emotional as the events in Northern Ireland.

The Mid-East continues to represent one of the principal focal points for proxy confrontations between the United States and the Soviet Union. It also is a great potential showcase for statesmanship. But for the moment, in assessing prospects for world peace, it remains a tinderbox.

AFRICA

The whole continent of Africa is in turmoil, suffering deep economic, social and political problems. Just south of the countries that border on the Mediterranean are the countries of the sub-Sahara that continue in the grasp of a terrible famine.

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However, the principal focus of unrest is centered on the Civil War in Angola. Upon receiving independence from Portugal, three competing factions sought to take over the government and now provide the basis for the fighting. Russia and Cuba support one faction, the MPLA, with heavy arms support - and in the case of Cuba -- manpower as well. A force of Cubans estimated to be as many as 7,000 has been fighting on the ground in Angola. The opposing groups, FNLA and UNITA, have received at least some support from the United States, South Africa, Zaire, and Red China. The U.S. Congress has blocked further U.S. military aid to the anti-Russian forces, although President Ford has indicated that he will make a determined effort to get this action reversed.

The Organization of African Unity failed in its efforts to come up with a solution to the Angolan problem. In a recent three day meeting, African leaders could not agree whether to support the Soviet-backed MPLA or a government which included all factions. Not only is this failure certain to heat up the fighting, it is a serious blow to the fledgling OAU -- failing one of its first major tests. It is expected by most that the Soviet-backed MPLA will ultimately prevail.

The emergence of the many African nations as independent nations after generations as colonies of overseas powers, was bound to be fraught with serious growing pains. These are aggravated by the severe economic problems all of these countries face. But the most serious threat to stability is the continual outside interference from foreign nations who, for a variety of reasons, seek special influence on the African continent. The result is an extremely volatile situation which cannot be ignored. It is difficult to visualize a realistic scenario which would envision an early peace and stability throughout the whole continent.

ASIA

President Ford has made it clear that despite our graceless abandonment of the effort in Vietnam, the United States will continue to be a Pacific power. It is essential that we widen and strengthen our relationships in this important region of the world where we have already fought three wars in the last 30 years in an effort to secure peace.

The President has enunciated a new Pacific doctrine for the United States that seeks to buttress our non-Communist allies and at the same time increase our cooperation and communication with the leadership of Red China as well. The principal premises of U.S. policy toward Asia were announced by the President on 7 December in Honolulu. The salient points:

1. No isolation for America. American strength is basic to any stable balance of power in the Pacific;
2. Partnership with Japan is a pillar of our strategy;
3. A major premise of our Pacific doctrine is the normalization of relations with mainland China;
4. The U.S. will have a continuing stake in the stability and security of Southeast Asia;
5. Peace in Asia depends on a settlement of political conflicts in Korea and Indo-China;
6. Peace also requires a structure of economic cooperation with Asia.

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In connection with this last point, it is interesting to note that our recent trade with Asia increased by about thirty percent a year and reached the order of \$46 billion last year.

This Pacific doctrine has had a favorable reception and it is still the considered view of most students of the area, that most Asian nations, to include China, want the U.S. to remain in the Pacific as a stabilizing force.

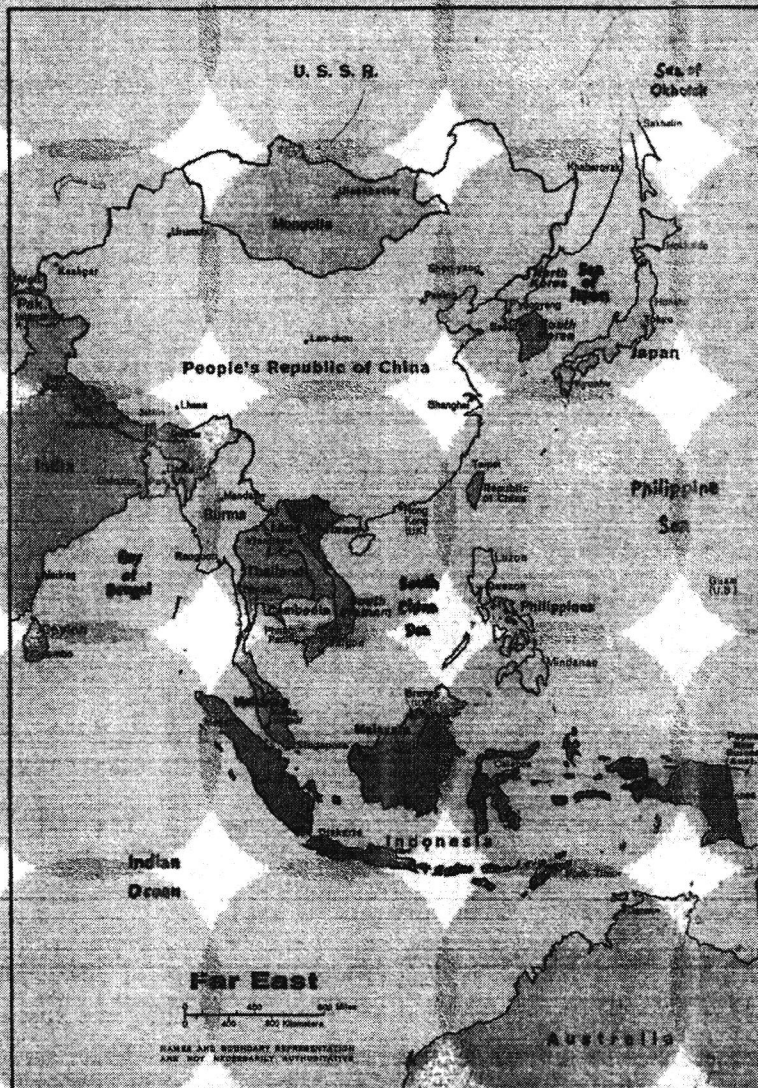
The U. S. projects a diminishing military profile in the Far East. With the withdrawal of all of our bombers we now have only 6,000 personnel in Thailand as opposed to some 35,000 a year ago. We have no other troops in Southeast Asia. In the Western Pacific, including

Japan, Okinawa, the Philippines and South Korea we have 105,000 personnel.

Additionally, manning the naval forces at sea in that area, we have another 24,000.

In the absence of conflict, these forces may well be strong enough to support our country's Pacific doctrine.

Japan continues as our most important partner in the Far East. It occupies a unique status. In addition to being our largest foreign trading partner, it also is the largest for Russia and China.



So it has a clout with the three major powers that belies its size. 1975 was a far less austere one for the Japanese than was the outlook at the beginning of the year when there was concern that an oil embargo might either seriously slow the Japanese economy or send inflation out of sight.

Japan represents a commitment that we could not disown but also represents one of the greatest successes in American postwar foreign policy. Her growing trade with China similarly offers the best hope of bringing China more quickly into an active role in the international community.

Across the Sea of Japan, the Korean Peninsula remained quiescent during 1975. Except for some major tunneling efforts under the Demilitarized Zone by the North, there were no serious confrontations. Meanwhile, the South continues to grow in both economic strength and military preparedness. The U.S. Congress has indicated that the time has come for the U.S. military to begin to look at ways we can reduce further our forces in Korea which now include only a corps headquarters, one division with supporting troops and aviation.

The Communist leadership in Hanoi continued consolidating its hold on all of Vietnam and will remain preoccupied for a time yet in getting the country reorganized and in some sort of shape to become more self-supporting.

With Prince Sihanouk exiting from the leadership of Cambodia, and the monarchy dismissed in Laos, the whole area has been engulfed in the tide of Communist domination.

At the request of the Thai Government, our presence in that country has been drastically reduced and the phase-out will continue.

Events in India in the past years give cause for concern. Not only has India become one unwelcome member of the Nuclear fraternity but India's Prime Minister Indira Gandhi has moved toward a firm dictatorship in the government of her country. She has indicated that she will do what she wants to do whether the people support her or not.

She is grooming her son as the heir apparent. Her recognition of U.S. disenchantment with the trend of events is made clear in the strident anti-Americanism of her public pronouncements.

There had been concern about growing aloofness toward the U.S. by the Philippine Government of President Marcos. However, the public utterances by both sides during and since President Ford's recent visit there would seem to belie that. It seems probable that we will continue to utilize our bases at Clark Field and Subic Bay.

From the standpoint of our policies in the Far East, the recent change of government in Australia - with the strong backing of the electorate - is encouraging indeed. Under Whitlaw Gough, the Labor Government had given Australia's government policies a radical shift to the left and some of his public statements were interpreted to indicate that the government would exercise a highly selective approach to what alliance commitments it might support.

The advent of the conservative government of Malcom Fraser returns the Australian government to the more predictable level with whom communications and cooperation is enhanced.

Speaking of commitments, it should be noted that 1975 saw the beginning of the end for the Southeast Asia Treaty Organization as a viable group. Within two years, the Organization will be dissolved and we will again be relying on more direct arrangements.

LATIN AMERICA

1975 has been a year of unease in much of Latin America. A government was overthrown in Peru and an attempted coup was unsuccessful in Ecuador. Argentina continues in a period of social and economic upheaval which seems almost certain to topple the regime of Isabel Peron. A recent revolt by Air Force units was successfully thwarted, but the 300% inflation rate and the pay increase being granted may soon bring the country to economic ruin -- if not civil war.

The Organization of American States voted in July to relax the trade embargo on Cuba and permit each of the OAS members to determine its

The stickiest wicket in Latin America for the United States revolves around our relations with Panama and the efforts to develop a revised Panama Canal treaty. Most Americans are not aware of the issues involved in the negotiations.

The United States and Panama have agreed in principle that the treaty of 1903 should be replaced by a new, fixed-term treaty which will accommodate Panama's concerns about sovereignty and at the same time, adequately protect the interests of the United States in a safe, efficient, and neutral canal open to the ships of all nations. In the context of the Joint Statement of Principles, the two negotiating parties are working to resolve the following issues:



1. Duration. How long will the new treaty remain in force? (The old one has been in force for 72 years).
2. Operation and Defense. What rights and arrangements are necessary for the United States to continue to operate, maintain and defend the Canal effectively?
3. Lands and Waters. What geographic areas will the United States require to accomplish its purpose?
4. Jurisdiction. How soon and under what arrangements will the U.S. jurisdiction terminate? What functions will continue to be performed by the United States after its jurisdiction has terminated?
5. Expansion of Capacity. How will the new treaty provide for possible enlargement of the Canal?
6. Participation. How will Panama participate in the administration and defense of the Canal?
7. Compensation. What will be the economic form and level of benefits to Panama under the new treaty? (Currently more than 30% of Panama's foreign exchange earnings and 13% of its GNP are credited to the Canal).

Since June 1974, both governments have been proceeding deliberately toward resolution of the major issues. Tentative agreement in principle has been reached on the issues of Panamanian participation in the operation and defense of the Canal; and in general terms, we agree on the rights the United States will need to operate and defend the Canal. Nevertheless, the difficult issues of treaty duration, expansion rights, economic benefits to Panama, and definition of lands and waters required for Canal operation and defense remain unresolved. For these reasons it is not possible to predict when a draft treaty will be completed.

These issues have raised high emotion on both sides which will render meaningful progress more difficult. We will discuss these special issues, both pro and con, in great detail in a separate paper, but for the purpose of this year-end assessment several points need to be made. Many of our Latin American neighbors identify closely with the Panamanian aspirations on this issue. President Torrejos has been busy throughout

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Latin America soliciting support for his views. The potential for real trouble, including a confrontation, by arms between the U.S.-Panama and perhaps others - is very much a possibility. It would be greatly advantageous to both sides if the level of emotion could be reduced to a serious negotiating level. Virtue resides entirely on neither side.

CONCLUSION

The seriousness of this assessment takes on an added worry when we find people of the stature of Paul H. Nitze raising serious doubts about the Soviets or the U. S. having sufficient power to destroy each other. Mr. Nitze, a former Deputy Secretary of Defense, is now with the John Hopkins School of International Studies and is a former member of the United States Strategic Arms Limitation Delegation. In an article appearing in the January 1976 issue of Foreign Affairs, Mr. Nitze made the following assertion:

"In sum, the ability of U.S. Nuclear power to destroy without question the bulk of Soviet Industry and a large proportion of the Soviet population is by no means as clear as it once was, even if one assumes most of U.S. striking power to be available and directed to this end."

If the views of this knowledgeable participant are to be taken seriously then we do indeed have another new dimension to our assessment.

There are other areas of difficulty and tension in the world that we have not touched on in this paper. The intent has not been to seek out the most dismal forecast that could be assembled legitimately.

Survival in the world we see today does not belong to either the faint of heart or those whose rose-colored glasses screen out the facts of life.

You cannot escape the obvious conclusion that a strong and stable United States is the essential anchor against further deterioration in the international arena. Equally as obvious should be the

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fact that this strength is essential to protect our interests, not someone else's.

If we were to analyze with complete objectivity the downward trend in our defense posture in the last few years, we could not ignore the impact of either the emotions stemming from the Vietnam conflict nor our preoccupation with the economic difficulties which have engulfed us. As this assessment makes abundantly clear, it is high time to reexamine our defense needs in terms of the threat and the capabilities of those who oppose our way of life. We must abandon now the losing strategy of great expectations for a change in international demeanor which our good sense rejects.

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