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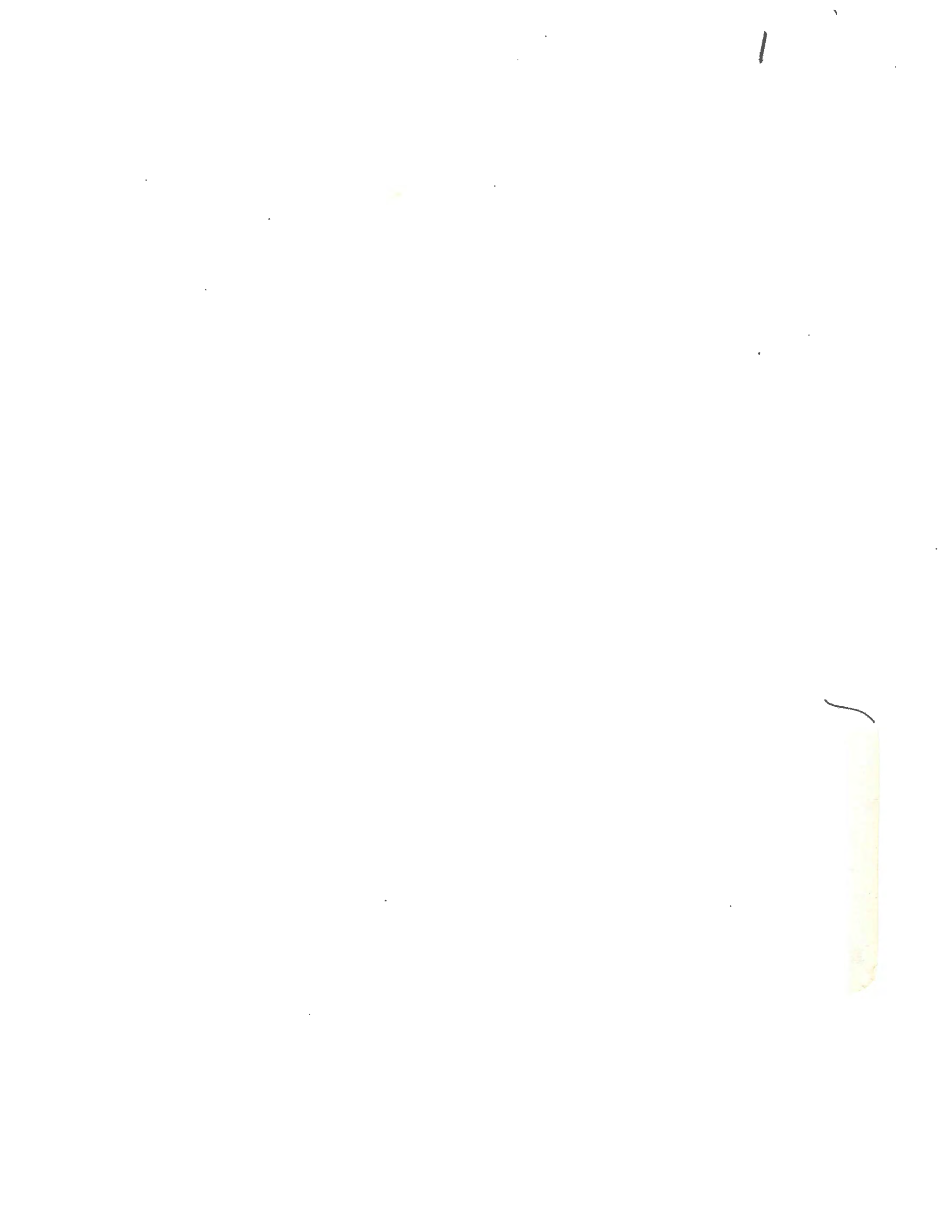
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BY KDB NARA DATE 12/9/15Task IV. US Policy: Possible Actions/Initiatives

170015

NSSD 11-82 and NSDD establish the framework for U.S. policy towards the Soviet Union over the next 5-10 years. The question this section addresses is what we can do concretely over the next 6-24 months to implement the longer-term policies established in the NSSD and NSDD.

The preceding three sections of this paper set out our best estimate of the context for the next two years. There are important uncertainties both about Soviet conduct and other key variables (global economy, crisis spots, US domestic consensus, etc.). However, in order to determine US policy now, we need to proceed on certain explicit assumptions -- being prepared to adjust as required by subsequent developments.

We believe the most prudent assumption is that the Soviet Union will pursue a somewhat more active diplomacy, and continue its opportunistic course in regions of instability (as opposed to an immobilized, inward-looking Soviet leadership). The probability of really radical changes in the substance of Soviet policies across the board is not high. But they are likely to be more active on the margins across a fairly broad front. By proceeding on this assumption, we can prevent being put on the defensive or caught off guard.

But we face this dilemma. Our approach has been -- and should remain -- that outstanding problems relate to Soviet behavior and they need to change. This could put us in a largely reactive mode. At the same time, in the face of a more activist Soviet approach, American policies over the next 6-24 months must be geared to meet these four concerns:

1. To preempt, counter new Soviet threats against Allies and friends (in Europe re INF) or new encroachments (Somalia, Central America).
2. To offset Soviet efforts to undermine support for our overall stance on East-West relation -- peace offensives vis-a-vis China, Japan, Europe.

3. To avoid losing the initiative or becoming irrelevant on specific outstanding problems because the Soviets make deals without reference to us, i.e. Afghanistan, Kampuchea, perhaps Poland (this is not to say that any change of Soviet behavior in which we are not involved must be bad. It is to say that certain situations which the Soviet Union and its allies created (Afghanistan, Kampuchea, etc.) are unlikely to be settled on optimal terms without the participation and weight of the United States).
4. To induce Soviet acquiescence or active cooperation in areas where this is needed, i.e. southern Africa, non-proliferation, other arms control.

The strategy of American activism, momentum, and strength which this requires does not define the content of our policy in each area. For example, we do not need to rush into a summit just to demonstrate activism. Nor should we change policies for the sake of doing something. Clearly our approach will depend in part on the situation in each area, i.e. whether in INF the Soviets make an effective presentational or substantive move determines in part whether we need to take steps in Geneva to assure that our deployments move ahead. But it does mean moving now to get the initiative in our hands in areas where there is already evidence of Soviet movement -- China, Kampuchea, Afghanistan. In general it means being acutely conscious that the Soviets have opportunities and the power to move in directions both unfavorable and favorable to the United States.

The most important determinants of the success of our policy towards the Soviet Union over the next two years will be external to the direct bilateral relationship. The major determinants will be our ability: to sustain major defense increases and restore economic growth; to keep the cohesion of our alliances; and to help shape regional situations like the Middle East where the US-Soviet relationship is of tertiary importance. But there will be an important role for action and initiative in the US-Soviet relationship as well. We will need disincentives and incentives, a willingness to penalize misconduct and to stimulate positive steps. This will require discipline and sophistication -- the ability to take limited steps while keeping from another large swing in atmospheric.

What can U.S. policy realistically be designed to achieve vis-a-vis the Soviet Union in this limited period of time.

- o First, we need to avoid another major Soviet victory at our expense and/or major new instance of Soviet misconduct (of which there was one nearly every year from 1975 to 1980), whether negative like preventing INF deployment or expansive like a Soviet-backed insurgent takeover of El Salvador.
- o Second, we need to stimulate reassessment in Moscow about the costs of using their normal policy tools vs. the benefits of a more responsible approach to international problems, i.e. that national liberation struggles are now a two-way street -- witness Afghanistan, Kampuchea, Angola, Nicaragua -- and that Soviet influence/prestige could be enhanced through participation in negotiated/peaceful solutions in places like southern Africa.

The bottom line is that in two years the Soviet Union is likely to present much the same challenge it does today no matter what policy the U.S. pursues. We will not get a broad Soviet retreat or an abandonment of their long-term view of history. But we can try to compel a pause, while we rearm, to sustain serious pressure at points where ultimately reversals are possible, and to test Moscow to determine whether and where it is prepared to engage in more constructive pursuits. Thus we need U.S. moves which are both politically effective and serious enough to engage the Soviet Union.

How should we accomplish these objectives. The following sets out under four categories a fairly rich menu of actions and initiatives. Taken together, they constitute a broad program for US actions over the next 6-24 months to deal with greater Soviet activism -- whether of the new pressure, peace offensive, or positive substantive movement variety.

A. What steps should we take to head off new instances of Soviet misconduct? Warnings? Preemptive action?

We need to be prepared for a somewhat more formidable Soviet challenge, particularly in the areas of covert action and military adventures, given Andropov's background and growing Soviet military projection capabilities. These could range from support for terrorism (PLO), to increased support for guerillas (El Salvador), to political/military moves (raising the fear-level in Europe, Cuban troops into Nicaragua penetration into Pakistan), to full scale invasions (a move into Somalia, Iran).

What should the U.S. do to head off these possibilities. Clearly each potential situation deserves detailed individual consideration which this paper cannot provide. But we can take steps in five areas:

1. Prediction. As the to-date success of our effort to persuade the Soviets to keep MIGs out of Nicaragua demonstrates, we need the best possible intelligence collection and assessment efforts in areas where the Soviets might move. Unless we know in advance, we will be unable to warn against them or take a counter-move. We would face a fait d'accompli, or a much more difficult and dangerous effort to reverse the Soviet/proxy action. Specifically, we recommend that intelligence community tasking set a high priority on monitoring potential areas for Soviet moves over the next 6-24 months.
2. Warnings. With advance knowledge, we can and should issue warnings to the Soviets. We should do so in future areas where intelligence raises serious concerns.
3. Reciprocity. The reason words had an effect in the Nicaragua case is that the Soviets judged that this Administration had the will and capability to back them up and/or to reciprocate in other areas. This is one of several important reasons for us to sustain our own programs to help national liberation struggles in certain countries, and keep in good repair the relations with other countries we need to do that. We also should be prepared to increase these programs inter alia if the Soviets increase their threat in situations of importance to us and to indicate to Soviets that we will.
4. Preemption/Reaction. We need to continue developing our military capabilities for preemption/reaction, notably the RDJTF. And we should encourage Allied capabilities, i.e. in French in Djibouti.
5. Dialogue. One idea which needs further development is the possibility of a dialogue with the Soviet Union about the use of force versus peaceful settlement in areas of instability. We are now in a stronger position to discuss this than in the 1970s because we are hurting the Soviets and their clients in various areas, even as they continue to hurt us. Clearly we do not want another set of principles which the Soviets proceed to ignore. Nor at the other extreme can we engage in specific trade-offs or discussions of spheres of influence, i.e. abandoning Afghanistan if they get out of Nicaragua. One positive thing we have established these past two years is that what happens

in Poland -- a Warsaw Pact country -- is a matter of serious international concern. We should continue to extend our droit de regard to the old "Soviet sphere" and that is another reason to resist its extension -- to Afghanistan. But there might be some area for useful thought and potential exchanges in between. The discussion could be over "means" -- acknowledging that we each believe in political/societal change but in different directions, that we are and will remain essentially competitors, and that the central question is whether support for armed liberation struggles, etc. isn't becoming too dangerous for both sides in the nuclear era, i.e. to use a head-clearing example, if an insurrection starts in Mexico and the Soviets arm it, would the United States respond by arming underground worker movements in Poland. We could for example make clear that there is a general relationship between the growth, necessity for and level of our programs in these areas and Soviet use of covert action and military force. This is a subject Andropov and Ustinov are particularly well equipped to address either through others or in any direct meetings with us. This perhaps could be done in dialogue between non-governmental people. It probably should not lead to any specific agreements but might result in some reciprocal and understood demonstrations of will on both sides.

6. Removing the Temptation. In a broader sense, one of the key element is to prevent the source of temptation from becoming so attractive that the Soviets intervene. The Middle East and Southwest Asia is the best example. Yugoslavia is another good one. US policy must place high priority on helping to ease Yugoslav economic problems to prevent Soviet meddling or worse. This applies in a number of other areas. Security assistance is particularly critical to friends who are potential targets of Soviet-sponsored pressure. We should work with the environment to make it less receptive to Soviet use.
7. Individual Game-Plans. Finally, as we develop individual policies for areas which Task II has identified as most likely for Soviet action, i.e. raising the fear level in Europe, Cuban troops into Nicaragua, further Soviet moves in the Horn of Africa and the Gulf we need to keep this potential for greater Soviet activism in mind. These papers should develop strategies which incorporate all of the elements listed above (warnings, reciprocity, preemption, etc.), plus

the traditional diplomatic use of Allies, the U.N., etc. As we deal with individual problem areas around the world, we must not assume that the new Soviet leadership is so preoccupied at home that it cannot cause us new troubles.

B. What steps should we take to induce both general and specific improvement in Soviet conduct? What leverage can we apply? What initiatives can we take?

1. Under the category of sustaining leverage and/or turning up the heat, there are these key areas for action:

- o East-West economic policy. As the NSSD points out, one key to our success in dealing with the Soviets and bringing about long-term change in the Soviet system is a united, firm Western approach to economic relations with the Soviets. We need to finish the first phase of the Western effort to define such a policy by the Williamsburg summit, i.e. six months from now. It will take additional time to have specific agreement and teeth for each component: credits, COCOM, energy, etc. What this means for our overall approach to US-Soviet relations in the 6-24 month period of this paper is that we can move in the right direction, but slowly and with some predictable bumps. We need to take this into account as we examine other areas of the US-Soviet relationship, i.e., our economic leverage will be growing but still limited and fragile. We need to avoid moves which could ease pressure on the Allies for a tougher economic policy, i.e., overly positive atmospherics. Equally important we need to sustain Allied consensus, not pushing them on specific near-term problems so hard that we kill the overall exercise.
- o US-China relations. We need to provide sufficient content to the US-China relationship to sustain this key factor in our relations vis-a-vis the Soviets. To accomplish this, we will need to proceed calmly to develop US-China relations on their own merits, in a manner that will avoid giving either the Chinese or the Soviets the impression that they can manipulate us.

The series of high level US-China exchanges already planned for 1983 will be key to advancing the relationship. The aim of the Secretary's February trip to China -- the first in the series --

will be to restore an atmosphere of trust and confidence. We have already made clear to the Chinese, and have received positive responses from them, that we expect the visit to include detailed exchanges of view in areas of common interest, regionally and globally.

In the Soviet context, we need to focus more closely on ensuring that any agreement the Chinese reach with the Soviets accords with our own interests. As the US-Chinese dialogue resumes, we should seek to engage the Chinese in discussions on how to prevent the Soviets from taking advantage of any reduction in Sino-Soviet tensions in a way that would be damaging to either of our interests. For example, any Sino-Soviet agreement to reduce troop levels along the border which allowed the Soviets to redeploy southwest (e.g., Afghanistan) would be damaging to both US and Chinese interests. It is also in both of our interests to avoid increasing the burden on NATO forces. Therefore, in our dialogue with the Chinese, we should encourage them to seek genuine demobilization, rather than redeployment. We should also maintain close dialogue on Afghanistan; and, on Kampuchea, we need to keep the US-China-ASEAN consultative process intact.

Improvement in US-China relations will require not only restoring high-level rapport but also managing problem areas, and reduces Beijing's incentives for expanding relations with Moscow. We need to define our long term national security interest with China carefully, weighing export control needs against our interest in strengthening China against Moscow. We must bear in mind also China's strong sensitivity to discriminatory treatment and need for help in its modernization.

US-China defense relations offer a means to reinforce the bilateral relationship and nurture its potential vis-a-vis the USSR. Proceeding too aggressively could backfire however, furthering both Beijing's and Moscow's suspicions that we see China solely as an anti-Soviet weapon. The ball is in Beijing's court on arms sales; we can leave it there while nonetheless pursuing a visit by Secretary Weinberger, which the Chinese have indicated they would welcome.

We must handle unofficial relations with Taiwan carefully, enhancing their substance while avoiding missteps that inflame relations with Beijing and give friends and allies the impression that we are mismanaging this key area.

- o The Middle East. Here it is important that we conduct ourselves in ways which deny the Soviets opportunities for advances. We should show sufficient forward movement -- evacuation of foreign forces from Lebanon and a beginning to broadened autonomy talks -- for us to maintain the support of moderate Arabs and deter the extremists from becoming instruments of the Soviets. We should, of course, continue to deny the Soviets a role in either the resolution of the Lebanon problem or the peace process. While planning for success regarding Lebanon and Middle East peace, we should also foresee the problems which might be caused by failure. In doing so, we should recognize that if we play our hand correctly, even in failure we should be able to prevent significant Soviet gains in the Middle East.
 - o Other areas for sustaining leverage and/or turning up the heat include those touched upon briefly in "A" above: programs directed at Afghanistan, Kampuchea, Nicaragua, southern Africa, the Horn of Africa, etc.
2. These same areas provide possibilities for constructive initiatives or measures in concert with key regional countries. We set forth proposals so that we cannot be undercut by Soviet initiatives, but also that can serve as the basis for genuinely useful negotiations if the Soviets are interested.
- o Afghanistan. A joint initiative on Afghanistan with Pakistan, China and possibly the EC in the next few months could have multiple benefits: it would be an early way to test the possibilities for positive movement with the Andropov regime, and make somewhat more difficult a further toughening of the Soviet position, i.e. raising troop levels, attacks on Pakistan; it would keep the U.S. in the mainstream of this key issue, where there is some danger of separate Pakistani and/or Chinese deals with the Soviets on less than optimal terms; if done carefully and in full consultation with the Pakistanis and Chinese, it would provide some additional content for our relations with these countries at a time when this is needed;

here and abroad it would show the U.S. as active diplomatically with a positive program vis-a-vis the Soviet Union. Launching a joint initiative will require considerable effort and may not succeed. But we should attempt to do so as soon as possible -- ideally prior to the Secretary's trip to Beijing. We envisage a package of four substantive elements: phased, complete withdrawals of Soviet forces; transitional leading to permanent safeguards of Afghanistan as a non-aligned state which is not threatening to its neighbors; self-determination through electoral or traditional means; arrangements for return of refugees.

- o Southern Africa. As our southern Africa effort moves toward critical choices in the next 3-6 months, it is predictable that Moscow will pursue a two-track approach of (a) publicly berating us for the Angola-Namibia linkage and stirring up African dismay and allied nervousness over the possibility of a breakdown, while (b) making careful behind-the-scenes calculation of how we are doing and what degree of compromise will be needed. Moscow will formally reject linkage while indirectly participating, via its influence with Luanda and Havana, in a de facto negotiation.

In these circumstances, it is essential that the US game plan include potential moves to maximize pressures/incentives on the MPLA to deal and to strip away arguments that could shift the onus for failure to us. One element of our approach should be continued exchanges at sub-Ministerial level which give us useful opportunities to probe Soviet intentions and test Soviet flexibility. Another is continued development, with our CG allies, of proposals which give the MPLA (and indirectly Moscow) something concrete it must react to. Maintenance of CG cohesion is central, and the French involvement in developing proposals, scenarios and security assurances should enable us to keep the initiative and disarm Soviet divisive maneuvers. Assurances for the MPLA--put forward to obtain an adequate bid on Cuban withdrawal and to demonstrate our reasonableness and good faith--range from SAG commitments to us, to international undertakings in the UNSC context including, perhaps, outside observers, to bilateral help in the security field from the French or Portuguese. We can best maintain the high ground by means of SAG cooperation

in a "peace offensive" that reduces conflict in southern Angola and--at an appropriate moment--considering recognition of the MPLA which would strip away the argument that our purpose was its overthrow.

We should recognize that it is highly unlikely that Moscow will come down off its "principled" position on linkage until the pieces of a package are in place--both to protect itself from the charge of selling out its clients and to maximize pressures on us. A consistent record of reasonableness--shared with both the MPLA and Moscow--and a firm reiteration that we cannot be shifted on the Cubans--will give us the best chance to track Soviet moves and shape the final outlines of a settlement on our terms. It will also give us the basis for a solid public presentation of who caused failure if the process (or the MPLA) falls short. Proceeding thus will enable us to point out that despite its principled position the Soviets were (already are) prepared to consider parallel withdrawal in Phase III. We will need to push the South Africans to gain more high ground if this becomes necessary.

- o The Horn. Via our military assistance to Somalia and periodic exercises, we must create the impression in Addis Ababa and Moscow that further aggression against Somalia runs real dangers, including greater U.S. involvement. Economic pressure, both direct and indirect, must be maintained on Ethiopia to curb its adventurism. We should consider how we might facilitate a negotiated decrease in border tension.
- o Poland. We should do a separate paper on the Polish-Soviet connection. Can we encourage further progress towards reconciliation in Poland by taking the same step-by-step/dosage approach to removing the Poland-related sanctions in effect against the Soviet Union? Do we want to approach the Soviets to discuss the course we would like to see in Poland over the next 6-24 months and how it would affect our relations (this issue was not addressed in the President's Dec. 10th remarks). Clearly all of this requires close consultations with the Allies.

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- o Cuban Proxy Problem. This is another possible area for initiative which requires careful and more detailed consideration than this paper can give. For example, we could consider making an offer to normalize relations with Havana if they withdrew their forces from Angola and Ethiopia, and ended their destabilizing activities in the Western Hemisphere. If the Cubans and Soviets refused to accept the proposal, it would paint them as the intransigent party; if they accepted, it would constitute a major geopolitical triumph for U.S. policy. To give this project some teeth, we could try simultaneously to sustain pressure on Cuban forces/presence in these areas and in Cuba itself (at the same time, we must recognize the complexity/difficulty of carrying this out).

In considering the foregoing we should keep in mind these factors. There are areas where we could consider discussing with the USSR the desirability of reduction of withdrawal of Cuban forces (e.g., Africa, the Middle East). In Central America, while we would not wish to begin a dialogue with the Soviets, we need to warn them of the risks that arms supplies to the area can cause. Most important we need to make them continually aware of the unacceptability of the introduction of Cuban combat forces in this region.

We need to bear in mind that (a) the direct role of the USSR in the Western Hemisphere is relatively small; (b) its control over Cuban actions in this region is rather in the nature of a veto on certain possible Cuban initiatives than it is any blanket directive authority; (c) the Cuban proxy has strong interests of its own, particularly in Latin America, most of which are starkly antithetical to US interests; (d) the capacity of the United States to change the aggressive course of the Cuban-proxy are limited in nature; (e) in the Western Hemisphere the actions of third countries and their reaction to U.S. or Cuban activities will be at least as significant as the Soviet reaction.

This means that we may wish to persuade the Soviets to take specific steps of self-restraint or restraint of the Cubans but that no general dialogue on this region is desirable.

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C. What should we be prepared to do in the bilateral relationship if Soviet behavior improves?

Defining an improvement in Soviet behavior is more difficult than demonstrating the reverse. In the midst of what will continue to be a basically adversarial relationship, with far more points of friction than agreement, what constitutes a significant enough improvement to warrant a U.S. move? In terms of human rights, does release of some prominent dissidents in the midst of general repression call for something from the U.S.? Does the absence of a new aggression each year, an improvement over the past decade, mean we should reward this behavior or should we continue to require progress on existing aggressions? And how much progress on these continuing problems warrants what level of response in either the direction of the overall relationship or specific areas of it?

There are no easy, abstract answers. To some extent we will need to deal with issues in their own regional and functional context, keeping in mind our overall policy of linkage and the realistic tone we want to sustain in the relationship. But perhaps we can view the next 6-24 months in terms of three general situations: no movement on the Soviets' side except presentational insincerity; some minor moves; or a fairly significant move(s) either in terms of political impact or actual major substantive changes. The following assumes the Soviets take no major new negative action which overshadows their neutral or positive moves.

We see three basic alternatives for U.S. policy towards the bilateral relationship (as opposed to Sections A and B above which ranged more broadly -- most of the actions/initiatives set forth in those sections should be done on their own merits regardless of improvement or lack thereof in Soviet conduct).

1. Maintain the Status Quo, including its Presentational Aspects: Reiterate the basic policy we have articulated since the outset of this Administration; reaffirm that we are prepared to work for better relations on the basis of mutual restraint and reciprocity, but undertake no bilateral initiatives, gestures or signals of increased U.S. flexibility on the substance of the major issues; continue to emphasize the need for changes in Soviet conduct as the precondition for improved US-Soviet relations, while pursuing an active dialogue with Moscow on the full range of issues in order to demonstrate U.S. willingness to find constructive solutions.

2. Status Quo Plus Small Steps: While reiterating our basic policy, make minor changes to our existing positions in order to reinforce minor Soviet moves and the "two tracks" we wish to pursue vis-a-vis the Soviets: building our strength, and engaging in serious efforts to improve relations on that basis. The purpose would be to reinforce any small evidence of movement and to test the intentions and flexibility of the new leadership -- without offering significant moves on the main arms control and other bilateral. US steps could include negotiation of a new long-term agreement on grains, reestablishment of government-to-government contacts on trade through the Joint Economic Commission, or minor steps forward in arms control, such as greater flexibility in Madrid on CSCE/CDE issues.

3. Bilateral Activism: Within the framework of our existing approach, announce U.S. initiatives in arms control or other bilateral areas, and perhaps even agree to an early summit as well; the purpose would be to demonstrate forcefully to the U.S. public and our Allies that we are prepared for a substantial improvement in US-Soviet relations, and to encourage further positive Soviet actions. This paper cannot and should not get into the details of possible initiatives. We just note the centrality of arms control -- particularly START and INF. In addition, if there are really substantive as opposed to political major moves in Soviet positions, we could consider other areas for U.S. moves. For example there is some room for expanded trade once we have clearly demarcated the boundaries, i.e. when we have Allied agreement on COCOM, credits, energy, etc. This would be related to confidential talks and significant steps on human rights.

In keeping with our overall approach, moves under all three options would be so designed as to yield nothing of substance unless the Soviets reciprocated.

In weighing the choice among these alternatives, we must keep in mind what the Soviet Union's main objectives are likely to be in East-West relations over the coming months: particularly, undermining the U.S. consensus in support of increased defense spending; and undercutting the cohesion of the Alliance -- derailing INF deployments in particular. To counter Soviet efforts toward these ends, we need a policy which holds firm to the principled positions we have taken on the major issues, but which at the same time convincingly portrays us as sincerely prepared to work for improved

relations. Such a policy would, at a minimum, help to defuse the Soviet "peace offensive". If a more stable and constructive relationship were to result, all the better.

The first approach would be the course to follow if the Andropov leadership were simply to maintain the foreign policy line established under Brezhnev, and avoid any substantive or presentational departures. Absent major Soviet initiatives or a stepped-up rhetorical campaign, we could successfully fend off pressures to alter our policy, and keep the pressure on Moscow to make the first move.

The third approach would be the appropriate course of action if the Andropov regime were to take the offensive either on the substance of the issues, or successfully on the atmospherics. Even if there were little Soviet flexibility behind the intensified rhetoric, it would be a mistake to yield the initiative we have seized in US-Soviet relations by simply standing pat, and we would have to develop our own program aggressively to keep the high ground. At the same time, a more activist policy would not imply a shift in our basic policy toward the USSR; we would still demand changes in Soviet behavior as the prerequisite to changes in our own positions.

The second approach is the course that many commentators are pressing for, but would have some important drawbacks. It might be seen as unjustifiably forthcoming in the face of only minor moves by a still largely unimaginative Soviet leadership. A strategy of small steps could risk overly stimulating public and Allied expectations of a "new dawn" in US-Soviet relations, yet the gestures themselves would not go far enough either to pressure the Soviets necessarily to move on to major moves or to position us as the clearly more forthcoming party in the relationship. They could also undermine domestic support for our defense buildup.

The Allied dimension is particularly important as we consider our choices. A major Soviet objective is and will remain to influence West European public opinion in the direction of opposition to U.S. policies. Sustaining Allied unity on East-West trade and defense policies will be even more difficult during the Soviet transition, when many of our Allies will be especially eager to let bygones be bygones and seek a new rapport with the Andropov regime. Thus it is vital that we coordinate closely with the Allies, including the Japanese, as we weigh the choice between a cautious and a more activist approach. Above all we should try to restrain the Allies from striking out on their own in new directions.

We also need to take into account how our policy toward Moscow will affect our relations with the Chinese. While the

basic direction of our Soviet policy will be determined by factors intrinsic to the US-Soviet relationship, we may want to consider the Chinese angle in deciding, for example, how we handle the different regional issues.

D. How can we use "process and presence" to communicate how we will respond to improved Soviet behavior, alter Soviet incentives and disincentives, and enhance our influence on and in the Soviet Union.

Assuming no new Soviet act of aggression, we need to consider how to strengthen our communication with and presence in the Soviet Union. There are three categories of "process and presence."

1. Dialogue on specific issues. We need to go ahead with our talks on non-proliferation, southern Africa, human rights and to get on with some new areas, i.e. TTBT, nuclear CBMs and perhaps CW.
2. Enhanced presence and the means to get to the Soviet population are key to enhanced influence. We need to look seriously at consulates in Kiev and Tashkent to give some meaning to our more active nationalities policy -- the Ukraine and Central Asia are at the heart of the Soviet empire question. We also should review how to gain both greater presence and greater reciprocity through exchanges and particularly exhibits, next to the radios the most powerful tool we have had to influence Soviet citizens and now absent from our arsenal because we unilaterally decided not to proceed with a new cultural agreement. The strengthening of the radios themselves must proceed in accordance with approved Presidential guidance. And finally, our overall ideological/political action offensive must move ahead.
3. Higher-level meetings are important to getting across our message and determining how far the Soviets are prepared to go.

We envision a three stage process over the first six months of 1983.

- a. Meetings between Hartman and Korniyenko/Gromyko in Moscow, and with Dobrynin here in Washington. One objective would be to determine whether and when another meeting between Secretary Shultz and Foreign Minister Gromyko makes sense.

- b. Another Shultz-Gromyko meeting could make sense before the regular one at the fall UNGA. It in turn could determine whether or not there is reason for a summit.

We could try to avoid these pitfalls by lowering our own and the public's expectations with regard to a summit but that would be no easy task. We should try to move our public line away from emphasis on the need for "positive results" to the theme that a summit should be "carefully prepared". Such an approach would attempt to demystify the whole summit question, and seek to minimize the danger that the lack of concrete results would be interpreted as a "crisis" in the US-Soviet relationship. Another possible way to make them lower key and more routine would be to establish the principle of annual summits -- this clearly requires consideration. But altering public expectations will be very difficult no matter what we do. Another question we would need to answer is whether we could control the pressure for substantive results once summit preparations were in train. (One means of lowering expectations would be to arrange a summit on the margins of some other event, e.g., an Andropov visit to the UNGA. Such a summit could be more of a "get-acquainted" session, but it is difficult to predict whether the opportunity for such a chance encounter will occur in the coming year).

The timing of a summit would be as critical a question as whether to have a summit. Seeking a summit within the next six months could be interpreted in Moscow as an attempt to meddle in succession politics, and at home as a deviation from the basic policy course we have established these past two years. On the other hand, if a large number of our Allies seek early meetings with Andropov, this could argue for an early US-Soviet summit, perhaps in late spring, after the Williamsburg Summit (a spring meeting could give INF a needed boost at a time when public opposition to deployments will be reaching a crescendo). Moreover, if the President visits Beijing, it might be prudent to consider a meeting with Andropov in roughly the same time frame, in view of our own difficulties with Beijing and the nascent Sino-Soviet rapprochement.

No decisions on a summit are needed at the present time. Until we have a better fix on Andropov's policies, and until we can better judge whether a summit would be beneficial, we should avoid discussing it with anyone.



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UNITED STATES ARMS CONTROL AND DISARMAMENT AGENCY

Washington, D.C. 20451

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S/S

December 10, 1982

MEMORANDUM FOR KENNETH W. DAM
DEPUTY SECRETARY OF STATE

SUBJECT: INF STATUS AND FUTURE STRATEGY

Per your request, this memorandum provides a brief review of the current status of INF negotiations and provides my views on future strategy.

A. The Problem

1) After a year of INF negotiations, the Soviets have adapted their position to make it highly plausible to European public opinion and to German public opinion in particular.

The main elements of that position are

a) The USSR will reduce the level of its "medium-range" nuclear missiles in Europe (or within range of important targets in Europe) from the current level of approximately 500 (with over 1000 warheads) to a ceiling of about 150 (with no more than 450 warheads) provided that the US foregoes its planned deployments of Pershing II and GLCMs in Europe and agrees not to increase the number of its "medium-range" nuclear-capable aircraft in Europe.

b) This will result in the USSR having fewer "medium-range" missiles and fewer warheads on such missiles than the US claimed the USSR had in Europe in the early 1970s before any SS-20s, the threat the US deployments were designed to counter, had been deployed.

c) Furthermore, the USSR, as evidence that all it seeks is equality and not any advantage, is prepared to assert

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that it seeks no more "medium-range" nuclear missiles than NATO, it seeks no more "medium-range" aircraft than NATO, it seeks no more shorter-range nuclear missiles than NATO, and it is prepared to discuss equal limitation on shorter-range nuclear aircraft.

2) Public opinion in Europe, and most significantly, in Germany and the UK, no longer supports the zero/zero solution; what they want is a negotiated settlement that makes US deployments unnecessary. From my discussions in Bonn and London last month, I received the impression that both the CDU and the British government, if not yet Mrs. Thatcher, publicly stand firmly behind the US position but desperately hope we can find some other solution. Both face elections and don't want deployment of US nuclear weapons on their territory to be a central electoral issue.

3) The time between now and March is the optimum time to finalize an agreement. After that, the first physical elements of deployment are scheduled to become evident. After that, the positions of both sides are likely to harden, not soften; too much will be at stake to demonstrate what could seem to be weakness under political and public opinion pressure. If no agreement is reached by March, and we stick to the zero/zero option, it is unlikely that in Germany the CDU will continue to back deployment as scheduled. It is certain, however, that the SPD and the Greens will more and more violently oppose; that if deployments proceed, physical violence will be used; and that that violence will have to be suppressed. Even then it would be far from certain that deployment could proceed. The political cost of attempting to proceed, particularly in Germany, is likely to be enormous. Accordingly, we should identify now the best alternative to sticking with zero/zero.

B. A Suggested Course of Action

1) Procedures

The governments of the countries in which deployments are to take place fully understand the necessity of maintaining a firm public position if anything is to be gotten from the Soviets. They also understand the danger of leaks. The key countries with whom prior coordination is necessary are the UK (where the first deployments are scheduled to occur) and Germany. I would suggest that Pym be talked to first, merely to alert him that Secretary Shultz (or someone on his behalf) intends to talk to Kohl about a position other than zero/zero. Only later after negotiations with the Soviets are underway should the other deploying countries be informed.

2) The substantive position to be taken:

I have found it useful to divide the options into Plan A and Plan B.

a) Plan A

The objective would be to give Kohl and Mrs. Thatcher the best possible ammunition in support of undelayed deployments within the proviso that any agreement with the USSR must meet the test of "equal rights and limits" as to the USSR versus the US (not Warsaw Pact versus NATO). I would suggest that either Secretary Shultz in negotiation with Gromyko, or I in negotiation with Kvitsinskiy, be authorized to explore the full spectrum of arrangements that meet those two parameters. This would include 50 missiles on their side in Europe versus 50 for us, or 75 each or 150 each. It would also include concepts such as an equal number of warheads on each side, freedom to mix ballistic and cruise missiles, and even the differential choice concept included in the Nitze/Kvitsinskiy exploratory package of last summer.

If the Soviets reject all such approaches we could make a case that we had negotiated seriously on the basis of a number of possible solutions other than zero/zero.

b) Plan B

The reason for considering another Plan, a Plan B, is that there are two difficulties with Plan A.

First, there is little possibility the Soviets will agree to any of the alternatives meeting the criterion of equal US/USSR levels rather than equal NATO/USSR levels. They do not intend to sanction US deployments of medium-range missiles in Europe. They do not believe they need to; they think there is a good chance US deployments will be impossible in the absence of an agreement.

Second, there is little possibility that European public opinion will agree that we have negotiated seriously and explored all useful possibilities unless we have explored possibilities other than zero/zero that would make US deployments on their territory unnecessary.

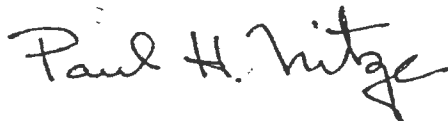
Any agreement other than zero/zero could be monitored only with low confidence. Furthermore, it would set an undesirable precedent to record in a bilateral treaty limitations which are not seen to be equal between the US and the USSR.

I would therefore suggest that if Plan A fails, there be an exchange of letters between President Reagan and Andropov rather than an INF treaty.

The exchange of letters would be in the context of an expanded charter for START to consider INF systems as well as START systems. The US goal would remain zero/zero but in the interim the President's letter would state our intention to forego INF deployments pending a START agreement; Andropov's letter would agree to reduce over five years the number of Soviet medium-range missiles within range of important targets in Europe to less than 150 and to agree that 80% of the missiles removed would be destroyed. Additional provisions such as ceilings on nuclear-capable aircraft in Europe and on Soviet INF missiles outside of range of Europe would be included in the letters or annexes thereto.

C. Recommendation

I recommend I be authorized to explore with Kvitsinskiy at the outset of Round IV a package of proposals such as contained in Plan A and that Plan B be considered in the event that exploration pursuant to Plan A proves fruitless.



Paul H. Nitze
Ambassador

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UNITED STATES DELEGATION
TO THE STRATEGIC ARMS REDUCTIONS TALKS WITH THE SOVIET UNION
Geneva, Switzerland

December 13, 1982

MEMORANDUM

TO: Acting Secretary of State
FROM: E. Rowny, Chairman, US START Delegation (R)
SUBJECT: Short-Run Tactics and Long-Range Strategy on START

1. What is the situation in Geneva? We finished the second round of START on December 2 and resume the third round on February 2. During the second round the United States laid out most of the remaining details of President Reagan's Eureka proposal. The Soviets proposed little new and essentially stalled.

2. What is the situation in Moscow? Andropov has moved in rapidly, is in complete charge, and is putting younger protegés into key positions. He apparently struck a deal with the military and will not reduce the momentum of buildup in strategic arms. Andropov has shown he is well aware of the Soviets' serious economic and foreign policy situations and will tackle them energetically. In arms control he will be more sophisticated and clever than Brezhnev. He will seek to appear flexible and reasonable while in actuality he will be tougher than Brezhnev. Andropov will exploit public opinion sentiment in the West, giving priority to Europe.

3. What is the situation in Washington? President Reagan achieved a victory in the November elections by keeping intact the Senate majority but suffered a defeat by losing 26 Republican seats in the House. Since the economy has yet to show a conclusive turn-around, defense cuts are the prime objective of an increasing number of legislators. The deletion of funds for MX on December 7 by a substantial majority (and the less publicized deletion of funds for the Pershing II) are severe blows to our defense programs and will have grave implications for START and INF. Meanwhile, the freeze movement and highly publicized Catholic Bishops' activities, although cooled off somewhat, are still very much alive and need to be actively countered by prominent Administration officials.

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4. What is the situation in Western Europe? We are, unfortunately, faced with a tired and weary Europe, reluctant to face up to the threat and the needs of their own security. Europeans are increasingly skeptical about the direction of US foreign policy and about US sincerity in arms control. They show increasing resentment over US role in Europe but at the same time are unwilling to take care of their own needs. The Soviets have skillfully exploited this European malaise and Andropov can be expected to work harder to split us from Europe.

5. What will be the Soviets' strategy and tactics for START? The Soviet strategy and long-term goals will not undergo any major change. Andropov, while seeking to improve the internal economic and social situation and the external international situation, will continue to rely heavily upon military power to back up Soviet foreign policy objectives. Tactically, he will make arms control proposals and foreign policy moves which will make him appear moderate, flexible, and reasonable. In Geneva the Soviets have linked any reductions in START to no deployments of GLCMs and P-II's in Europe. While Moscow will probably not make such linkage public, it will undoubtedly publicly accuse the United States of lack of flexibility in INF, and of stalling in START. Dobrynin will attempt to establish the back-channel as a way of exploiting US internal differences and influencing US arms control policies.

6. What should be our long-term strategy and short-term tactics? Our long-term strategy should be to continue the two-track approach of modernization of US programs and arms control. Without a strong defense posture US foreign policy goals will not be achieved. At the same time, only an improved military posture will provide the Soviets incentives for entering into arms control agreements. Most importantly, we need a strong and steady public relations campaign. The President, although the most important player, cannot carry this program alone. Other officials should carry the main burden of the stepped-up public relations program. I would suggest that the President shift his rhetorical style and let others point out that the Soviets lie and cheat. Andropov wants, more than anything, respect; he will react sharply to being humiliated.

As for START, we should do the work now in Washington which will allow us to lay out the full scope of our proposed agreement in Geneva early in round three. This will do much to blunt Soviet criticism that we expect them to "disarm unilaterally" without the US accepting constraints on cruise missile and other modernization programs. Beyond this we need to "show progress" on arms control by pursuing a separate and early agreement on confidence-building measures.

7. What should be our course of action in 1983? 1983 will be a critical year for arms control. Since Andropov will engage

in a more dynamic Soviet diplomacy, we should be in a position to initiate action in US-Soviet relations, not just react. Otherwise, the Soviets will be perceived as setting the East-West agenda, not us, and scoring diplomatic gains at our expense. The last full year before the election year of 1984 affords us opportunities to get beyond the stage of tactical skirmishing in START before domestic pressures and Soviet hedging of bets begins to set in. The next year may also be the last chance to achieve a truly effective deep-cuts agreement since the USSR is on the threshold of production and deployment decisions. Allowing START negotiations to stall could mean lost opportunities. From many vantage points, therefore, 1983 could be an excellent time to draw the Soviets into a real bargaining situation.

As for timing, it is too early to make any shifts or take any major initiatives. We should stick to our basic position and extol its virtues. We should see how MX/CSB Peacekeeper fares in Congress, and see how our defense authorizations stand up. We should also wait to see what the Soviet leadership does during the next several months. In April, at the end of round three of START, we will be in a position to evaluate whether it would be in our national interest to move to get an agreement by the end of 1983. This decision should not be tied to domestic politics. Nevertheless, it should be obvious that if we take no initiative by the summer of 1983 nothing will happen until after the elections in 1984. On the other hand, if we decide next spring, after careful evaluation, to move to get an agreement by the end of 1983, it will take us at least six months in Geneva to work out the details. Such an agreement would probably have to settle for:

- Reductions in warheads and deployed missiles to figures higher than our proposed levels of 5000/2500/850.
- Reductions in throw-weight less than could be achieved through reductions to the Eureka levels.
- Limits on the number of ALCM-carrying bombers. We should explicitly link any willingness to constrain cruise missiles to Soviet willingness to agree to substantially lower levels of ballistic missile throw-weight.

Thus, while some current US goals, such as equal throw-weight, reductions to low levels of missiles and warheads, and limits on the number of non-deployed missiles, might not appear achievable the near-term, we would want to retain them as long-term objectives and continue negotiations toward these ends. We would need to retain sufficient leverage with which to achieve our long-term goals.

However, these are not decisions we need to make now. By round three we need only be prepared to table our Basic Elements and certain definitions.

8. Relationship of INF and START. As the time for INF deployments draws nearer, Soviet agitation will act on Allied nervousness to make our political position in these negotiations less secure. The Soviets can be expected to make their major propaganda efforts in Europe. They will contrast their supposed flexibility with our unwillingness to consider any possibility other than zero-zero. They may also indicate a willingness to move ahead in START if we show "reasonable" in INF. In my view this is the time to be firm and patient. The United States should adhere to zero-zero and not reevaluate it until after the German elections in March.

9. What surprises might we expect and how should we react? As indicated above, Andropov will be energetic and clever; he can be expected to deal us some surprises. We should anticipate these and make preparations now to head them off or turn them to our advantage. These surprises can be grouped under three clusters: (a) The Soviets may try to appear more reasonable and forthcoming; (b) The Soviets may opt to play hard-ball; and (c) The Soviets may seek interaction between INF and START.

a. The Soviets may try to appear more reasonable and forthcoming. Soviet leaders and negotiators in Geneva may make new proposals, such as offering to include missile throw-weight if we include bomber "throw-weight," may make new proposals on warhead and cruise missile limitations, or may try to show that the 1800 proposal is a good "way station" on the way to further cuts. Counter: We should be prepared to table our Basic Elements, to demonstrate that bomber throw-weight is not the same as missile throw-weight, and that the 1800 proposal (in the absence of limitations on missile warheads) could lead to little or no reduction in Soviet strategic capability.

b. The Soviets may opt to play hard-ball. This could cover a number of actions. They might charge that since we are deploying MX/CSB, the Soviets need not be limited by SALT. This could be followed by decisions to build new systems and to cease to dismantle older systems, for example, Yankee submarines, as newer systems are deployed. The Soviets could stop their current "moratorium" and begin deploying additional SS-20s or SLCMs against Europe. They could also announce a decision to deploy Soviet GLCMs against Europe and offer to trade them for US GLCMs. They could carry out Brezhnev's threat to place the US in an "analogous" position should INF deployment proceed by deploying SS-20s or cruise missiles in Cuba or by stationing SLCM-carrying submarines off the US coasts. Counter: We should

make the necessary preparations now so that we can play hardball in return.

c. The Soviets may seek interaction between INF and START. They could play this card in a number of ways. For example, they could offer us concessions in START if we offer them concessions in INF, walk out of INF because we are not being "flexible and reasonable," and offer to fold INF into START. Counter: We should insist that intermediate and strategic systems are separate, that no concessions can be made for so-called "FBS," and that no compensation can be made for UK and French systems. We should fold INF into START only when it is in our interest to do so.

Whatever happens, the Soviets can be expected to intensify their propaganda efforts that the US is stalling while they are moving ahead. This could take the form of renewed calls for a freeze, saying we are fueling the arms race, exploiting the Bishops' movement, etc. We must start now to devote the time and effort to our public affairs planning and implementation. The effort at the negotiating table could be won or lost depending on whether we succumb to public pressures or turn public opinion around.

10. Back-channel. The use of the back-channel by Dobrynin or others in Washington should be discouraged. It can only lead to a repetition of past exploitation of US internal differences and cause confusion and erosion in our negotiations in Geneva.

11. Conclusion. The above is a realistic approach to continuing the bold initiative in START announced at Eureka. Now is not the time to compromise on START. Now is the time to get MX/CSB and defense expenditures approved. It is also the time to step up the public affairs effort and prepare to react to surprises. Now is the time to invigoratè the Washington bureaucracy.



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Washington, D.C. 20505

DIRECTORATE OF INTELLIGENCE

13 December 1982

NY CN GRST
NARA DATE 1/13/12

ASSESSMENT OF ANDROPOV'S POWER

Andropov's Power

General Secretary Yuriy Andropov is the most authoritative leader in the Politburo and has demonstrated impressive political power from the outset. He certainly has more strength than Brezhnev had at the beginning of his long tenure (in 1964). Andropov's status as top leader was most visible in his meetings with foreign leaders only days after he had become General Secretary. Moreover, Andropov has already been given pride of place in protocol rankings and in leadership listings, and a few officials have begun to refer to him as the "head of the Politburo," an accolade given to Brezhnev several years after he was named General Secretary.

The Politburo's decision to promote Andropov almost certainly reflected an informal understanding at least among a core group of members that the country needed a strong leader, that Andropov was best qualified to assume the post, and, more importantly, that Chernenko -- his chief rival and Brezhnev's choice -- was weak and unacceptable. Andropov undoubtedly exploited such negative views of Chernenko in his successful efforts in May to maneuver his way back into the Secretariat in order to become a major contender in the succession sweepstakes. While Brezhnev's patronage gave Chernenko some obvious advantages in this contest, this strength was not institutionalized and evaporated with Brezhnev's death. The speed of Andropov's ascendancy reflected a leadership desire to project an image of decisiveness abroad and avoid any

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This paper was prepared by the Policy Analysis Division, Office of Soviet Analysis. Comments and queries are welcome and may be directed to the Chief, Policy Analysis Division, 36706.

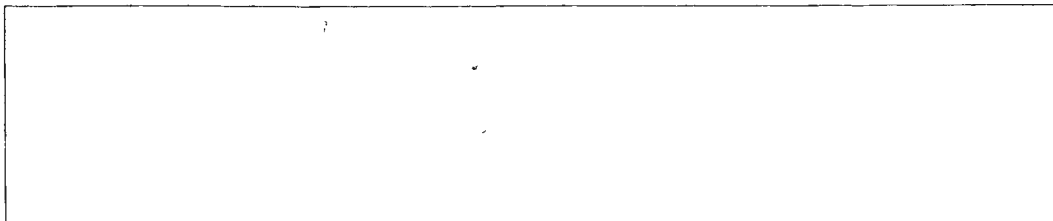
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signal of conflict and political paralysis, not a prearranged decision made last May when Andropov entered the Secretariat. Chernenko's own visibility and activity in recent months suggest that the contest remained open while Brezhnev was alive. [redacted]

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The Lineup

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We do not know how various Politburo members actually voted in the Andropov-Chernenko contest or even whether a formal vote was taken, but Moscow rumors [redacted] leadership status indicators, and informed speculation provide the basis for a reconstruction of the likely lineup. At a minimum Andropov seems to have had strong backing from Defense Minister Ustinov, Foreign Minister Gromyko, and Ukrainian party boss Shcherbitskiy. With their political fortunes still ahead of them, the two youngest Politburo members -- party secretary Gorbachev and Leningrad First Secretary Romanov -- may have joined this strong coalition as well, at least on this vote. Chernenko probably received support from the two Brezhnev loyalists -- Prime Minister Tikhonov and Kazakhstan First Secretary Kunayev. Grishin, the Moscow party chief, may have joined this group possibly in hopes of becoming a compromise choice. Octogenarian Arvid Pelshe was very likely too sick to play a role in the decision. For his part Chernenko apparently did not fight the decision to the bitter end, opting instead to close ranks behind Andropov and preserve his position as "second" secretary, a strategy that for the present has been successful. Only Grishin -- to judge from his slippage in protocol -- seems to have fought excessively and suffered for it. [redacted]

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Andropov, thus, has institutional support where it counts. The national security apparatus, particularly the military-industrial complex and the KGB, is behind him. Such backing gives him added room for maneuver but, at least in the case of the military, cannot be taken for granted. He will, in addition, need to strengthen his position within the party apparatus. He lacks a strong regional base and must depend on officials whose careers he has had little influence in shaping. [redacted]

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Opportunities and Flexibility

Andropov, nonetheless, has come to power with what seems to be solid backing and without resorting to a major political bloodbath. This situation has allowed him to assume a more

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authoritative stance in the leadership than Stalin, Khrushchev, or Brezhnev did at a comparable point in these successions. His promotion has given a new momentum to leadership decisionmaking. Indeed, for the first time in years the Soviets have a leader who puts in a full day

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From what we can tell, his colleagues recognize and value his ability and perceive him to be intelligent. They know from his tenure as KGB chief that he can be counted on to be decisive in preserving the party's legitimacy and social order. They probably expect him -- within limits -- to be a bold, forceful leader, and they are likely to give him some room to be such. As a result, he is probably in a strong position to influence and lead the Politburo consensus.

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Andropov seems to be in a particularly good position to chart the course of Soviet foreign policy. He has considerable experience and knowledge in this area and is obviously inclined to take an active role. Foreign policy initiatives, moreover, have the potential for producing beneficial results more quickly than changes in domestic policy, a matter of considerable importance for a leader who wants to build his power. He is not as likely, in addition, to encounter the sharp factional infighting and debate that occurs over proposals for domestic shifts, particularly in economic management.

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This situation effectively means that the Soviet Union will not be paralyzed in the foreign policy arena. Andropov has room for maneuver here and can be expected to propose initiatives and respond to those from abroad he deems serious. In doing so, however, Andropov will rely heavily on two of his colleagues on the Defense Council, Defense Minister Ustinov and Foreign Minister Gromyko, for advice. He would certainly need their support to get the Politburo's assent to a major shift in Soviet foreign policy or to make major modifications in arms control negotiations with the US. Andropov will probably count on his personal and political alliance with Ustinov and apparently good working relationship with Gromyko to help create the Politburo consensus required for important departures.

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It seems likely that the three have been key figures in formulating the Soviet foreign policy line pursued in Brezhnev's last years.

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As long as they remain united the Politburo is likely to follow their lead. If,

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on the other hand, there are significant disagreements between them on future foreign policy steps or tactics, Andropov would not be likely to force the issue at least in the near term.

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Constraints

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This flexibility on foreign policy, nonetheless, does not mean that he has carte blanche from the Politburo. While he can lead and shape the consensus, he is still bound by it. The Politburo remains a collegial body and its current membership is not beholden to Andropov nor under his thumb. Andropov is indebted to many of his Politburo colleagues, particularly Ustinov, and is dependent on their collusion and support until he can reshape the Politburo, a process that could take several years.

5X1 Andropov's colleagues are evidently trying to hold back his advance. The failure to name a replacement for Brezhnev as Chairman of the Presidium of the Supreme Soviet indicates conflict. The personnel changes (Aliyev, Komsomol, progaganda organs, Council of ministers) made since Andropov became party chief while almost certainly endorsed by him, seem to have served many interests within the leadership (Ustinov, Chernenko) as well. Even if Andropov is named Soviet President at a scheduled session of the Supreme Soviet on 21 December (a better than even possibility), he must still push through even more politically important personnel shifts in the Politburo and Secretariat to fully consolidate his position and to dominate policy.

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The collective restraint on Andropov is likely to be particularly evident in domestic policy. While the entire leadership is undoubtedly committed to solving Soviet economic problems as a top priority, consensus on what the solution should be has not been reached. Economic issues are inherently political, complex, and controversial. The bureaucratic obstacles to significant changes in economic management are immense. Andropov is probably generally knowledgeable about the economy and is certainly well informed about issues affecting internal security, but he has little personal experience in economic management and his closest supporters are more concerned with foreign and security policy. No one, moreover, as Andropov emphasized to the Central Committee, has all the solutions to the country's economic difficulties. As a result, he is likely to move cautiously in this area -- a strategy he said was needed in his plenum speech.

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Domestic and Foreign Policy Linkage

Significant movement toward resolving the nation's economic problems might, in fact, require Andropov to achieve some relaxation of tensions with the US on China or both. Only by doing so can he justify to his colleagues and the military some reallocation of resources from defense to investment, an essential step in any plan to address the country's economic problems. In this regard, the next two years are particularly crucial for Andropov and the Politburo. The planning cycle for the 12th Five Year Plan -- 1986-1990 -- is already underway.

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[redacted] the Soviet military's assessment of the external threat is an essential element in this cycle and will be formally developed during 1983. The Politburo in 1984 will act on this military assessment in allocating resources for the next five year defense plan. This will be the new Politburo's first formal and comprehensive ordering of internal priorities between economic investment and defense procurement. Without reduction in international tensions, which some in the military such as Chief of the General Staff Ogarkov, contend are exceedingly high, the rate of defense growth will be politically hard to reduce. Failure to reduce defense spending, nonetheless, will make it very difficult to solve Soviet economic problems and will over the long run erode the economic base of the military industrial complex itself.

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Advisers

Andropov will also get advice from his own staff of foreign and domestic aides. He is now assembling his team, and a few have already been publicly identified. Andrey Aleksandrov-Agentov, Brezhnev's longtime assistant, has participated in several of Andropov's meetings with foreign dignitaries and continues to be identified as an aide to the General Secretary.

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In addition to the formally identified group of personal aides to Andropov, the new party leader will likely tap three old associates on an ad hoc basis: Georgiy Arbatov, director of the Institute of the USA and Canada, Aleksandr Bovin, a Brezhnev speech writer, and Fedor Burlatskiy, an expert on China and

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public opinion. All three worked for Andropov in the 1960s when he was the party secretary responsible for Communist Bloc relations. These men are knowledgeable, sophisticated observers of US policy and have been identified with Brezhnev's detente strategy, but their actual influence on Andropov is not known. [25X1]

Prospects

On balance, the speed with which the new General Secretary was appointed, his assertion of a leading role in foreign policy, and the self confident statements of Andropov and Ustinov on international issues reflect real strengths and potential flexibility on Soviet policy that were not present in Brezhnev's final days. While there are bureaucratic obstacles to significant changes in economic management, there does seem to be general agreement on the need for action and this will provide some receptivity to specific proposals as long as they preserve party power. Additionally, the improved leadership ranking of the key actors in national security affairs (i.e., Andropov, Ustinov, and Gromyko) and the clouds on the international horizon for the USSR provide the necessary consensus and incentive for change and flexibility in foreign affairs. [] 25X1

During previous succession periods in the 1950s and 1960s, for example, there were definite new departures in foreign policy. In the fifties, the Soviets ended the Korean war, signed a peace treaty accepting Austrian neutrality, reopened diplomatic relations with Israel, called off disputes with Greece and Turkey, and moved towards summitry with President Eisenhower. They also made their first moves to counter Western influence in the Third World. In the sixties, the Soviets developed a policy of selective detente with France, then slowly did the same with West Germany, before turning to improved relations with the US. Partly in response to worsening relations with China, the Soviets also pressed for a series of arms control measures that led to the nonproliferation treaty and SALT I. At the same time, they began the buildup on the Sino-Soviet border, gave impetus to a massive Soviet arms program, and began aiding North Vietnam's effort to take over the South. [] 25X1

The new leadership has already taken pains to reaffirm the broad outlines of Brezhnev's foreign policy and to signal the importance of improved ties with the US. Andropov's decision to meet with Vice President Bush and Secretary of State Shultz within hours after Brezhnev's funeral indicated the Kremlin's interest in some normalization of US-Soviet relations. In view of the prospect of an enhanced US strategic challenge in this decade, there appears to be ample incentive for Andropov to try to curb new US arms program and particularly to prevent or at

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[redacted]

least delay the deployment of INF. The specter of Pershing-II in the FRG and the attendant threat to Soviet strategic forces and command and control capabilities could lead to new initiatives in the INF negotiations as well as to build European opposition to INF deployment. Gromyko's visit to Bonn next month -- would provide a convenient forum for such an initiative. [redacted]

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The Gromyko visit provides an opportunity not only to put the US on the defensive but to increase divisions between the US and its NATO allies. Gromyko will lobby for increased Soviet-West European cooperation and trade, which provide political as well as economic benefits for the Soviets. The removal of US sanctions imposed after Afghanistan and the steady return to normalcy in Poland will add to the credibility of Gromyko's brief in Bonn. [redacted]

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The inability to effect some visible reduction of tensions with the US will generate even greater interest in Moscow to improve Sino-Soviet relations and to exploit differences between Washington and Beijing. The Soviets clearly do not want continued antagonism on "two fronts" at a time of more assertive US policies, a mounting US defense effort, and ever increasing economic problems at home. For these reasons, the Soviets have sufficient incentive to entertain a unilateral move that would include withdrawing a division or two from the Sino-Soviet border or Mongolia in addition to thinning out various units in the area. [redacted]

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Although the reduction of force in any area would be highly controversial within the Soviet military, it would probably create the greatest geopolitical payoff if Moscow were able to do so in Afghanistan. Any significant diminishing of the Soviet military role there would offer considerable potential rewards:

- removal of a key obstacle to improved relations with both the US and China,
- termination of a source of embarrassment in the entire Islamic community,
- earlier dealings with key European actors as well as India, and
- savings in both lives and treasure at home. [redacted]

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Elsewhere, continuity appears to be the order of the day. Continued fighting between Iran and Iraq as well as the loss of credibility in the wake of the Israeli invasion of Lebanon add up to rather bleak short-term options in the Middle East. There are

[redacted]

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no likely targets of opportunity in South America at this juncture, and the Soviets will probably be content to pursue their gradual and incremental strategy in Central America. In Africa, the Soviets will concentrate on complicating the Namibean talks in which the Soviets also find themselves as odd man out. They also will be alert to opportunities in southern Africa -- such as in Mozambique -- to expand their (and especially the Cuban) presence. Senior Politburo member Grishin's anniversary speech earlier this month, which reaffirmed Soviet support for Cuba and Vietnam, argues for continued activism on behalf of Moscow's most important clients in the Third World. [redacted]

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These Soviet priorities suggest areas for US pressure and/or blandishment that could have an impact on Soviet ability to improve their international position. Indeed, Andropov must realize that the US is well placed in certain respects to challenge the international position of the USSR and to exploit Moscow's fear of the specter of encirclement.

- The US could play the role of spoiler in the Sino-Soviet-US triangle by holding out to the Chinese the promise of increased defense cooperation, expanded technological ties, and a more equivocal position on Taiwan.
- US willingness to modify the "zero option" at INF would preempt Soviet initiatives in this area and might help sustain support for US deployments in Western Europe (although such modifications might have other, less desirable consequences).
- The mere perception of US pressure on Israeli and South Africa to become more conciliatory would enhance Washington's prestige and leverage in the Middle East and Southern Africa and commensurately reduce Soviet influences. [redacted]

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Conversely, the US is in a position to offer to Moscow some restoration of the centrality of Soviet-American relations that would enhance Moscow's international position and ameliorate Moscow's economic problems.

- There are several economic initiatives open to the US, particularly some easing up of limits on credits and technology transfer.

[redacted]

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- Notwithstanding recent Soviet references to strengthening defense, Moscow would like to prevent a major US arms buildup, which they would be hard-pressed to match right now and sees arms control as the best way to achieve this.
- Less acrimonious atmospherics and a dialogue with the US on Third World trouble spots would also be attractive to Moscow, although past experience strongly suggests they would not alter their behavior. (S)

The Soviets have already suggested that they are looking for ways to restore the notion of the centrality of Soviet-American relations in international affairs, and presumably realize that some relaxation of tensions would ease the problems of making their own choices on future allocation of resources as well as the pressure from the national security apparatus for increased military spending. The rise in stature for Andropov, Ustinov, and Gromyko suggests the emergence of a consensus on national security issues in general and the prospect of some flexibility on specific issues. Such putative critics of Andropov as Chernenko and Grishin would probably support the triumvirate's efforts to improve relations with the US in view of their earlier support for Brezhnev's detente and arms control initiatives. The key role will be played by Ustinov who appears to be in a position to block those initiatives that do not protect the equity of the military.

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Washington, D.C. 20505

DIRECTORATE OF INTELLIGENCE

13 December 1982

The State of the Soviet Economy in the 1980s

The Basic Situation

Soviet economic growth will continue to decline in the 1980s as average annual rates of increase in labor and capital decline and productivity gains fall short of plans. We expect average annual GNP growth to fall below 2 percent per year in the 1980s.

- The labor force will grow more slowly in the eighties than it did in the seventies--at an average annual rate of 0.7 percent compared with 1.5 percent.
- Growth in the productivity of Soviet plant and equipment, which has fallen substantially since 1975, will continue to drop as the cost of exploiting natural resources rises and Moscow is forced to spend more on infrastructure.
- Continued stagnation in key industrial materials--particularly metals--will inhibit growth in new machinery, the key source for introducing new technology.
- Energy production will grow more slowly and become more expensive, whether or not oil production falls.
- With continued growth in domestic energy requirements, Moscow will face a conflict between maintaining oil exports and meeting domestic needs.
- Agriculture will remain the most unstable sector of the Soviet economy, with performance in any year highly dependent on weather conditions.

Slower growth of production will mean slower expansion in the availability of goods and services to be divided among competing claimants--resources for future growth (investment), the consumer, and defense.

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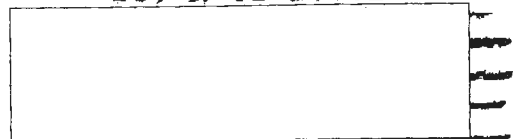
This memorandum was prepared by the Soviet Economy Division, Office of Soviet Analysis. Comments and queries are welcome and may be addressed to Deputy Chief, Soviet Economy Division,

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- Continued rapid growth in defense spending can be maintained only at the expense of investment growth.
- Slower expansion of investment will be compounded by the increasing demand for investment goods in the energy, transportation, metallurgy, and machinery sectors.
- An increased share of investment in heavy industries, together with continued large allocations to agriculture, will depress the expansion of housing, and other consumer goods and services.

Making up production shortfalls through imports will become more expensive as the need for imports increases and Moscow's ability to pay (hard currency earnings) declines.

- The Soviet need for imports of Western grain and other agricultural commodities will remain high in the 1980s, as will requirements for Western machinery and technology.
- We expect real export earnings to decline between now and 1990 as sales of natural gas fail to offset the drop in oil earnings, and opportunities to expand exports of other commodities remain limited by their low marketability and tightness in domestic supplies.
- The availability of Western credits will be crucial for Moscow to maintain or increase its imports from the West; a tighter credit market would complicate Soviet economic problems and make resource allocation decisions more painful.

Options for the New Leaders

Changes in Decision-Making Process

The poor performance of the economy during the latter years of the Brezhnev regime has driven home to the new leadership the notion that there are relatively few opportunities for quick fixes and that the economic problems of the current decade may spill over into the 1990s. Because the new leaders can expect to reap the benefits of policies with longer pay-off periods, their policy decisions may be more forward looking. The new leaders will be especially sensitive to the fact that severe disruption of the economic system by the implementation of hasty, ill-conceived policies might be a quick route to both economic and political disaster.

The new leadership probably will continue to favor bureaucratic centralism rather than moving voluntarily toward fundamental systemic change. These leaders--because of the stringent economic situation and their own personalities--will rely more on tightened discipline and control to effect economic

policies of long standing than on coaxing desired behavior through increased incentives. Andropov's long tenure in the KGB has given him experience in using administrative measures to modify behavior. Moreover, the Soviet people, faced with unsettling economic and social problems, seem ready to accept a leader who would demand greater discipline.

This trend, however, would not rule out a mix of liberal and authoritarian measures. Greater dependence on the private sector, for example, is a distinct possibility that could be classified as liberal, while harsher penalties for labor absenteeism and mismanagement, though authoritarian in nature, need not mark a return to neo-Stalinism.

Changes in Policy

The new leaders will surely bring changes in economic policy. Because they have laid particular stress on continuity, and because it may take some time to develop a strong consensus, new policy lines may not appear until the 1986-90 five year plan has been drafted--i.e., 1984/85. Some indications of change are likely to be discernable next year, however, as discussion and debate about policies for the late eighties ensues and annual plans for 1984 and 1985 are formulated.

Major Claimants. The hardest policy decision for the Andropov leadership will be resource allocation among the major claimants. Maintaining historical growth in defense spending would squeeze investment and consumption further. Keeping investment growth at current rates as well, might result in an absolute decline in consumption.

The Military. Strong incentives exist for at least some slowdown in military hardware procurement. In addition to needing more resources to break economic bottlenecks, a slowdown (or even zero growth) in military procurement for a few years would have no appreciable negative impact on forces already in the field, and modernization of these forces could still proceed. We believe the groundwork for such a course may have already been laid in Brezhnev's speech to top military officers on 27 October 1982. In any event, this course will be required if the Andropov Politburo wants to improve economic performance substantially.

Investment. A strong candidate to receive more investment funds is the machine-building sector--because of the need to modernize Soviet industry and because of constraints on importing foreign machinery and technology. Modernizing machine-building would also help justify a temporary slowdown in defense hardware as such action could ultimately enhance military hardware production. The new leadership, with its longer time horizon, might launch such an effort.

Consumption. A new leadership prone to authoritarian solutions is likely to be more pragmatic in its consumer policy, and may place more stress on tying wages and "perks" more closely to production results. Retail prices may also be raised on all but essential goods and services, and an expansion of the private sector in consumer services may be in the offing.

Reform. The new leadership's predilection for administrative measures and bureaucratic centralism would severely limit the extent of future economic reform. The difficult economic situation argues against reform measures--like those launched in Eastern Europe--that had never been tested in the USSR. Some movement toward a regionally organized economy might be thought more suitable to today's problems--for example, exploitation of energy and raw materials in Siberia.

Agriculture. The new leaders will continue to support the farm sector, but might decide to favor the industries that support agriculture and those that process its output. The Food Program already does this to some extent, but an actual cut of investment inside the farm gate would be a stronger signal of the new leaders' dissatisfaction with the returns from agricultural investment.

Labor. In addition to instilling tighter discipline, the new leaders are apt to focus on automating manual labor (consistent with more investment in machinery), and developing social and cultural infrastructure in labor-deficit regions. The latter would provide some inducement for emigrants from labor surplus areas and reinforce a regionally differentiated pro-natal policy favoring the labor deficit areas.

East-West Trade. With economic problems pressing from every quarter, the new leadership might welcome--though perhaps not publicly--the opportunity to expand economic ties with the West in general and with the US in particular; the more so if decisions are taken to slow growth in military hardware, step-up investment in machinery, and reduce investment on the farms. Under these circumstances, Moscow might find it advantageous to press for (1) economic ties that provide them with technology and goods for both civilian and military purposes and (2) arms control arrangements that limit Western advances in military technology which they would find difficult and costly to counter.

Impact of Changes. These changes in approach and policies will not be a panacea for the Soviet economy's ills. Nevertheless, the changed policies could bring marginal improvements in key areas and allow the new leadership to continue to muddle through even in the face of economic conditions probably worse than they had expected. Of primary importance to the new leaders, these policies would not require the surrender of power and would continue to allow them the freedom to impose their will on the smallest economic or administrative unit. In this way, they could feel assured of

their ability to handle such problems as public unrest, external economic or military threats, or internal disasters that would require an emergency redistribution of resources.

Opportunities for the US

Opportunities for the US to influence the policy changes discussed above lie mainly in whether and to what extent we are willing to expand commercial ties with Moscow and in the signals we send the new Soviet leaders with respect to arms control negotiations. Of most immediate use to Moscow would be an arms control agreement that would provide a more predictable future strategic environment and thereby permit the Soviets to avoid certain costly new systems--and perhaps thereby enable them to increase somewhat future investment for bottleneck sectors of the economy--particularly transportation, ferrous metals, and machine building. Soviet officials have clearly indicated that staying with the United States in an arms race would have dire consequences for their economy. They probably are also uncertain of their ability to keep up technologically.

Moscow's recent attitude toward purchases of US grain notwithstanding, the United States could again become an important source of Soviet purchases of agricultural products and machinery and equipment for both agriculture and industry. The need is there, if the "price" (including sanctity of contract) is right. Soviet agriculture could benefit substantially from US technology in livestock feed production, fertilizer application, and animal breeding, and the US is still Moscow's best long-term bet for grain imports on a large scale.

The USSR faces increasing dependence on the West in developing and processing its oil and gas resources in the 1980s. From a technical viewpoint, the US is the preferred supplier of most types of oil and gas equipment because it is by far the largest producer, with the most experience, the best support network, and often the best technology. In some products--for example, large capacity down-hole pumps--the US has a world monopoly (albeit one that could be broken in a few years by entry of other Western producers), and the most critical needs of Soviet oil industry are for just such equipment.

Because the prospects for Soviet hard currency earnings in the 1980s are far from bright, Western credits will have to cover an increasing proportion of Soviet imports from the West. An increase in the availability of US government backed credit could look very attractive to the new leaders in Moscow.

However, since the mid-1970s, the Soviet experience in commercial relations with the US has been disappointing to Moscow, and it would probably take a strong initiative on our part just to get their attention. Although a US offer to renew close economic ties with the USSR might be welcome, it would probably be greeted skeptically by the Soviet leadership as primarily a tactical maneuver--

a further retreat by Washington (following the grain and pipeline decisions) brought about by US-West European economic competition and pressures from US business circles. Needing to consolidate his power, Andropov could not--even if he wished--respond unilaterally to such an initiative, but would have to move within a leadership consensus strongly influenced by the views of Gromyko and Ustinov, who would urge caution. Thus the Soviets might:

- ° Accept part of the offer as a means of coping with particularly acute bottlenecks, especially in technology and food supplies.
- ° Seek to avoid the establishment of long-term economic dependencies on the US.
- ° Exploit any new atmosphere of mutual accommodation as a means of reinforcing support in the United States and Western Europe for cutbacks in defense spending and arms control measures favorable to Soviet interests.

We would expect the Soviets to give any US initiative low-key treatment, publicly casting doubt on US motives, but at the same time seeking to engage the Administration in a dialogue about it. A US offer to return to a "business-as-usual" basis would probably not result in any surge in orders for US companies beyond the sectors in which the US is already an important supplier. Moscow is at least as likely to use the opportunity created by a US offer to put commercial pressure on the West Europeans and Japanese, and exacerbate existing tensions in the Alliance. At a minimum, Moscow would press for US government guarantees regarding fulfillment of contracts while at a maximum it might seek repeal of the Jackson-Vanik and Stevenson amendments. In either case, it would refuse to make any significant political concessions in return--which Andropov probably could not deliver even if he desired. If this process permitted the Soviets to acquire more technology on acceptable terms from the United States, they would do so--but not at the expense of established ties with Western Europe and Japan, or of their own long-term economic independence. The Soviets have traditionally taken advantage of opportunities to exploit relations with the West to acquire technology and goods for both military and civilian purposes and we expect they will continue to do so.



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ANDROPOV'S MILITARY PROGRAMS

On the basis of observed military activity in the USSR, Soviet resource allocations for defense will continue to grow at 4 to 5 percent per year through 1985, just as they did through the 1970s. Soviet marshals and other supporters of defense programs among the Soviet leadership probably consider the state's investments in its military establishment during the Brezhnev era amply justified by the security the USSR has enjoyed over the past two decades and by the political power exerted by Soviet arms worldwide. The behavior detailed in the enclosed paper (The Brezhnev Era: Military Posture of the USSR) indicates that their strategic priorities are these:

- (1) Acquiring the means to attack and defeat American military forces at all levels of conflict.
- (2) Maintaining the integrity of the Warsaw Pact.
- (3) Securing the borders of the USSR in Asia.
- (4) Extending the influence of the USSR in the Third World.

In recent years these priorities have apparently underwritten unprecedented military research and development programs. Current R&D includes work on some 200 major weapon systems which will reach deployed forces sometime over the next 10 years. For example, we know that floor space at 168 key military R&D facilities, which work on all types of weapons, more than doubled between 1963 and 1981; and from construction underway, we expect that steady expansion to continue at least through 1985. Recent expansion has been greatest in facilities for missiles, space systems, and lasers. During the 1980s, some 165 to 180 new or substantially modified major weapon systems should be introduced into the Soviet Forces--about 25 to 40 more than in the '60s or the '70s. Compared with the 1960s and 1970s current Soviet R&D exhibits much less emphasis on evolutionary modifications to existing systems and concentration on new designs of higher technological risk and inherent costs.

Since R&D and procurement together absorb about half of Soviet defense outlays, these ongoing programs point to ever higher resource allocations for defense. The Soviets are already working on counters or counterparts to almost every impending US weapon system. PEACEKEEPER could evoke deployment of a mobile, land-based ICBM, and a new thrust in ABM defenses. Military missions of the US space shuttle could be matched by a Soviet space plane and a space-based antisatellite laser. US SLBMs like C-4 and D-5 will be answered by SS-NX-20 deployments. Deployment of Pershing II could trigger a surge of SS-20 deployments (they are stockpiling precast concrete base-parts during the present "moratorium"); and GLCM could be answered by land-attack SLCM deployments to "put the US in an analogous

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position." US ALCM, GLCM, and SLCM systems will almost surely cause new air defenses to be deployed, including more capable radars and laser weapons. These and improved antiship and ASW systems could be fielded, and from all present indications, will be.

Were Andropov and his colleagues so to choose, they will have the military means to adopt more aggressive and confrontational policies, including new arms for offensive and defensive intercontinental warfare, which would be inherently more threatening to the US. Moreover, they could pursue military programs which could threaten Europe directly, as with increased deployments of "Eurostrategic" weapons, or indirectly, via Southwest Asia. They will be able to intimidate Japan in the same ways.

Clearly, there are inhibiting factors. One is Afghanistan, where Muslim insurgents have successfully challenged the might of the Red Army, raising problems for the Soviets among their own Muslim minorities and calling into doubt the wisdom of projecting Soviet land forces further into Southwest Asia, e.g., into Pakistan or Iran. Another is the PRC and its implacable opposition to Soviet "hegemonism." And undoubtedly a third is concern that a militant, militarist USSR might catalyze a return to US defense budgets of 9 percent GNP, a revitalized NATO, and even an anti-Soviet military coalition including the PRC, Japan, and the US. A fourth is the poor performance of the Soviet economy, which could support continued growth of the military sector only by increasingly painful deprivation of Soviet and East European consumers.

The Soviet economy's overall productivity continues to decline, with the 1982 industrial performance the fifth straight year of decreased growth. Soviet GNP will rise in 1982 about 1.5 percent, the fourth consecutive year in which growth has been below 2 percent. The outlook for 1983 is for more of same: slow growth, endemic industrial shortfalls, and no improvement in consumer living standards. This year, after three years of harvest shortfalls, the government launched a well-ballyhooed food program designed to improve the production, processing, and marketing of food products. But it seems evident that there will have to be other policy shifts to arrest and reverse the pervasive malaise. Options include modest cutbacks in defense spending, a reallocation of investment to industrial bottlenecks like transportation and ferrous metallurgy, broader use of personal incentives to energize labor, and a systematic attempt to solve the geographic maldistribution of the labor force.

CIA recently published an assessment entitled "Can the Soviets 'Stand Down' Militarily?" (Directorate of Intelligence, June 1982), which concluded that cuts as high as 20 percent by 1990, phased in gradually after 1985, were possible, but unlikely. The CIA paper, written before Andropov, characterized prospects for a resource shift as follows:

"To be sure, on a "micro" level the Soviet military-industrial complex has on occasion been directed to help reduce Soviet dependence on Western imports by shifting resources to the civilian economy. We have information that suggests the defense industries are now charged with helping to modernize the civil gas turbine industry so that the Soviets will be able to produce their own efficient turbines for gas pipelines.

"The Soviet economic predicament is in many ways a product of Moscow's own choosing. By placing a priority on military research and production, the leadership has slighted the civilian sector, thus helping to create pronounced imbalances in the economy.

"Although the Soviet economy is in deep trouble, the country's present leaders do not believe the time has come for drastic action. They are convinced--and we concur--that some growth remains to be squeezed from the present resource-allocation scheme. In a sense, Soviet leaders have reached the point of banging and shaking the ketchup bottle to get out a few more drops--the effort is tremendous and the return is small, but at least there is a return. The Soviet economic bottle is not yet empty--so to speak--and until it is, the leaders are likely to remain unwilling to launch a program designed to improve economic performance by shifting resources.

"Any near-term decision by the Soviet leadership to shift resources from the military to civilian investment is unlikely for other reasons as well:

- The Soviets recognize that military power is their principal currency as an international actor and that continued high levels of defense investment are necessary to sustain the present dimensions of Moscow's global role.
- The Soviets' assessment of their security requirements for the 1980s would probably hold little prospect for reduction in defense spending. The recurrence of instability in Eastern Europe, the prospect of an increased arms competition with the United States, and continuing hostility with China will maintain the pressure for continued high levels of military outlays.
- Given the current support within the Soviet elite for maintaining a strong military position, advocacy of deep cuts in military spending would necessarily involve formidable political risks for any faction within the Politburo inclined to move in this direction. This would be particularly true during a succession period, when those maneuvering for power would be reluctant to advocate major changes in defense policy.

"No faction would propose a resource shift, and the Politburo as a whole would be unlikely to authorize a shift, unless in the judgment of

the Soviet leadership, a resource shift were economically necessary. Moreover, Soviet leaders would resist the idea of a resource shift unless and until they had reason to believe that the West would not seize the opportunity to forge ahead militarily while the Soviet Union stands down.

"Nonetheless, the Soviets could at some time feel impelled to reduce defense expenditures if:

- Economic conditions in the USSR turn out to be poorer than we currently project (for example, a series of disastrous harvests causing an actual reduction in economic output).
- Extraordinary political shifts occur, such as a Sino-Soviet rapprochement, a general lessening of tensions with the West, or a move by Western European countries away from US influence.
- Soviet political leaders who are sympathetic to consumer needs come to power."

The CIA assessment noted that for the USSR East-West trade and technology transfer has been a key factor in staving off economic disaster and sustaining military growth. In the 1970s imported chemical equipment accounted for one-third of all machinery purchased in the West; the Soviet chemical warfare capability is the largest in history. The Soviet motor vehicle industry has been especially dependent on Western technology; the Kama River truck plant, largely purchased in the US, produces nearly one-half of all Soviet heavy trucks, which are supplied directly to the Soviet military. Western computers have been imported in large numbers; to date the USSR has not been able to match the militarily relevant computer hardware, software, or expertise available in the US, Japan, or West Europe. Soviet imports of tungsten have been crucial for its submarine construction and tank munitions. The CIA assessment concludes as follows:

"Since the credit, goods, and technology provided by the West have helped Moscow to maintain its current allocation scheme, it follows that if the West were able to deny or limit Moscow's access to these forms of assistance, pressure would be increased on the Soviet leadership to shift resources from arms production to the civilian economy.

"The action that would impinge most quickly on the resources available for military production would be a denial of machinery and materials used either to produce machinery or to supplement domestic machinery production. For example:

- An embargo on specialized oil and gas production equipment would force Moscow to allocate military-oriented metallurgical and machine-building facilities to produce such equipment; reduced Soviet petroleum output in the interim would aggravate civilian industrial problems and might, therefore, cause additional civilian encroachment on defense production.

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- An embargo on large-diameter gas pipe and other high-quality steel products could possibly cut into production of such military items as submarine hulls.
- An embargo on equipment for plants manufacturing cards, trucks, and mining and construction vehicles (as well as an embargo on such vehicles themselves) could increase the pressure in the Soviet Union to produce these items in military plants.

"Western denial of grain and other agricultural products would also hamper the Soviet military effort. For example, to increase domestic farm output, Moscow might have to allocate more factory space to producing farm machinery instead of tanks and armored personnel carriers. A Western embargo on selling farm machinery or on building the facilities that manufacture such machinery would also put pressure on existing priorities. Reduced per capita food consumption would work against Soviet efforts to raise worker productivity, increasing the problems facing industry.

"By curtailing the Soviets' import capacity--primarily by restricting credits but also by hampering their oil and gas production and thus their hard currency exports--the West would further raise the cost to the USSR of maintaining its present policies on resource allocations.

"It is, of course, impossible to say for certain that the Soviet leaders would respond to Western pressure by shifting resources. However, it is important to note that in some instances they have deemed a shift to be in their best interests and have directed the military-industrial complex to support the civilian economy."

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