

ADDRESS BY MR. ROBERT AMORY, JR.

BEFORE THE ARMY WAR COLLEGE, CARLISLE BARRACKS, PENNSYLVANIA

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CURRENT WORLD INTELLIGENCE

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General Eddleman, General Dunn:

It's a pleasure to be back here.

I do think I might correct one date in the introduction where the class spends some time figuring out how all known promotional regulations have been violated in my career. I was commissioned before Pearl Harbor; otherwise, I think it would have been a little bit difficult to get on. But I agree with you that it was the finest theater. It was the best fun theater in the war, too. There were always little fights, and the high command was so far removed from you, you were never particularly worried by it. I remember at one point, for amusement, putting my battalion radio net down in the same distance on a map of Europe and I would have had one company in Copenhagen and one in Biarritz and one in Milan, and that was slightly bigger than General Eisenhower's spread-out at that particular time.

Well, what we've got to cover this morning is just as badly and widely spread as a little engineer battalion was ten, twelve years ago. What I propose to try to do is to focus, for the first part of the talk, on the situation in the Soviet Union and the other states that with it comprise, as we call, the Sino-Soviet bloc, where they are now, how in recent past they got there, and then take

TOP SECRET

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a tour around selected areas immediately outside of the bloc in the Free World, or the doubtful area, to indicate some of the situations of weakness from our point of view, of opportunity from their point of view, that may be exploited even during your current school year or in the period immediately following. I have no objection in the question period to try to respond to any questions on areas I do not cover, as well as those that I try to touch upon.

First, let's look at the internal economic conditions in the Soviet bloc. There's been so much talk, frequently misquoted, but at any rate getting out in the press about an internal crisis, a possible economic collapse, depression and so on, etc. in the Soviet Union that it's important at the outset to get our facts straight on that.

In the first place, 1954 as contrasted with 1953 was a genuinely successful year for the Soviets. It enabled them early in this year, in May, to announce, and I think to have announced correctly, the completion of their fifth five-year plan some eight months ahead of schedule. This means that what they set out to do, in a certain amount of time, they succeeded in doing in about 7/8's of that time, a clear plus from their point of view. Moreover, looking back at their longer ranged plans, I've been taking as a datum point to Stalin's first major postwar address in 1946 in which he set certain goals for key elements of the economy: coal, steel, oil and electric power, as required for what he called "the economic

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TOP SECRET

TOP SECRET

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basis of socialism" and said those should be accomplished by 1960. They are now either at that point or within striking distance this year, or early next year, of that. Thus, from their point of view, to say that their system has not proceeded at least according to their plans, and their plans are optimistic and ambitious, is to kid ourselves.

Admittedly, heavy industry continues to get favored probably more now than it did in the early Malenkov period, but light industry is by no means ignored. But the emphasis on the investment sector of the economy is, as professional would call it, gives them a relative accretion, net accretion, over any year, that is quite different in proportion to ours and one would gather from comparing gross national product, we're inclined to say, "Look, great prosperous America, what is it now, they're quoting 380 billion dollars a year GNP's, Soviet's a hundred and some plus, approximate 1/3 or less". However, when you take and throw away, out of those big piles, all the hair-dos, all the baseball games, all the nights spent in motels and things, and find out what's left over in terms of physical hardware, or plant, or something like that, you find that the ratio of investment is 80% Soviet to the United States; thus, in terms of enduring power that an economy gives a country, they are a lot closer to us than a superficial look at their gross would indicate.

TOP SECRET

Turning for a second to agriculture because many people correctly call that the Achilles heel of the Soviet system and its economic potential. The prospects are that 1955 will be a better year than '54 and, in fact, probably the best year in their history. Ukrainian crops are already coming in, they are bumper, already they've been delivered to the barns, as they call it, some 70 million foods, it would be about 5 million tons more than was received in the barns in the bumper year of 1952. Conversely, the new lands program is not as good acre-for-acre as it was last year because the rainfall that they got in such unusually plentiful quantities last year hasn't hit them this year, but they've sown so much more land that that will net out alright.

Thus it's wrong to look at their agriculture as a current crisis, something that causes them to change their policies in the immediate future; rather it is a long-term problem that confronts them, a problem of continually adding to the industrial labor force. We have gotten great in this country because we can now put only 8 out of every 100 working people to work to feed us. The Soviet still have pretty near 50% of their people inefficiently working to feed the rest of them, and that is the problem to which Khrushchev and his friends are addressing themselves so intentionally. And in the talks that some of our people have had, and some American people have had with the Soviet Minister who has just been over here looking at the farms, you see that that's what their working on. Time

TOP SECRET

TOP SECRET

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and again the thing that impresses them most is that this could be mechanized, this could be done, this, and we could save a laborer as compared with our way of doing it. So, it is a big problem, it's a long continuing one that they will not solve right away, but it is not something that gives them any sense of immediate urgency or alarm, and certainly the idea that they are starving and that our great wheat surpluses or something like that is something they are begging for, is not true. Their present program is to add to the zone area of the Soviet Union and the equivalent of all the agricultural lands of Canada, and they realize that they're dealing with lands that could be ruined by erosion and overcultivation just as the Dakotas and parts of Colorado and Oklahoma were ruined in the past in this country. But they're aware of that and they're doing lots of interesting things to plow shallowly, etc., etc. And the

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[REDACTED]

[REDACTED] they're going about this in a sensible and likely in a successful way; therefore, the prospect is at least an even bet that in four or five years, instead of being in a worse agricultural crisis, the Soviet Union will return once more to the world's economy as one of the great wheat and grain exporting countries.

Now for a second, let's also look at the condition of the internal populace, [REDACTED] here in the last few days you probably had a lot of this. All I would do to summarize it up is that the police terror that was so terrible in

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Approved For Release 2005/04/21 : CIA-RDP79-01048A000100030010-4

TOP SECRET

TOP SECRET

Approved For Release 2005/04/21 : CIA-RDP79-01048A000100030010-4

the late 1930s, that appeared again for a while in '48, that looked as if it were coming to a head in a particularly vicious form in the time of the doctor's plot, just before Stalin died, in the winter of '52, '53, has significantly relaxed. [REDACTED]

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the people now feel safe to go about their daily life free from midnight knocks on the door so long as they obey the "keep off the grass" signs. Sure you can't go around doing things that are positively verboten or otherwise against the regime, but you can enjoy your own life insofar as one can there and know that capricious police terror is a thing of the past.

Moreover, with all the talk of heavy industry and other things, the consumer's lot is a constantly improving one. It would be a ghastly thing for any American housewife of no matter how relatively low on our standard of living go there and try to make do in the Soviet Union. But, after all, the thing that counts in the terms of the satisfaction and relative acceptance of a regime by its populace, it's how their welfare of that sort compares with what they had in the past; and, approximately 4 or 5% gain in general standard of living; not in food, that's one thing, the food is dull but there's enough of it. But in terms of not only the consumer durables they can buy, housing they can live in, but particularly the services there: hospitalization, the vacation possibilities, the chances of travel and entertainment, are constantly up, up. It's a controlled process in which the leaders, pressing for the rapide

TOP SECRET

Approved For Release 2005/04/21 : CIA-RDP79-01048A000100030010-4

TOP SECRET

Approved For Release 2005/04/21 : CIA-RDP79-01048A000100030010-4

possible economic growth, are doling out just what they think is enough to keep them sufficiently popular so that they don't have a repression problem.

Now let's look for a moment or two on some detail as to the costs of what we call "the evolution of Soviet leadership" over the past 2½ years. It is important, I think, that we understand, and I'll let the cat out of the bag at the outset, we understand their understanding of collective leadership all too much, particularly in the early days of the period right after Stalin's death. Everybody was trying to figure who the next Stalin is, whose got the knife out for whom, and how is this tournament going to work out to produce one man leadership on the assumption that nothing other than one man leadership could possibly run a dictatorship? I think we are now not predicting that there never will emerge an Napoleon or Stalin or something like that in Russia, but we are not as sure, I've never been so sure and the others are not as sure, that it can't run for a prolonged period of time on this directorate basis that it now shows. Malenkov, there's no question that Malenkov was an able man, in a way, but he was no Stalin. None of them are Stalins in the sense that: of demonstrated ability to inspire terror and control in their others. He was a collective choice, he was put forward. He may have made a preliminary lunge by trying to hold both the premiership and the first secretaryship of the party, but that only lasted five days, and I'm more inclined now

Approved For Release 2005/04/21 : CIA-RDP79-01048A000100030010-4

TOP SECRET

TOP SECRET

Approved For Release 2005/04/21 : CIA-RDP79-01048A000100030010-4

to say that in retrospect that was probably all part of the plan, they just got the papers five days apart, but there was a balance maintained.

Now the first thing that confronted this group, then, was the question of the secret police, and you will remember that all through the latter part of Stalin's era the ghershoffs of the barriers reported directly to him, to his private secretariate, they came under no other ministry and it was a one man's show and, of course, a terrible menace to anybody if he made a mistake, if he talked out of turn - Bang! The higher he was the quicker he fell. And the one thing they're all agreed upon was that that form of latent threat to each and everyone of them was thenceforth intolerable.

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And there are stories [redacted]

[redacted] that Beria was actually planning a quick lunge for supreme dictatorial power. I'm reasonably convinced that that is not true. It is more likely something like this happened: they called Beria in, or just in a meeting, said, "OK boys, now we got to talk about reorganizing the secret police. The secret police is going to be under a committee and we're going to break away its big economic monopolies that give it extra power, the running of Dahlstroy, the gold mines and uranium mines in the Far Eastern Siberia, that's not a legitimate police function, that's going to come under the ministry of nonferrous metals, etc., etc." and Beria resisted, and it was his resistance to that that made them suspicious, not that

25X1

TOP SECRET

TOP SECRET

Approved For Release 2005/04/21 : CIA-RDP79-01048A000100030010-4

he was going to do something next week or next month, but that they couldn't leave him there; and so, he got his.

The group also, I'm sure, can be likened to a group of American executives who have lived under a guy like George Washington Hill, you've probably, many of you, remember reading, five or six years ago, the novel, "The Hucksters", a rather delightful piece, and an old tyrant, an old so-and-so who spit on the Directors' table and made people like it, and that kind of thing, just gets awfully obnoxious; and also, they got very tired of his tiradic, capricious actions. And so there was a tendency to liquidate the things that they thought were completely foolish, they liquidated a lot of grandiose schemes to cut canals where canals weren't needed, to move mountains, etc., etc. And, they liquidated the Korea War and I believe really, in a sense, liquidated the Indochinese War because any military analysis in the spring of 1954 would show you that if the Communists had kept the pressure on, the French had had it, and barring our intervention, and we showed obviously in April that when we couldn't bring our allies with us we weren't going to intervene, they could clearly, by military means, have gotten South Indochina now. I don't mean that it was all out of the goodness of their hearts, but they just decided this was a kind of risk we're not going to take, we'll pick this up in good time by political and other means. And so they cut their bets back on the board and started to look around for ways to improve the situation.

TOP SECRET

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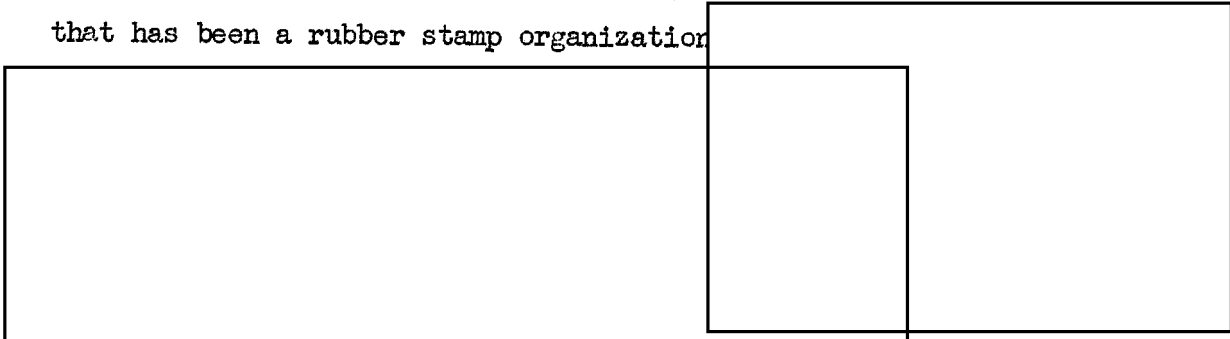
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Now Malenkov and Mikoyan and others went off rapidly in the direction of increasing consumer goods, they talked about advancing the goals of consumer, certain goals there by 7 league strides. And that undoubtedly set off the first major internal dispute in the Soviet Union. And the old timers like Bulganin and Kaganovich, and others, had drilled into them and believed as the elemental part of their total Marxian beliefs that heavy industry producing goods must ~~leave~~; and also they were backed in that, I am convinced, by the army and the military people who said that we've got to have a war base, we've got to have a strong military defense and pap for the populace must come second.

That disput broke out into open, public print around Christmas last year when you found, for the first time in the history of the Soviet Union, Isvestia, the government paper, and Pravda, the party paper, taking opposite sides of a crucial issue in very ruggedly written editorials. Everybody knew that that couldn't last very long, that was going to be resolved one way or another. And the interesting thing about it was how it was resolved. We know that there was a meeting of the Central Committee of the Party. Normally, that has been a pure rubber stamp organization, normally in the past that has been a rubber stamp organization

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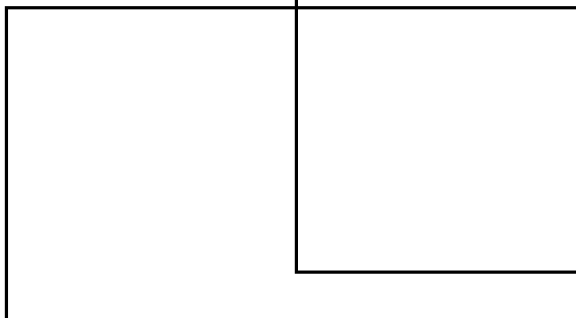
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TOP SECRET



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Malenkov lost.



given a third-rate job, or two-and-

a-half-rate job.

Getting a little out of sequence with the thing, but stressing this Central Committee thing, it is also evident that it was the Central Committee that finally settled the issue with respect to Yugoslavia, that Molotov held out that Yugoslavia was bad, that Yugoslavia was a fascist running dog of the imperialists and Yugoslavia- we might have to wait for a generation, but it ultimately had to be crushed. The more pragmatical boys said, "Now look, old Tito was a Communist all along even with the Americans in there all around him, he's still running a pretty Marxian state, why not play this thing the easy way?" And that went down and Molotov was, in fact, censured by the Central Committee of the Party which backed the majority of the presidium on it. So, to make the parable complete, there are

25X1

TOP SECRET

some people who rather anticipate that Molotov will not be around very much longer; in fact, there's some predictions which, in the way of evaluating them other than report them, that he will be gone by the time the foreign ministers convene in Geneva the end of this October.

Now I reported here, when I was here in the end of March, that the other manifestation of this change in February was one of a very much increased bellicosity toward the West. And I still say that the manifestations of that were numerous and clear. It looked to me, and to many at that time, as if the Soviet's had been worried about several things: worried about our aggressiveness; they had seen us in the Far East make a firm commitment for the first time of treaties with Chiang Kai-shek; they had seen us succeed, after they thought they had licked EDC, in pulling the fat out of the fire with Germany and NATO and the Western European Union formed; they had heard bellicose speeches by high-ranking military and civilian people, and they were worried, worried not that they would start something, but that something might be started against them. And at the same time they were worried that their side-kicks, the Chinese, were not anywhere near as controllable as they would like to have believed. The mere fact that they gave them all these arms, and without those arms the Chinese could have done nothing in Korea, still didn't give them the form of brake that they needed



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intransigents of the Chinese, of the Chinese firm intention to

TOP SECRET

TOP SECRET

Approved For Release 2005/04/21 : CIA-RDP79-01048A000100030010-4

have a go at Formosa even if it was militarily infeasible and involving all kinds of possibilities of at least a general war in the Pacific. Therefore, they batten down the hatches for a hard stormy period. The kind of things they did that were facts, that confirmed these things, they cancelled a great mass of consumer goods contracts,

25X1 the first time in many, many years that the Soviets had ever reneged on a firm contract, they frequently make mouth bets of how they like to trade with us, etc., which never materialize into a firm contract, but this was the first time where they had the specific thing and just wrote and said, "Don't ship. We won't pay". Secondly, they raised their military budget by about 12% to a new postwar high; and, of course, the speeches too, Molotov's speech of February 8th was as mean, nasty, as anything that had ever been said in the whole history of the cold war. And they reversed, you remember, the Malenkov's statement about the nuclear war being the end of civilization, and said, "No, it would only be the end of the rotten capitalistic period."

Well, that got me more worried then than I am now, I'm frank to admit, about the near-term future, but somewhere between March 27th and April 9th there was another thing. Now whether this was just a correction of an impression, some of the wisest people, students of this, believe that in fact Bulganin and Molotov thought that the group's common purpose had shifted more than it had and in their speeches in February they got more bellicose than the

Approved For Release 2005/04/21 : CIA-RDP79-01048A000100030010-4

TOP SECRET

TOP SECRET

Approved For Release 2005/04/21 : CIA-RDP79-01048A000100030010-4

collective view would really justify, and so, they were brought back closer to a middle course. Others believe that the Army, Zhukov, Vasilevsky and others said, "Now whoa boys! Let's keep this thing down on a low key or back burner stuff, we're a long way from ready yet. You can't give us really more strength just by adding more rubles to the budget in this year; that doesn't put modern equipment in the hands of trained troops, etc., etc. But, whatever the explanation is, there certainly was an entire different atmosphere starting with the proposal that they have an Austrian treaty and, of course, that went through very rapidly, the move on Belgrade, a friendly move on Belgrade and, of course, Geneva, and it's the post-Geneva stuff, the trend has been constantly in that direction since, it's the biggest piece of fancy we've ever been subjected to.

Now the reasons given for this new policy, back in the spring and we were getting ready for Geneva, involved several - there were rumors that the intolerable burden of military expenditures - the new weapons, they just couldn't see how they could get enough of as good weapons as they needed, there were statements to that effect in Vienna. There was also a feeling, with some evidence, that they really, for the first time, saw the meaning of nuclear war. They had blown up their own

[redacted] a pretty big bang; and, they realized that this was something that they couldn't contemplate with any degree of happiness, or acceptance. A person like Kaganovich and

25X1

25X1

Approved For Release 2005/04/21 : CIA-RDP79-01048A000100030010-4

TOP SECRET

TOP SECRET

Approved For Release 2005/04/21 : CIA-RDP79-01048A000100030010-4

and Saburov and Pospelov, and they build bureaucrat administrative tycoon types, they don't build dams just to see them blown up, so their feeling was nuclear war is not a way of solving the struggle in the West.

China's requirements and demands have already met: that China was just an endless rat hole down which they were pouring things all to no long-term Soviet benefit, only towards something that ultimately would make China more of a problem for them than otherwise. And, of course, the feeling that the Western cohesion, which they thought was breaking up, had taken a new strong turn in the decisions in Paris.

Now all of these obviously played some part, but there was vast difference of opinion as to what the net meaning was, what was the Soviet's conclusion in its estimate of the situation in the spring that led it to take this course? And there was great pressure on the intelligence community to come up with one answer: UAIC, Intelligence Advisory Committee of the NSC which you all know has as its members the Intelligence Chiefs of the services and the Joint Staff, State, and ourselves and others. And fortunately, that was resisted; instead of which, we put to the President and the Secretary of State four hypotheses and said, "Now these things that we have noted, and the events that are obvious to all, are consistent with any of four major possibilities." And you can split it up three ways or five ways, but four seem to be a good logical form of cubbyholing.

TOP SECRET

TOP SECRET

Approved For Release 2005/04/21 : CIA-RDP79-01048A000100030010-4

The first you could say was that the USSR had no willingness to alter its previous positions in any substantial respect but was playing for two to three, it may be slightly more - a year - period of time, a diplomatic maneuvering during which they would make good their very substantial current deficits in military preparedness, and then, boys, watch out; in other words this is a big thing, that's the worst, the roughest of possible estimate.

The second was that, it's not unlike the first but rather more specific, that the USSR was really preparing to see war break out in the Far East, if not general war, at least war over the Formosa Straits and possible renewal of war in Indochina, and therefore was making a hasty effort to solidify its European rear: Austria, German neutralization, etc., etc., so that if we, the U.S., got tangling with them out there it would be almost impossible for us to persuade our European allies to let us even operate from there. That thesis had its strong backers.

The third was that, the middle one you might say, the USSR just thinks this is a good propitious time to explore a few isolated issues, If it can settle those it will then formulate its next courses of action, a complete policy of expedience.

And finally, there was the most pleasant of them: that the USSR based primarily on this impossibility from their point of view of the challenging us to nuclear all-out struggle was determined to bring about a substantial and prolonged reduction in international tensions, and, to that end would be willing to alter previous negotiating

TOP SECRET

TOP SECRET

Approved For Release 2005/04/21 : CIA-RDP79-01048A000100030010-4

positions, thus, the delegation that went to Geneva went with an open mind, exploring. It was, in a sense, a great big intelligence exercise. Here was the chance for the first time to sit down and talk, in many instances the first time in ten years to talk to their seniors, and many times the first time in history that some of those Russians have been to the Free World or a Free World Conference.

Behind, but a little under the table, are these things: first, that I think the President succeeded in convincing them once and for all that we were not going to get into war irresponsibly, that he was genuinely a man of peace and was looking for a solution short of fighting. I think that was a very major reassurance than an argument to those who had been saying, "Well forget a Senator Knowland's speech now - or this, that, or the other statement, these boys aren't going to jump us, so, don't be so jittery and don't think you have to be in a position to go off at a moment's notice."

Secondly, they're awfully worried, and this ties in with the first one, about our misapprehension as to their basic strength, and I'm not talking so much militarily now as to the strengths of their system. They went time after time, Zhukov alone to the President, and Bulganin to the Secretary of the State, etc. to stress their strength and how their system was working and how they could handle their own problems and don't worry about us, but don't push us around. Now you can say that, apply to that the old statement: me thinks he doth protest too much; and that's an indirect admission of great weakness. But the Bohlens and the other most astute

TOP SECRET

Approved For Release 2005/04/21 : CIA-RDP79-01048A000100030010-4

TOP SECRET

Approved For Release 2005/04/21 : CIA-RDP79-01048A000100030010-4

observers of the Soviet scene are convinced that they, the Soviet leaders, are 90% convinced that this is true, or 90% of the subdivisions of this issue of strength, they are strong. On the 10% where they've got problems, some productivity in the agricultural thing I mentioned earlier, they think they've got the answers, it will take time but they isolated the problem and they have applied, or are applying the solution to it. Therefore, they want to be sure that they convince us that they will not stand a real pushing around, that while they might be awfully badly blooded, they feel that if they got into a fight in which they were genuinely on the defensive, they would have a good enough chance of winning so that they will not take, lying-down, a liberation of the satellite program or something like that.

Thirdly, that there's no question in retrospect that the Soviet's got the main thing they came to Geneva to get, put pithily by one European statement: they got socially rehabilitated. They had been outcasts, they had been pharoahs, they had been the skunks at a lawn party, now they were recognized as equals, as decent gentlemen, as leaders of the world's people, and they got this strictly for nothing. It goes very much to the statement, again, of Ambassador Bohlen's: Peace at no price. They paid nothing for getting a basic, if unwritten, understanding that there would be peace for a reasonable period from this, and therefore, they didn't give up a single thing except to agree to sit down and do some more talks. It was clear from that too, I mean one of the reasons we

TOP SECRET

Approved For Release 2005/04/21 : CIA-RDP79-01048A000100030010-4

~~TOP SECRET~~

feel so strong about that is the obvious isolation of Molotov, Old Stone-Ass, as he's been called by diplomats all over the world, was clearly unhappy. He'd been saying the other way was the way to play it: never be nice to them, spit in their eye, etc., etc. And there were people trying 180° different tactic and being singularly successful.

We certainly have reason to believe that the satellites will be hard held; they made no possible yield. A very interesting little conversation took place between either the President or the Secretary and Bulganin in which the American involved tried to say, "Why don't you try and get along with your borderland countries the way you get along with Finland. Finland is no menace to you. You get the trade out of Finland you want. She builds ships for you, and furniture and whatever else - machinery - and yet you don't run the same police operation and other things." And Bulganin just wouldn't even pursue the subject. You'd have thought, the way other conversations went, that they had been speculating around with the thing, but the minute you'd touched on their belt, their cordonne sanitaire from Poland to Bulgaria, they just froze up; and, almost equally strong on East Germany. Time and again they made it clear in various ways what can be summed up in one brief sentence: that the price of the reunification of Germany is the effective dismemberment of NATO. It doesn't mean you have to tear up NATO as a scrap of paper. It doesn't mean that you can't have NATO and a European Security Pact, but NATO as a real force, an employable military power, will not be allowed to have added to it East Germany. They are willing to accept the fact that West Germany is presently

TOP SECRET

TOP SECRET

Approved For Release 2005/04/21 : CIA-RDP79-01048A000100030010-4

minded to go that way, they're saying, "You're awfully foolish because all you've got to do, you can have all the freedom in the world and we give you 18 million more Germans, but not if you play with NATO."

Now that's a flat prediction, and I could be proved to be very, very wrong, very soon because Adenauer is on his way to Moscow in a week or so, the 9th of September I believe, and there are some people, a minority, that feel that the Russians will offer him a very major and surprising package which would include unification at something less than that price. I'm willing to state that I think the odds are very strong against that.

Now, post Geneva, there is no question but that the Soviets are going along in a propaganda way interestingly enough, and most interesting to me, internally, keeping the warm wind blowing; for example, the entire type of semantics applied to the United States has changed in a matter of a couple of months. The old thing didn't catch up at the time of the Austrian treaty and I have picked out, and made a little study before coming up here, of just two issues of Pravda: one on 15 June, and one on 1 August which are only six weeks apart. In the 15th of June the issue of Pravda had 35 derogatory, 3 favorable and 15 neutral statements about the United States; and the derogatory were awful - Wall Street War Mongers, Merchants are Dead, Aggressors, Imperialists, etc., etc., the old standard line. On the first of August there were only 6 derogatory, somewhat milder, 25 were favorable, in other words from 3 favorable to 25 - Life in America is really pretty nice - This is how they work it on the farms, this is the way a fellow, how he works up in the Fort Factory, at River Rouge, etc.

Approved For Release 2005/04/21 : CIA-RDP79-01048A000100030010-4

TOP SECRET

TOP SECRET

Approved For Release 2005/04/21 : CIA-RDP79-01048A000100030010-4

And the editorial is showing even a more marked switch, thus showing the low-man down on the copy desk doesn't get the word as fast as it should peel off for somebody at the top.

And this is a very real factor in the world situation because you can't turn that back on again with great speed. I mean there's a certain number of G's turn that a people, even a dictatorship people, will stand is limited; and so, in terms of the immediate future, I think that is something which we will follow compliantly but which is quite significant. They also are extremely sensitive about the Western attitude now, and here I'd like to tell the story that wraps two of these things together and that is the precise reactions to the President's blueprint mutual photography verification type of disarmament proposal. Of course, there were no leaks in that, in fact there were no leaks to the Pentagon, as I understand, but, so the Russians caught it by surprise in the open session, and, as the session closed, Bulganin was the Chairman and he made a very polite, appreciative, gracious statement indicating that this came as a surprise to him but it was well worthy of our consideration, and appreciated the President's good motives in making it. Immediately outside, it was the last word spoken, they filed out into buffet for a caviar and snops and vodka and whatever, and Khrushchev just grabbed Bulganin and the President, got them right together, and said, "I want you to understand, Mr. President, I do not agree at all with Mr. Bulganin on this. I think this is a phoney, it's a fake, it won't work, and it's no good" - just the roughest statement he made to the President in the entire six days.

TOP SECRET

Approved For Release 2005/04/21 : CIA-RDP79-01048A000100030010-4

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Then we skip to the - a couple of weeks later when Bulganin makes his report to the Supreme Soviet on Geneva, and, in that he takes an attitude of ridicule toward the President's proposal and there was lots amount of laughter in the hall; well, that was very annoying to the Government in Washington, and the Chief thereof, and certain sharp statements were made immediately in rebuttal. Absolutely unexpected, the next day Bulganin returned to the podium of the Supreme Soviets and corrected the impression, he didn't eat any words but he said, "Now, I was misunderstood on this. Of course we like our proposal better, but we are being very serious in considering the President's proposal."

When they issued, through Tass, the transcripts of the proceedings, they always you know, put down: applause, prolonged applause, prolonged applause with stamping and cheering, etc., and so for the first time since I've been following these things, and I'm trying to check back to see how - the thing runs back a long time in history, in the first session they eliminated all of those so they could eliminate the laughter in parenthesis; in other words, they - now - well, how did that come about? Well, I can only feel on this thing that again, this collective is uncertain of what it's trying to do, that it is in a constant set of debate and that Bulganin was overruled by Khrushchev at Geneva, that lasting till he made his thing and then Bulganin recovered the play, he came back and said, "Now look, we just fouled this whole ball game up, we were going along fine and now we've got the President mad at us, we've got everybody in Western Europe saying that we're just as bad as ever, and so they had a new count of votes and instead

TOP SECRET

TOP SECRET

Approved For Release 2005/04/21 : CIA-RDP79-01048A000100030010-4

of 6 to 4 for Khrushchev's thing it went 6 to 4 the other way and he went back. Now that is a sign of weakness, in a sense, but after all, I can assure you the NSC has occasionally reversed itself in, not quite that rapid order but - -.

Now, I've got to hurry along here and I'd like to turn now for just a second, just to put in balance before I try and answer which of these hypothesis we should carry forward, let's look for a minute at the high points of the real power picture in a military sense. I've mentioned the fact that military budget was up in February. You all know about the cut announced to 640 thousand personnel. I don't believe for a second that they can get away with the total take on that; there's just too many Assistant Adjutant Generals and G-1's and other things have to either be in on the play or out of the play and therefore, it is probably that there will be approximately a 16% reduction in their gross forces. If it were all applied to the ground forces it would be up to 25% and, of course, their Navy and Air Force is considerably smaller than ours, so undoubtedly the ground forces will take the lion's share where the proportional is slightly more than that. Those two things are just in conflict for the moment.

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But there is also a very interesting new evidence of a complete change in strategic doctrine

[REDACTED]

whereas in the days of Stalin they pooh-poohed surprise, surprise was the great error of the blitzkrieg, it was the permanently operating factors: the strength of the rear, and this, that, and the other, you

TOP SECRET

Approved For Release 2005/04/21 : CIA-RDP79-01048A000100030010-4

25X1

TOP SECRET

Approved For Release 2005/04/21 : CIA-RDP79-01048A000100030010-4

can all read this and classify it and unclassify it, versions that counted ultimately in war; now they are saying, and writing in their military press and occasionally in their more widely circulated press, that surprise is all-important and that surprise blows must be delivered at the very outset of hostilities using, interestingly enough, atomic weapons and chemical weapons; and, there's no doubt about the translation of "chemical". They mean chemical in the sense that we use CWS in our service, and, they talk in detail about how the two can be complimentary in both attack and holding operations.

Now if you look at their present equipment of major items, and in the ground force they are strong - there's no question - their new tanks are good, they've got a thousand more of them in East Germany than they had a year ago replacing the old T34's, but, if you look at their Air Force, their Air Force is in a position of powerless weakness now compared to what it will be in about 2 years or 3 years, say early '58, they're in a transition, their long-range Air Force is partly TU4's and mostly TU4's with just a few up-to-date modern types; on the other hand, by 1958 they will have virtually eliminated the TU4, they'll have 700 Badgers, the B47 equivalents, 350 Bisons, we figure, and that's a very fast thing, and that is probably more unless we do something more about it than has been done yet then we will have B52's and plus 250 of these thermo-prop Bears. Their submarine force is expanding at a fantastic rate, and it is expanding - new orders we know have gone out to kick it along even further giving them by 1959, I think the estimate sticks in my mind, 450 modern long-range Snorkel subs. The Germans started World War I with 39 operational subs. If

TOP SECRET

Approved For Release 2005/04/21 : CIA-RDP79-01048A000100030010-4

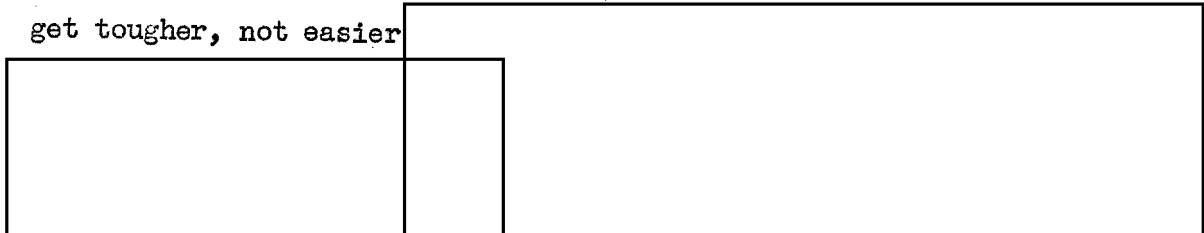
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the Navy knows how to handle that, God bless them, for that looks like an awful problem, if the war is going to last any length of time.

And most important, and most startling and most worrisome to me, 25X1 is their progress in guided missiles. I can't tell you very much of the detail of it,



afterall, being ahead in an R&D program doesn't mean you can start a war tomorrow, but, all I say is you put this together plus their general technological ability, and what they're doing about that; for example, you've read, or heard about, the terrific drive they have for the highest type of scientific education: starting when the tots are little by making them learn their algebra, and learning it right, right straight through to their production candidote, as they call them, we call them Ph. D.'s, our equivalent Ph. D. They already have 70 thousand Ph.D. type scientists alive and in action as against our 55 thousand; and, this year, in this June, they graduated 8 thousand and we only graduated 42 hundred, so, the gap is widening, not narrowing there. Now that means that in pure science, in the frontiers of performance of weaponry and other things, the ball game's going to get tougher, not easier



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TOP SECRET

TOP SECRET

So, when you come down to saying: which of these hypotheses can be discarded now and which can be carried forward, I think the only one you can throw out with some confidence for the moment is that they were doing an immediate job of securing their European rear in preparation for trouble this year in the Formosa Straits, but I'd still keep one white chip on that square; it's not by any means certain yet.

But as between the basic ones of: are they just playing for a short haul breather to get our guard down and then get tough again, I don't mean necessarily "jump-us" with a set D-Day and H-Hour, but reheat the war very rapidly when their strength is at a maximum peak and in maximum balance; or, whether they have decided that global war is forever no solution, the returns just aren't in yet. We will have important returns shortly. First, of course, we will see their reaction starting next Monday to - in the UN disarmament talks - if those proceed constructively from any objective point of view, you can lean somewhat more heavily toward the happier or more decent of the alternatives.

There is also the Geneva meeting, of course, if they absolutely refuse to budge on Germany and so on and so forth, that will be a

TOP SECRET

TOP SECRET

Approved For Release 2005/04/21 : CIA-RDP79-01048A000100030010-4

pessimistic thing because if they were to give up East Germany they'd give up so much of technical skilled manufacturing, so much uranium ore, and that kind of thing, that it would hardly be consistent with a current plan to be ready for hot stuff in the mid-term future.

And finally, and I think to my mind almost most significant, you have convened for February the 20th Party Congress and the proposal promised to put out at that time the 65-year plan which will be very early, that will be putting it out in the second month of the quinquennium as compared with not getting the fifth 5-year plan out until I believe it was August 1952, or 18 months after the period had started; so, they got that pretty well set, at least they think they have now.

And you can get from the analysis of that a pretty good idea whether they're basically peace-bound or basically war-bound. But still it's one of those things where I worry terribly about the degree of oscillation between doom - tact next week, something like that, and then everything is wonderful - "You Fourier," as Mrs. Luce called him in the very effective cable she sent him from Rome after Geneva. We've just got to develop more of an ability to stand there and say: Let's wait for the hard facts and let's let the propaganda blow by our ears noting it for what it will have in a real sociological effect but not getting kidded.

Very briefly now, I've used more time on this than I expected, I'd like to hit certain points on the rest of the bloc: The satellite situation is troublesome to them but they think they can clean it up,

TOP SECRET

Approved For Release 2005/04/21 : CIA-RDP79-01048A000100030010-4

TOP SECRET

as they say; they're letting certain people out of jail in Rumania and Czechoslovakia and Poland and otherwise the old parlor pink lefts that they played with at first, then clamped down on, they're trying to dress it up but they're not going to really let their hold go, they want to try to put the kid glove back on the male gauntlet.

Secondly, they are forcing the satellites, somewhat against certain of their leaders' will, to go along on the: not being nice to America, and for the first time, just the day before yesterday I think it was, in Bucharest on Liberation Day, by gosh, the Americans and British got some credit; and, afterall, if there was one place where the Russians really did win the war pretty nearly single-handed, it was driving the German forces out of Rumania, but there they said this was a three-way allied thing and we can be thankful the fascists were driven out by the democracies.

Now the Yugoslav situation deserves some mention and it's something that is impossible to be firm on yet, but the evidence is very, very alarming there, that much more happened in Belgrade than we were willing to admit at first, or, probably than Tito was prepared to admit at first. Khrushchev got off that very bumbling statement when he hit the airstrip and there was obvious resentment. But, what we've seen in retrospect indicates that the Russians made a very fast recovery in the secret talks that they had there. You cannot appraise certain of the facts such as these, they have a flat cut-off of any more intelligence to us from the satellites and perfectly openly, just saying,

TOP SECRET

TOP SECRET

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"They're our friends now, it's alright, we played with you from '48 to '53 but you just don't understand the situation, there is peace and we're no longer going to tattletale on Hungarian, Rumanian friends". There are statements that we can take the battle act and stuff it, as far as they're concerned, they're going to go into East-West trade and none of this nonsense about keeping strategic goods from the Soviet.



And finally, and much more alarming is the indications that their secret services and their party are starting to play together; therefore, I believe that we must at least estimate now that Yugoslavia is a potential foe, or hostile neutral, and no longer shall we say she is a potential ally with some question mark on it. And that, of course, presents tremendous problems to General Gruenther in the whole concept of the NATO defense plans when you've got now Austrian-Swiss neutrality across here instead of what you hoped would be a nice five division army group a little beyond an army group here facing this way, pretty resolute fighters, if you think of them turning and facing the other way and, knowing the general status of the Italian Army, it would give me nightmares if I were in SHAEF 3 ---.

On Red China, I wish I had an hour to talk about Red China because I think it's the most fascinating, most misunderstood, part of the world today. I don't mean, by any means, it's good or there are a lot of

TOP SECRET

TOP SECRET

Approved For Release 2005/04/21 : CIA-RDP79-01048A000100030010-4

of lovely little agrarian reformers that have just been misunderstood by hard-shelled Formosa lobby types, but, on the other hand, the pendulum, I think, has swung too far, it's swung too far in this way: that, by constantly talking about Red China, and I believe it's a dictate in the State Department that you must never not modify mainland China for fear of getting mixed up with things and purporting to say that we would recognize them, we have gotten to think of them too much as pure Communists, as just part of the international Communist conspiracy.

We must recognize that they're the oldest nation in the world in terms of actual continuity, a nation that's had five major swings of great peaks of civilization, great disasters, physical, mental, moral collapses and that China today is emerging willy-nilly from one of those great moral collapses.

I'll go back just to take the last two swings: you had the collapse of the Mongolian Conquest, they gradually - their basic native ability wore down to a quick revolution but actually a process of attrition, the Mings rose and throughout the Mongols killed them all off or else absorbed them, then you had a great high period there. Then they got tired and old and useless and they were, in turn, this time captured, but taken over by virtually the ship, the Manchus, in the 1600's and interestingly enough, just as a footnote to history, it took the Manchus 30 years to get Koxinga off the off-shore islands in Formosa; the last place that they succeeded in establishing their authority was in the same hot area of the world today. They had a great hey-day in the

TOP SECRET

TOP SECRET

late 17th and 18th Century and then, starting with the Opium Wars in the 19th Century, they were flat on the carpet, walked-over, abused, cut-up spheres of influence, open doors, that, that, and the other thing, and they say, "Alright, they just didn't know how to run themselves, it was their good fortune to have some smart missionaries in Shanghai, bankers and other things around them." But they are a proud people and once they get their strength back, as they have now, they look back with an intense feeling of hatred at all occidentals for just that.

Now the only point of this is to say that you've got to recognize that the present make-up, the driving force, in China is a combination of Chinese patriotism, seemingly the counterpart xenophobia, and Communism. It 's our very bad luck, as the heirs of western civilization, that two such great historic forces as Marxism and Chinese patriotism were married at just this time, that Sun Yat-sen didn't succeed or Chiang Kai-shek didn't succeed. If he had been a wise and evil fascist, or a democrat or anything else, we might have problems with China now. They would be tough to deal with, but we wouldn't have the problem we have today of this capture of what would have been a great revolution by an additional revolutionary movement.

A lot of people say Chip Bohlen keeps talking about them being in the marijuana stage of the Communist revolution and therefore, there is great danger of them lunging ahead and doing things that the wiser, more mature heads of the Kremlin won't do. I think that's very true, but I

TOP SECRET

TOP SECRET

Approved For Release 2005/04/21 : CIA-RDP79-01048A000100030010-4

think you've also got to recognize that the drive to complete the revolution, to make China integral once more, stems from the other source too. And that's particularly true with respect to the off-shore islands. I'm not at all sure, despite all the propaganda, it's 100% consistent that Formosa belongs to China and Formosa must go back, that you have a possible chance of some kind of a long-term solution on Formosa that is acceptable to the United States. You do not have that chance of ever selling them on that so long as you say that Formosa also includes these off-shore islands, and, which nobody denies, a part of metropolitan China and that you're holding them just because there's going to be a war, and so on and so forth.

Now if I may violate, by about five minutes, the time, I'd just like to tap a few of the spots that we think are most troublesome and with a comment or two on them.

Obviously, you don't need me to add anything to the newspaper headlines on the blowup in North Africa. We had seen it coming; everybody had seen it coming for a long time. The French, just as they were in Indochina, are at least a year too late; they barely got on the train in time in Tunisia, but, Tunisia being small, I am worried that it will get swept up in the cataclysm that exists there. The French, in this thing, are complete hypocrites in one sense; they have a lot behind them in the sense that they brought certain well-beings, schools, hospitals, and other things to North Africa, but this nonsense that they will integrate Algeria into metropolitan France, that it is a part of the metropole, they don't really mean that. There are 8 million Arabs down there, they give them 15 delegates in the Chamber

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Approved For Release 2005/04/21 : CIA-RDP79-01048A000100030010-4

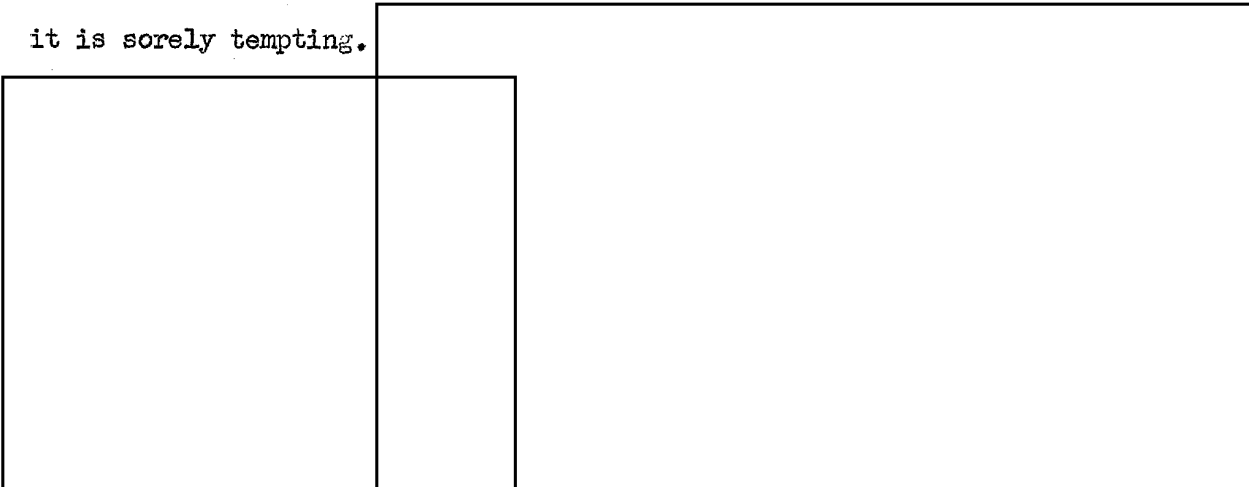
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of Deputies, they'd have 120 if they really treated them as part of the thing.

The actual runners of Morocco, the operating people, are the so-called Political Agents. Those jobs are handed down from father to son. The nearest counterpart to it that I know in my superficial history reading is exactly the way William the Conqueror ran England: you had a hereditary right to be a Baron of the March of Shropshire or something like that, and they had no more feeling of the kind of professional Colonial office, bring these people along toward nationalism that characterizes the current English management of almost all of its colonies.

Now in the Middle East we're seeing an interesting development, in Egypt and Arabia particularly, that is combination, or a taking advantage of their annoyance with the West, based on their misunderstandings of our attitude toward Israel, etc., etc. and a very great drive to give large quantities of Soviet arms to these countries and it is sorely tempting.

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tent with what they're doing in the rest of the world, internally, they

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TOP SECRET

would be only too happy to let large masses of this obsolescent equipment get into troubled areas like this, thoroughly consistent with what Stalin said in 1952 where he for the first time said, "There isn't going to be a war as old Lenin said in the sense that ultimately the West is going to fight a unified capitalistic bloc - no, there are going to be recurrent wars within capitalism which will weaken it, the Soviet Union will stand on the side lines and pick up the pieces as appropriate."

Now it presents us with a very serious problem. Secondly, the so-called Northern Tier: Turkey, Pakistan and in alliance Iraq added to it, Persia knocking on the doors, sort-of, a little bashful, Afghanistan as a possibility, not as good as it was a year ago. Turkey is in trouble, serious financial trouble. They're getting very annoyed with us telling them how to run their banking and their imports; and Pakistan, also, sadly misses the hand of the wise old Mohammed, whereas still nominally in power but he's becoming more and more driven to run the place like a dictator. If he does, I'm convinced that East Pakistan, Bengal part, will go, it will go its separate way and shortly be absorbed in India. I'm very worried about the so-called situation of strength there.

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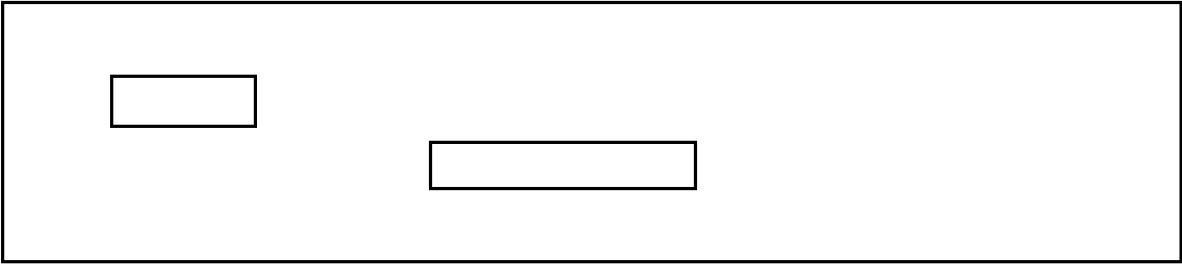
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And finally, I'll add just a word, and maybe somebody will ask me a question I can develop a little more in the question period, the situation in Formosa and the Islands is deteriorating from a morale point of view from a point of view of confidence in America (you don't blame them), in a sense they wanted World War III, that's their only way out, Geneva puts that further and further away, they think the next "sell-out" is going to be the off-shore islands, or them totally. The result is that they're quite suspicious of us and at the same time are engaging in overt acts and I think the pinching is partially explained by this but they're also launching raids up to company strength backed by naval gunfire on the Chinese mainland just hoping that they'll get something started we'll have to get in and help with; and, of course, they moved a whole additional division to Quemoy against the strong advice of the MAAG. We wouldn't quite - the State and the Chiefs could not get together, or would not get together, and say this was a violation of their agreement in October not to make a major redeployment without consent. Well, what's one division out of 21? Well, the fact is now that 35% of the MDAP equipment that we have given them has arrived in Formosa is on those islands: Matsu and the Quemoy groups, at some couple hundred million bucks, well, the way a Chinaman thinks, I'm convinced, we're not going to let go of 200 million bucks, he's got a good gauge out there, he's got the family silver out there and

that's his best guarantee, he isn't going to take our words for it.

So, in closing, I would only say that the immediate danger point is still the off-shore islands; the long-term danger point is that we let down our guard; the longest-term danger point is that we do not do enough in the way of scientific training and other things; and, that they ultimately just have a better technocracy than we do.

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