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CENTRAL INTELLIGENCE AGENCY

11 August 1954

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MEMORANDUM FOR: Mr. Allan Evans (OIR)  
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Captain B. E. Wiggin, USN (ONI)  
Colonel William S. Boyd, USAF (AFOIN-2B2)  
Captain Ray Malpass, USN (ONI)

SUBJECT : NIE 11-4-54: Soviet Capabilities and Probable  
Courses of Action through Mid-1959

1. The attached revised Conclusions are forwarded for your review.

2. It is requested that your representative meet with us at 10:00 Wednesday, 18 August, in Room 146 South Building, to discuss these Conclusions and the tables and charts in your draft of 9 July.

*Paul A. Borel*

PAUL A. BOREL  
Acting Assistant Director  
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**CENTRAL INTELLIGENCE AGENCY**

11 August 1954

**SUBJECT: NIE 11-4-54: SOVIET CAPABILITIES AND PROBABLE COURSES  
OF ACTION THROUGH MID-1959**

**THE PROBLEM**

To estimate Soviet capabilities and probable courses of action through mid-1959.

**CONCLUSIONS**

General

1. We believe that the stability and authority of the Soviet regime will not be affected during the period of this estimate by conflicts for power or differences respecting policy within the ruling group. Significant changes may take place in the composition of the ruling group or in the relative power positions of its members; one man may even succeed in gaining absolute power. We believe, however, that any internal conflicts arising out of such

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developments would be resolved within the confines of the ruling group and the higher echelons of the Communist Party, and would not lead to civil wars or disturbances of major proportions.

2. Although there has been no weakening in the authority of the Soviet regime, and no diminution in the totalitarian nature of its control over the Soviet population, there has since the death of Stalin been an apparent effort by the regime to moderate some of the more outstanding abuses of the system devised by Stalin to control the Soviet population. In particular, the new regime has promised the people an improvement in their scale of living together with increased personal security for average law-abiding citizens, and has taken some measures to implement these promises. A major effort is being made to increase agricultural production, and to expand the supply of manufactured consumers' goods. This effort has not involved abandonment of the primary aim of rapidly developing heavy industry, nor has it cut back the amount of expenditures on defense. Nevertheless, it will probably lead to a substantial improvement in the economic conditions of large segments of the Soviet population during the period of this estimate, and may well, for the time being, lead to higher morale and hence to a strengthening of the regime.

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3. There is no evidence that the appearance of new leadership in Moscow has affected the character of relations between the USSR and its Satellite states in Eastern Europe. We believe that Soviet authority over the Satellite regimes will remain intact during the period of this estimate.

4. Communist China is more an ally than a Satellite of the USSR. It possesses some capability for independent action, possibly even for action which the USSR might disapprove but which it would find difficult to repudiate. However, the main outlines of Communist policy in Asia are probably jointly determined by Moscow and Peiping. While the Soviet voice presumably remains preponderant, Communist China appears to be increasing its stature within the Sino-Soviet partnership. In particular Communist China seems to have an increasingly important role in the execution of Communist policy in North Korea and Indochina. We believe that despite potential sources of friction between the two powers arising from occasional conflicts of national interests, the cohesive forces in the relationship will be far greater than the divisive forces throughout the period of this estimate.



Economic

5. The rate of growth of the Soviet economy has declined in the past five years from the very high rate of the immediate postwar period. We estimate that during the next two years Soviet gross national product (GNP) will increase by about 6 or 7 percent, and in 1956-1959 by about 5 or 6 percent, per year. This may be compared with the long-range US rate of 3 percent, or with the US rate of just over 4 percent for the period 1948-1953. If US GNP should increase during the period of this estimate at its long-range annual average of 3 percent, Soviet GNP would at the end of the period be about two-fifths of US, as compared with about one-third in 1953.

6. The pattern of resource allocation in the Soviet economy in 1953 showed about 14 percent devoted to defense, 28 percent to investment, and 56 percent to consumption. Current economic programs indicate that for at least the next two years defense will be allotted a declining, and investment an increasing, share of resources, with consumption remaining about the same or increasing slightly, instead of continuing the decline of previous years. In

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absolute terms, we estimate that the amount of expenditure on defense, instead of continuing the rapid increase that prevailed in 1950-1952 will remain about the same through mid-1956, while expenditure on investment and consumption will increase. The chief emphasis in Soviet economic policy will almost certainly continue to be on further development of heavy industry.

7. We believe the chances are better than even that the Kremlin will continue its economic policies along these lines throughout the period of this estimate. If it does so, then in absolute terms consumption in the year 1959 will be about 43 percent greater than in 1953 (about 30 percent greater per capita) and total investment about 59 percent greater, with defense expenditures remaining unchanged or slightly increased. It will always be possible, however, for the Kremlin to make substantial changes in its allocation policy, favoring one sector of the economy at the expense of others. The Kremlin could, for example, very substantially increase its annual expenditures for defense while still continuing to achieve an absolute annual increase in consumption, though this increase would under such circumstances be substantially less than that estimated above.

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8. The chief weakness of the Soviet economy as a whole has been the slowness with which agricultural production has increased as compared with the rate of advance in other sectors of the economy. Since 1950 agricultural production has remained at approximately the prewar level, though the population is now about 7 percent greater than before the war. The Soviet leaders probably recognized that continuation of the serious lag in agriculture would ultimately make it difficult to meet the food requirements of the growing urban population, the raw material requirements of the expanding industrial economy, and the export requirements of Soviet foreign trade, in which agriculture plays a major role. To remedy the situation the regime has embarked on a vigorous program, with goals involving about a 50 percent increase in agricultural production over the period 1950-1955. We believe that these goals will not be met, and that the increase of production is unlikely to be more than about 3 percent annually, making a total of only about 15 to 20 percent for the entire period 1950-1959. Even this increase would be sufficient to achieve a moderate increase in the per capita availability of feedstuffs and textiles.

9. We do not believe that there will be an important or lasting increase in Soviet trade with non-Bloc countries during

the period of this estimate. The Bloc is not dependent upon non-Bloc sources for more than a small number of commodities and services, and its policy of autarky will tend to prevent any large expansion of trade based on ordinary economic considerations. Moreover, the Bloc would encounter considerable difficulties in finding non-Communist markets for substantially increased amounts of its usual exports. Nevertheless, even a small increase in the volume of trade which certain non-Communist countries now carry on with the Bloc could have an appreciable economic effect in those countries and possibly a more significant psychological effect.

#### Military

10. We believe that, generally speaking, the size of Soviet armed forces-in-being, and the amount of annual Soviet defense expenditures, will remain approximately constant during the period of this estimate, though the Krenlin could of course increase or decrease both at any time it saw fit. The following are the most important developments which we believe will occur in Soviet armed strength during the period of this estimate:

- a. A great increase in numbers of nuclear weapons, and in ranges of yields derived from these weapons.



- b. Introduction into the Soviet Air Force of a jet medium bomber -- the Type 39 -- having a 1,410/2,720 combat radius/range of about 1,570/3,020 nautical miles with a 10,000 pound bomb load. We believe that the Soviet Air Force already has about 20 of these aircraft in operational units, and will have about 600 by mid-1959.
- c. Introduction of a jet heavy bomber into the Soviet Air Force in 1957. We believe this bomber will have a 2,350/4,360 combat radius/range of about 2,600/5,100 nautical miles with a 18,000 pound bomb load, and that the USSR will have about 50 of these aircraft in mid-1957 and about 250 by mid-1959.
- d. Introduction of all-weather fighters into the Soviet Air Force. We believe that a few of these aircraft have already entered operational units and that there will be about 200 by mid-1955, 1,000 by mid-1957, and 2,100 by mid-1959. These aircraft, together with improved radar equipment and, probably, surface-to-air guided missiles, will substantially improve Soviet air defense capabilities, especially towards the end of the period of this estimate.

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e. A great increase in the number of Soviet long-range submarines. We believe that these boats are now building at a rate of 46 per year, and that this rate will almost certainly continue through 1956 and probably throughout the period of this estimate. This would give the USSR 379 long-range submarines by mid-1959.

11. A Soviet program of research and development in guided missiles is known to exist, but we are unable to assess the priority of this program as compared with other weapons programs, or the priorities accorded the various guided missile categories within the program. It is well within Soviet capabilities to develop numerous types of missiles within the period of this estimate. For example, we believe that by 1955 the USSR could have a surface-to-surface ballistic guided missile with a range of 500 nautical miles, warhead of 3,000 pounds, and a CEP of 2 to 3 nautical miles; by 1957 the range might be 900 nautical miles, with the CEP 3 to 4 nautical miles. However, it is impossible to estimate with confidence that the USSR will in fact develop these missiles, or produce them in operational quantities.

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12. During the period of this estimate the capabilities of Soviet and Bloc armed forces will increase not only because of the special developments noted above, but also through progressive modernization and standardization of weapons and equipment, particularly those incorporating electronic guidance and control; through increasing combat efficiency of the European Satellite and Chinese Communist forces; and through some improvement of the Bloc logistical position, including facilities and possibly stocks of essential war materiel.

#### Probable Courses of Action

13. The Soviet leaders probably assess their strategic situation somewhat as follows: the balance of military power in the world is such that open military aggression would involve very heavy risks to the Communist sphere and possibly to the Soviet system itself. On the other hand, non-Communist power is not so menacing that withdrawals from the present advanced positions in Europe and Asia seem necessary. Moreover, the prospects probably seem good that the increase of Bloc military capabilities, together with political defections or disunity of the non-Communist side, will gradually shift the balance of power in favor

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of the Soviet Bloc. In the meantime, the Bloc has a full agenda of internal problems which, while they do not imply a weakness requiring abandonment of expansionist aims or even the neglect of opportunities for expansion under circumstances of limited risk, do call for attention during the next five years at least. These problems include the consolidation of Communist power in the European Satellites and China, the further buildup of economic power in those countries and the USSR as a step toward balancing the vastly greater economic potential of the West, and the correction of certain weaknesses in the Bloc economy, particularly in agricultural production.

14. We do not believe that the Kremlin has abandoned its expansionist aims, or that it will neglect any opportunity for enlarging the area of Communist control when this can be done under circumstances of limited risk. To this end the Kremlin will, as opportunity offers, particularly in the underdeveloped and colonial areas, foster armed insurrections within non-Communist states, and exploit whatever political and economic weaknesses appear. Present indications are, however, that the Kremlin's external policies in the near future will be principally directed toward weakening and disrupting the mutual defense arrangements of non-Communist states, preventing or retarding the rearmament of

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Germany, and isolating the US from its allies in Europe and Asia. For the time being, at least, the Kremlin seems to feel that these objectives are best served by an appearance of reasonableness and moderation in foreign relations, a frequent reiteration of the possibility of "peaceful coexistence" between the Communist and non-Communist worlds, and an attempt to diminish the sense of imminent peril which served to create and maintain the Western alliance. We cannot estimate how long these tactics may persist; we believe they will be modified whenever the Kremlin feels that more aggressive and threatening conduct will bring increased returns. Soviet leaders probably believe that by alternately easing and increasing international tension they can improve the chances for further Communist strategic advances without substantial risk of general war.

15. During the period of this estimate we believe that the Kremlin will try to avoid courses of action involving substantial risk of general war. However, the USSR or one of the Bloc countries might take action creating a situation in which the US or its allies, rather than yield an important position, would decide to take counteraction involving grave risk of general war with the USSR. We believe, moreover, that the Kremlin would not be deterred

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by the risk of general war from taking counteraction against a Western action which it considered an imminent threat to Soviet security. Thus general war might occur during the period of this estimate as the climax of a series of actions and counteractions, initiated by either side, which neither side originally intended to lead to general war.

16. The progress being made by the USSR in the development of nuclear weapons, and the increasing Soviet capability to deliver these weapons, are changing the world power situation in important respects. Soviet leaders almost certainly believe that as Soviet nuclear capabilities increase, the aversion of the US and its allies to general war will correspondingly increase, and that the Kremlin will therefore have greater freedom of action to promote its objectives without running substantial risk of general war. As the period of this estimate progresses, US allies may become increasingly fearful of Soviet nuclear capabilities and correspondingly less willing to support the US in resisting Communist threats. In any case, the USSR will probably be increasingly ready to apply heavier pressure on the non-Communist world upon any signs of major dissension or weakness among the US and its allies. Nevertheless, we believe that the Kremlin will be extremely reluctant to precipitate a contest in which the USSR would be subjected to nuclear attack.

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17. We believe that Southeast Asia almost certainly offers, in the Communist view, the most favorable opportunities for expansion in the near future. Continuing Communist successes in Indochina or the consolidation of present Communist gains there would open up enlarged possibilities for a more aggressive policy in the area. We believe that under such conditions there would be a marked increase of Communist efforts to subvert neighboring countries in the area by political infiltration and covert support of local insurrections, but probably not by the commitment of identifiable combat units of Soviet or Chinese Communist armed forces. The aggressiveness with which the Communist pursue their objectives in this area will depend upon the vigor and effectiveness of non-Communist reaction.