

INTRODUCTION

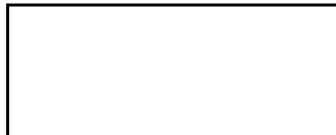
29 Jan 53 D/DCI 1.

Gentlemen: Since this is the first meeting of the new National Security Council, I shall not confine my remarks to the events of the last week, as is customary. Instead, I shall refer to some of the major foreign policy problems with which you will have to deal, and give you our best estimate of what can be expected to happen, as we see it.

These estimates can be called educated guesses, but they are based on the combined intake of all intelligence gathering agencies of this government, and result from a careful evaluation, on which each and every intelligence agency has expressed its views.

The first problem, of course, is the Soviet Union and its Satellites.

NOT Used



29 Jan 53

25X1

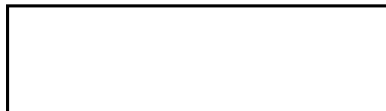
State Department review completed

SOVIET WORLD ESTIMATE - THROUGH MID-1953

2

We believe that during the first half, and probably through all of the present year, the Soviet Union will offer no real concessions to effect a settlement with the West. The main Soviet line of action will be an effort to frustrate or offset any gain in the Western power position and to undermine the unity of the non-Communist world by propaganda, subversion, penetration or diplomatic action. It will try in particular to isolate the United States, politically and morally.

Although we do not think the Soviet Union will decide it can launch a new armed aggression without serious risk of global war, we do believe that it and the Chinese Communists -- who are almost sure to see



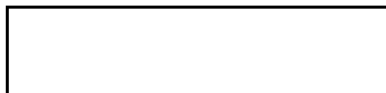
25X1

---

eye to eye over this period at least -- will still <sup>3</sup> support, to one degree or another, the Korean war and the armed rebellions in Indochina and Malaya.

As to general war -- our best guess is that even if it has much greater striking power than we think it has, the Soviet Union must realize that the scale of retaliation would be such as to threaten the Kremlin's control even inside the USSR's own borders. It is chronically sensitive to Western action, however, and if its security seemed threatened from that quarter, it might take any given countermeasure, even at grave risk of war. The basic situation between the United States and the USSR is such that general war could come from an action or series of actions undertaken with no such intent in mind.

25X1



---

4

There are always many "if's" involved in relations with the Soviet Union. On one matter there is no "if." We have no doubt that the Kremlin means sooner or later to dominate the world and that it will use war -- on any scale -- to that end at any time it sees a gain in so doing.

25X1



THE SOVIET MEANS

5

The armed forces of the USSR total 4,500,000 men. This total includes: 2,500,000 Army; 800,000 Navy; 750,000 Air Forces; and 400,000 security troops. About the same strength has been maintained since 1947. During this period there has been no major redistribution of Soviet armed forces.

There are three main concentrations of the Soviet army: in the Soviet Far East, in the Trans-Caucasus area and in the Soviet zone of Germany. The 400,000 troops in East Germany, comprising 22 of the 175 line divisions, afford the best current view of the Soviet army. The strength of these forces has increased gradually since 1948 but no new major units have been added.

25X1



The Soviet Air Force has approximately 20,000 <sup>6</sup> aircraft in operational units, and about the same number in reserve. It is rapidly being modernized and now has 6,300 jet fighters, over 1,100 jet light bombers and 1,150 medium bombers. Steps have been taken to establish an efficient early warning network along the rim of the Soviet orbit.

The Soviet Navy has at least 158 major surface vessels and over 360 submarines. Since the war they have concentrated on the development of a modern force of cruisers and destroyers. Recent evidence indicates that a program of submarine construction begun in 1950 may stress long-range ocean patrol craft.

25X1



ECONOMIC

7

The economy of the USSR had recovered its pre-war level of total production by 1948 and had surpassed that level by an estimated 20-30% in 1951. This high rate of advance has been achieved despite factors severely limiting expansion. For example, labor productivity in all major sectors of the economy is low by U.S. standards. And there are shortages of trained engineers and technicians, specialized machinery, and industrial power and fuel, although progress has been made toward overcoming these deficiencies.

The extremely high rate of post-war economic expansion probably cannot be maintained in the new Five-Year Plan recently announced. Nevertheless, the absolute growth in the Soviet gross national product will annually become greater. With most of the annual increment used to expand war production, enlarge



25X1

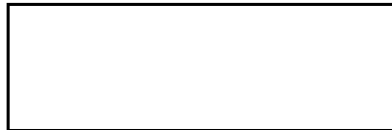
8

the economic base, increase stockpiles and decrease industrial vulnerability to enemy action, the Soviet economic capability to engage in global war will steadily increase.

European Satellites

In the European satellites, considerable progress has been made towards standardization of organization and equipment. Ground force strength has risen from less than 500,000 in 1947 to over 1,300,000 at the end of 1952. The Satellite air forces have an estimated actual strength of 1,500 aircraft. The delivery of

25X1





9

Soviet jet fighter aircraft to the Satellite air forces began in 1951 and now totals about 350. In addition an extensive program of airfield construction has been carried out throughout Eastern Europe.

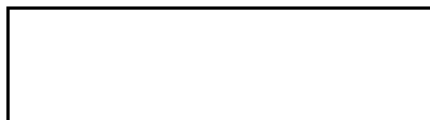
25X1



USSR - Current

The relative weakness of the Soviet economic war-making potential has no doubt dictated a degree of caution in the Kremlin's foreign policy, as well as a concentration on internal defenses such as the jet interceptor program and an early warning system. Today, the Kremlin's major short-term political aims are to destroy Western unity through exploiting differences among the Western powers and morally and politically to isolate the United States. Meanwhile, the Kremlin is doubtless unsure of what it may expect from the new administration in the United States. The most recent developments in

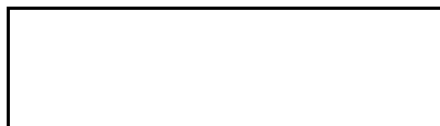
25X1



//

the Soviet world, such as the current rash of purges of various types, appear designed to tighten discipline in all areas of Soviet life.

25X1



25X1



12

KOREA ESTIMATE - Through Mid-1953

We do not believe that, at least through mid-1953, the Communists could drive the UN forces out of Korea unless they used very substantial Soviet forces, and we do not believe that the USSR is willing to take that grave a risk of general war.

We believe that the Communists will protract the armistice negotiations just as long as they think they can get political and military advantage from the situation in Korea.

In the unlikely event that an armistice is concluded in the near future, we are sure that

25X1



13

the Communists will complicate any efforts at a political settlement by injecting issues unrelated to Korea. In Korea itself, the Communists certainly still aim to control the whole country, and will do all they can in the meantime to redevelop North Korea as a militant satellite, and to sabotage progress in South Korea.

25X1

KOREA

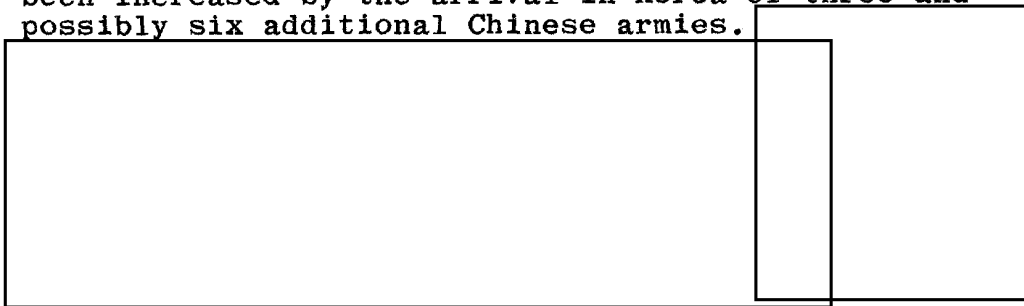


14

Means

The Truce talks in Korea began 18 months ago. Since that time the Communists have more than doubled their military strength. This strength, which was already over a million, has just recently been increased by the arrival in Korea of three and possibly six additional Chinese armies.

25X1



25X1

25X1

Approved For Release 2005/06/09 : CIA-RDP80R01443R000100010003-8

Approved For Release 2005/06/09 : CIA-RDP80R01443R000100010003-8

25X1



16

Another recent development has been a very noticeable increase in front line supply efforts by the Communist forces. Just last week truck sightings - vehicles moving supplies from the rear to the front - reached an all-time high of an average of 9,000 daily. In the past, this figure has averaged around 3,000 to 4,000, and unusual increases in the past have been associated with pending offensive operations.

Conclusions

Before we can go all out and predict a definite military offensive operation by the Communist forces we have two - what we call



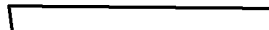
25X1



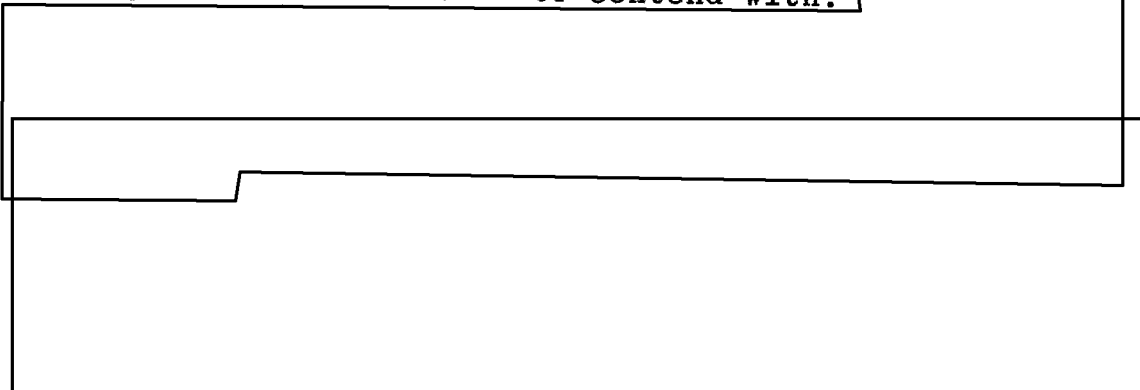
17

25X1

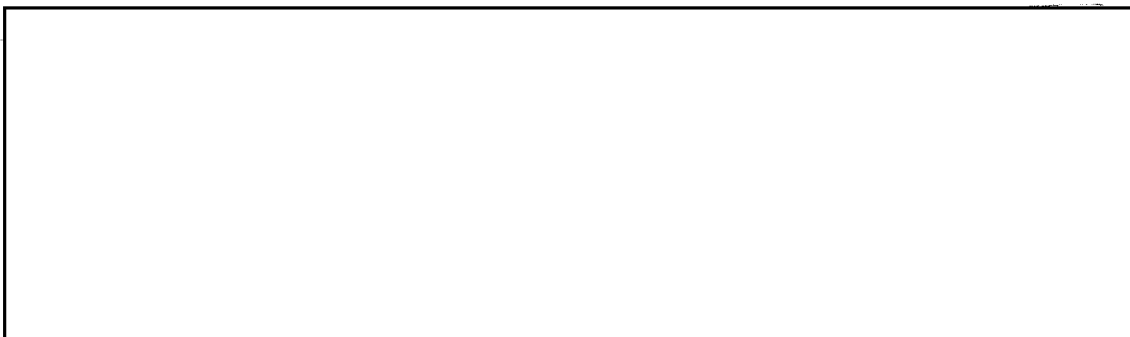
"negative indicators" - to contend with.



25X1



25X1



Our conclusion, therefore, after taking all these facts and fancies into account, is that a spoiling attack may well be undertaken by the Communists in February. How firmly we can predict this - the exact time or the intensity of such an offensive - we cannot say with the evidence on hand. The experts tell me we should know within another week or two. We do know and must emphasize,

25X1



19

that the capability has increased during the past 4 months in ground strength, logistic-wise, and in the air.

25X1

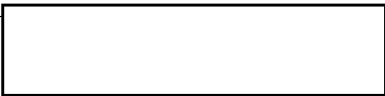
China

20

Internally, the Chinese regime appears stable: the Communists are steadily consolidating their control. Guerrillas have, we believe, been reduced to fewer than 50,000. There is no evidence that the heavy burdens on the economy will force China to abandon its military effort in Korea, and the regime is undertaking a five-year national construction program as its second major goal.

Communist China is a willing partner of Russia, and not a satellite like the Eastern European countries. It is united with the USSR in a determination to drive Western power and influence from Asia. With the Korean War at stalemate the Chinese will probably not try to seize additional territory by force. They will continue to strengthen their economic and industrial base and modernize their armed forces with Soviet assistance. Despite the

China

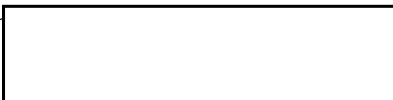


21

25X1

USSR's commitment in the Sino-Soviet treaty of 1950, we have no information to indicate that major Soviet forces would be committed openly to its defense if the war spread.

China - Means



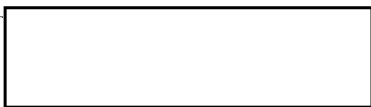
22

25X1

There are 2,350,000 regulars in the Chinese Army, of which about one-third are committed in Korea. The principal concentrations in China proper are on the east coast and along the northern borders within striking distance of Indo-china and Burma. In addition there are 1,450,000 partially trained and equipped district and security troops. The army is capable of undertaking military operations elsewhere in Asia concurrently with operations in Korea.

Since the beginning of the Korean War the Soviet Union has enabled China to create a powerful air force of 2,350 combat planes, including 1,400 MIG-15 jet fighters and approximately 100 twin jet light bombers.

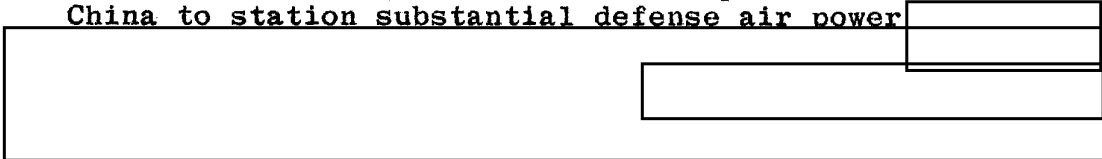
China - Means



23

25X1

Russian assistance has made it possible for  
China to station substantial defense air power



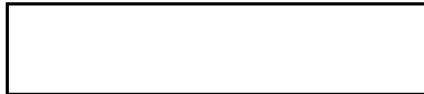
25X1

25X1

25X1

25X1

China - Current



24

The Chinese Communist army remains capable of overrunning Indochina, Burma, Thailand and the colonies of Hong Kong and Macao if opposed only by the forces now in those areas. There is no evidence of a Chinese intention to take action against any of them in the near future. The Communists do not appear likely to assault Formosa so long as the United States remains willing and able to defend it. The Chinese Nationalists are still incapable of defending Formosa without American help and can conduct only minor raids and limited air attacks against mainland China.



Southeast Asia



25

25X1

All developments in the critical area of Southeast Asia are overshadowed by the great mass of Communist China to the north and by its military preponderance. Several governments have made marked progress during the past year against Communist insurgents. This progress is due in part to better measures by local governments, and in part to the lack of increased aid from the Chinese Communists. It may also reflect a change in Soviet tactics which places more emphasis on political rather than military activities. Nevertheless, the area remains weak and extremely vulnerable to Communist expansion.

Both France and Britain, realizing that they are unable to provide the forces necessary to defend these areas in case of Chinese Communist invasion, have pressed for a prior American commitment to join

Southeast Asia



26

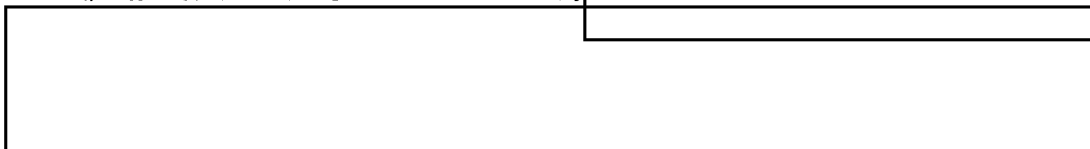
25X1

with them in such an event.



25X1

25X1



25X1

INDOCHINA

27

The conflict in Indochina, now in its seventh year, is still a military stalemate between the Viet Minh and French Union forces. While there is fighting in all three of the Indochina states, the province of Tonkin in Vietnam is the area of critical activity.

The recent Viet Minh campaign outside the Tonkin delta has resulted in firmer enemy control over portions of the western Tonkin highlands. However, the enemy has been unable to dislodge several important French hill garrisons and has temporarily lost the initiative. Within the delta defense perimeter, French Union troops have achieved moderate success against Viet Minh forces estimated one month ago at 12,500 infiltrated regulars plus 40,000 irregulars.

25X1

BURMA



28

In Burma, various insurgent groups still dominate much of the countryside and are capable of mounting serious raids, but there has been a slow, steady improvement in the country's stability during the past year. There are also signs that Burmese leaders are becoming increasingly aware that their country's survival as a free nation is dependent on support from the West. The government, however, is disturbed over the growing Karen cooperation with Chinese Nationalist forces in northeast Burma and may be forced by this development to divert its military effort from the Communist insurgents.

25X1

INDONESIA



29

The recent politico-military crisis in Indonesia seems in process of peaceful settlement, but the trend toward dictatorial, nationalistic government has been accelerated. In contravention of the UN embargo on the export of rubber to China, the Indonesian Government is negotiating a sizeable rice-rubber agreement with Peiping.

THAILAND

The Thai Government's vigorous campaign against Communists and fellow-travelers, which commenced last November, is continuing and reflects further the country's strongly pro-Western orientation.

25X1

MALAYA

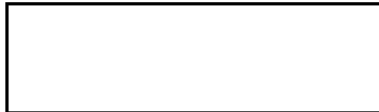


30

In Malaya, Communist terrorism has decreased  
but there is no end to the emergency in sight.

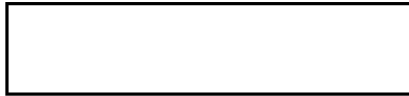
25X1

MIDDLE EAST



36

The West has a basic concern with the extensive natural resources of the Middle East. Their loss or denial would be a serious set-back in the cold war. There is a rising tide of nationalism and relations with the West are deteriorating. Discontent with local conditions and institutions and frustration over Western policy prevail. British prestige is at a low ebb. Israeli-Arab differences seem irreconcilable. The situation invites Soviet exploitation.



32

IRAN

In Iran a settlement of the oil dispute in 1953 is unlikely. The National Front Government is expected to stay in power during that period, despite growing unrest. The danger of serious Tudeh infiltration and eventual control must be accepted. The U.S. Point Four and military missions are likely to find it increasingly difficult to operate. The USSR has the capability of greatly increasing its overt and covert interference in Iran at any time to the detriment of U.S. security interests.



25X1

EGYPT

33

[REDACTED]

In Egypt the stalemate on the Sudan and Suez issues, as well as Prime Minister Nagib's inability to make progress on his land reforms, are driving him to drastic measures. He has abolished all political parties for three years and labor unions have "voluntarily" dissolved themselves. His emphasis on the theme of "full" British evacuation, with overtones of religious fanaticism, may foreshadow a drift toward an outright anti-Western position.

25X6

Ambassador Caffery's recent dispatches [REDACTED] reflect a note of gloom and urgency. They have emphasized the necessity of offering the Nagib regime tangible evidence of American support to prevent possible collapse or the development of violent extremism.

25X1

MEDO



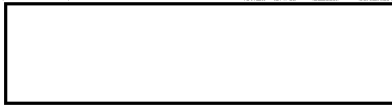
34

25X1

General Nagib has stated that he would not consider joining MEDO until the dispute with Britain is settled. Privately, he has also indicated to Ambassador Caffery that even then it might not be advantageous to join. While some leaders in other Arab states are attracted by the idea of a Western-sponsored defense pact, none is inclined to act without Egyptian approval.

25X1

North Africa



35

France will eventually have to yield independence to Morocco and Tunisia or be faced with increasingly costly repression. It is unlikely that French concessions will be sufficiently timely to satisfy the Nationalists. Since the recent riots, France has been temporarily in control of the situation, acting through the Bey of Tunis and the Sultan of Morocco. Able exiled leaders, however, are vocal on behalf of an active underground. A merger of the four Moroccan nationalist parties is reportedly under discussion. The recent imprisonment of moderate local leaders by the French opens the door for eventual extremist control of the nationalist movements.

25X1

Berlin

36

The expulsion of the Western Powers from Berlin will remain a basic Soviet objective, in the first place because Moscow regards it as a base for Western intelligence and political warfare, and in the second place because the presence of Western troops hinders the conversion of all of East Germany to satellite status.

Increasing pressure on West Berlin by the Soviet Union or, more probable, through the East German government, is almost certain. It seems unlikely, however, that a surface blockade will again be tried within the next few months, because its effects are uncertain.

The Kremlin probable now believes that use of force to achieve its objective would be met by force.

25X1

37

[REDACTED]

by the United States and its allies, although our allies, and in particular the French, have often been reluctant to take prompt counteraction on much more minor issues. Therefore, although the danger of war over Berlin cannot be disregarded, we believe that up to the middle of this year the Kremlin will avoid courses of action which it feels would involve grave risk of general war.

Meanwhile the general pressure on West Berlin increases slowly. Only four of ten roads and seven of eight passenger rail lines through the Soviet zone to West Germany remain open. The main canal route has been closed since August. The western sectors of the city are being gradually sealed off from East Berlin and Eastern Germany through the erection of barriers, closing of crossing points and cutting of city-wide transportation lines. The streetcar and

25X1

[redacted] 38  
electric power systems now operate as independent units and there are indications that the important elevated railroad may shortly be cut at the zonal border.

On the plus side, West Berlin now has a stockpile of nearly a year's supply of solid and liquid fuels and about six months' of emergency food and medical supplies. Morale is good, but the chronic unemployment, now set at 25 percent of the labor force, is being aggravated by East German refugees, whose influx reached a high of 16,000 in December and has recently run as high as 2,000 a day.

In the event of surface blockade, the United States has the capability of reinstating the airlift which broke the 1948 blockade. The Soviet Union, with fighter airdromes close to the three air corridors, could seriously disrupt the airlift if it chose to accept the obvious risk [redacted]

25X1

39

It is now believed, however, that on a short-term basis, West Berlin will be completely sealed off from the Soviet Zone and from East Berlin at the time of West German ratification of the Bonn and Paris treaties, but that it will be left with limited rail and road access to West Germany.

25X1

