

THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

National Intelligence Council

28 September 1982

State Dept. review completed.

MEMORANDUM FOR: Director of Central Intelligence

FROM : Chairman, National Intelligence Council

SUBJECT : Soviet Strategy Seminar with Secretary Shultz

1. As a participant in the session with George Shultz on strategy for dealing with the Soviet Union, I think Paul Wolfowitz did an excellent job of extracting wheat from chaff in his writeup. I was a member of the "blocking" school (together with Don Rumsfeld). My view is that we should regard the competition with the Soviets as being of indefinite direction and formulate our programs and policies accordingly.

2. My interpretation of Paul's "blocking" school incorporates your comments on strategy for dealing with the Soviets. Paul's description of the "blocking" school doesn't give enough emphasis to our need to compete vigorously in the Third World using a variety of policy instruments, bolstering defense and (to my mind at least) taking a more forward stance on certain matters inside the Soviet empire. (See for instance, my separate paper on changing our position vis-a-vis Eastern Europe.)

3. In response to your suggestion, I think that it would be useful to do an analysis of the pros and cons of adopting various broadly different strategies with the Soviet Union. We might do this on our own or, instead, we might do this jointly with Wolfowitz. (The latter approach would be analogous to our joint net assessment with the DoD.) I prefer the latter because policy options can only be fully understood in the context of what is politically acceptable in the US, but an independent effort could be done and would be worthwhile.

ASR
Henry S. Rowen

Attachment (sent separately w/note)

All portions of this memo
are classified SECRET

SECRET

SUBJECT: Soviet Strategy Seminar with Secretary Shultz (DDI/NIC #7875-82)

Distribution:

- 1 - DCI
- 1 - DDCI (has att.)
- 1 - ER w/o att
- 1 - DDI w/o att
- 1 - NIO/USSR w/o att
- ① - C/NIC Chrono
- 1 - DDI Registry w/o att

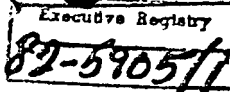
EXECUTIVE SECRETARIAT

Routing Slip

TO:		ACTION	INFO	DATE	INITIAL
1	DCI		X (w/o att)		
2	DDCI		X (w/o att)		
3	EXDIR				
4	D/ICS				
5	DDI	X (w/att)			
6	DDA				
7	DDO				
8	DDS&T				
9	Chm/NIC		X (w/o att)		
10	GC				
11	IG				
12	Compt				
13	D/EEO				
14	D/Pers				
15	D/OEA				
16	C/PAD/OEA				
17	SA/IA				
18	AO/DCI				
19	C/IPD/OIS				
20	ATO/IUSS?		X (w/o att)		
21	ES		X (w/o att)		
22					
		SUSPENSE	5 October		
			Date		

Remarks: Ref Wolfowitz summary sent on 13 September as ER 82-5905.

D/Executive Secretary
20 September 1982
Date



DDI- 7559/82

17 September 1982

MEMORANDUM FOR: Deputy Director for Intelligence
National Intelligence Officer for USSR-EE

FROM: Director of Central Intelligence

SUBJECT: Soviet Strategy Seminar

1. I had a little dialogue with George Shultz at lunch today on Paul Wolfowitz' summary of the Soviet strategy seminar conducted a few weeks ago. I said that I didn't think the three schools of thought--the bargainer, the proponent of breaking up the Soviet Union, and the advocate of blocking Soviet misbehavior--exhausted the number of schools of thought on this subject.

2. I am inclined to put my views in the fourth school which would concentrate on maintaining an adequate defensive posture, avoiding anything which would help the Soviets increase that burden by enhancing their own military capabilities and competing in economic and political performance, including Third World development, to establish and strengthen the superiority of our system. What would you think about developing an analytical product which would look ahead and speculate on where the risks, opportunities, and likely outcome of pursuing various possible policies with respect to the Soviet Union.



William J. Casey

SECRET



DCI
EXEC
REG

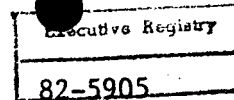
EXECUTIVE SECRETARIAT

Routing Slip

TO:		ACTION	INFO	DATE	INITIAL
1	DCI		X		
2	DDCI		X		
3	EXDIR				
4	D/ICS				
5	DDI		X		
6	DDA				
7	DDO				
8	DDS&T				
9	Chm/NIC	X			
10	GC				
11	IG				
12	Compt				
13	D/EEO				
14	D/Pers				
15	D/OEA				
16	C/PAD/OEA				
17	SA/IA				
18	AO/DCI				
19	C/IPD/OIS				
20					
21					
22					
SUSPENSE		<u>16 September</u> Date			

Remarks: *acting*
Please prepare response for DCI's signature.

[Signature]
Executive Secretary
13 September 1982
Date



THE SECRETARY OF STATE
WASHINGTON

DDI- 9354 12

September 9, 1982

SECRET

Dear Bill:

I asked Paul Wolfowitz to serve as an informal rapporteur to pull together the ideas generated by the seminar on U.S.-Soviet relations which we conducted in the State Department on August 21. Paul has provided me with a cogent analysis which I am forwarding to you. I hope you will find it a useful guide to the variety of views on dealing with the Soviet Union and would welcome your comments and ideas.

Sincerely,

A handwritten signature in cursive script, appearing to read "G. Shultz".

George P. Shultz

The Honorable
William J. Casey,
Director,
Central Intelligence Agency.

SECRET





DEPARTMENT OF STATE

Washington, D.C. 20520

SECRET/SENSITIVE

August 27, 1982

TO: The Secretary

FROM: S/P - Paul D. Wolfowitz

SUBJECT: Soviet Strategy Seminar

You opened Saturday's meeting by asking the participants' view of the Soviet Union and of the relationship we should seek with it. The discussion that followed brought to light three fundamentally different approaches to Soviet-American relations, with disagreements among them centering on whether and how the two sides' competition can be moderated. There was the familiar disagreement between the view that it can be moderated only by the break-up of the Soviet Union, and alternately, the view that it can be adequately moderated by the right bargaining approach on issues that affect Soviet interests. A third analysis, which emphasized the importance of blocking Soviet opportunities, assumed no fundamental moderation is possible.

Not every participant, of course, fits neatly into the following description of these views. This is sometimes due to shadings in their view, sometimes to outright contradiction.

Three Outlooks

1. For the bargainers, the key to a satisfactory relationship lies in positioning ourselves to maximize our bilateral leverage. There is a potential for mutual accommodation, created by the vulnerabilities of the Soviet system (and resultant Soviet caution). Yet to exploit this potential several steps are needed: trade must increase substantially, the U.S. government must acquire the legal power and flexibility to control trade, and we must earn European confidence and cooperation by setting out a balanced strategy for using this leverage. To further strengthen this cooperation, we must also assign the highest priority, not only to conducting arms talks, but to the early conclusion of an agreement, even though its impact on the overall balance is expected to be negligible. The bargainers favor other agreements as well, and express confidence that the use of rewards and penalties will facilitate "rules of the game" for competition in the Third World. Although based on a picture of Soviet weakness, this view foresees an enduring relationship even as the weakness passes: our task is to limit the Soviet Union's misbehavior, and this will be possible even as it prospers.

SECRET/SENSITIVE

DECL: OADR

SECRET/SENSITIVE

-2-

2. For the proponents of breaking the Soviet Union up, the West's only choice is between a Soviet demise and the "Finlandization" of Europe. With no basis left for a stable relationship, contacts must be kept to a minimum. Arms control merely unravels our defense efforts, and trade merely creates reverse leverage against the West; in this way, the Soviets have exploited Western internal weakness in the past. Now, however, the application of economic pressures is the key to Western success: the Soviet Union's internal weakness (above all, its economic crisis) is great enough to bring it down, if -- and only if -- the US squeezes. To do so requires the same government control over economic relations that the bargainers desire. On the basis of such an all-out struggle, the problem of managing Western public opinion can also be solved: our leaders, rather than offer a complex and multi-faceted relationship with the enemy, can now hold out victory. (They do not, however, have to scare our people: the pressure tactics of the break-up school are "risk-free.")

3. Those who focus on blocking Soviet misbehavior spell out the implications of concluding that the competition cannot be fundamentally moderated: first, that overturning the Soviet system requires more leverage than we have; second, that bargaining directly with the Soviets -- on trade or arms control -- gives us less leverage than we need. Effective leverage comes instead from creating an environment in which Soviet opportunities are limited, and Soviet advances can be resisted -- through an improved military balance, cooperation with like-minded states, and promotion of political and economic stability. Trade and arms control are not incompatible with this approach, but the marginal benefits they yield must be strictly weighed against the confusing signals they send our own public. Economic pressures are also not incompatible, but because they too yield only marginal benefits these have to be weighed against the damage done to our efforts to promote cooperation and unity with other states.

Assessment

All three of these outlooks are found in the Administration, and obviously have some ground in common. In particular, all emphasize the importance of pursuing a policy that can sustain public support over the long term. You heard some sophisticated advice from all sides about managing this difficult problem:

SECRET/SENSITIVE

-3-

-- The bargaining partisans point out that a showy openness to negotiation is not enough. To command the public and allied support that will strengthen our negotiating hand, we need a convincing strategy that promises results, that can get from here to there.

-- The break-up advocates would sustain public support by stating our differences with the Soviets in maximum terms, in principled, ideological rhetoric.

Yet both of these analyses expect to put the Soviet-American relationship on a new basis, and for this reason they may compromise sustainability for other goals. For example:

-- The bargainers set an extremely stiff test for showing that our policy is realistic and effective: in this way an early arms agreement becomes a top priority. The paradoxical conclusion is that the only way to sustain a long-term competitive posture is to satisfy the public's desire for an end to competition. In practice, this may be simply self-defeating.

-- The bargainers' view of economic leverage makes the same compromise. To strengthen our hand in the long run, we have to increase the US share of East-West trade; in the short run, this is not likely to convince our allies to practice restraint. If it does not, our leverage will not increase.

-- The break-up school similarly compromises its long-term prospects for a massive effort in the short run. Our allies and our publics will demand early results, which may prove unattainable.

Implications

The problem of sustainability, by contrast, looks most acute to those who envision continuing Soviet opportunities throughout (and beyond) this decade. The blocking strategy you heard at the meeting rejected our bilateral leverage toward the Soviets as marginal. In this view, there is less to be gained and more to be lost by nuanced use of rewards and penalties. The key word here is "simplicity." The economic, diplomatic and security dimensions of our policy must be consistent.

SECRET/SENSITIVE

SECRET/SENSITIVE

- 4 -

This seemed to me a very powerful line of argument. The Soviet Union retains considerable flexibility and our policy must serve us whether the Soviets hunker down for a few years or take a more confrontational line. One difficult problem is left unresolved, however: our approach to negotiation. The public wants consistency but it also wants all means for resolving conflicts explored. And those who have least hope of moderating the competition for good are always suspected of negotiating half-heartedly.

If we are not to be whip-sawed by these conflicting pressures, we need a fuller negotiating strategy, particularly for arms control, but extending to other areas as well. We run risks whether we stand indefinitely by radical proposals or fall back to positions that seem to call the competition off. To resolve this problem, we need to see the fundamental difference between agreements that put the competition on a new, qualitatively safer basis and those that affect it marginally at best. In the right circumstances, either one can be acceptable as long as we know -- and the public knows -- which is which. If we are settling for second-best, it should be clear that we are settling, and that the broader competition goes on. An innovative approach (botched in the follow-up) to solving this problem was the Carter Administration's March 1977 double offer on SALT: letting the Soviets choose between major and marginal change. Our problems are a bit different now, but this may not be a bad model for our relationship as a whole.

SECRET/SENSITIVE