

NSC BRIEFING

3 MAR 1978

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ESTIMATE OF THE WORLD SITUATION

I. GENERAL VIEW OF THE PAST YEAR

The East-West struggle took on a somewhat more ominous character.

- A. This view is based on obvious confidence Sino-Soviet leaders that the cumulative effect of Bloc scientific, economic, and military development, has caused a shift in relation of forces in the world in favor of Bloc.
- B. It also based on cumulative impact of series of assertive Bloc actions during the past year, e.g., Taiwan Strait, Berlin, and Iran.
- C. Extent of Bloc confidence and assertiveness all the more impressive in that it developed despite repeated demonstrations of Western firmness and the fact that the Communist cause met with difficulties and reverses in several non-Communist countries.

II. THE BALANCE OF MILITARY POWER AND THE LIKELIHOOD OF WAR

- A. Abundantly clear that the Soviets making strenuous efforts to achieve a position of military superiority over the US. But because of the rapid pace of developments in technology, calculations concerning the balance of military power are unusually difficult.

B. Nevertheless, assuming that US and Soviet military efforts roughly commensurate, we do not believe that US nuclear capabilities will cease to deter the USSR, at least in the next few years.

1. Hence, Soviet leaders will probably continue to judge that general war with the US would inevitably involve unacceptable damage to the USSR.
2. Even if they should, for a time, believe themselves to possess fairly substantial superiority in missiles, they would almost certainly be unsure of degree of surprise they could achieve in attack on US retaliatory power, or of decisiveness of such attack.

C. But the considerations which thus deter a deliberate initiation of general war do not remove the possibility of limited or local wars; indeed, increase of Soviet nuclear capabilities has made Soviet leaders feel freer to adopt aggressive posture in peripheral areas, and probably somewhat freer to encourage or instigate armed conflict in these areas, although probably not initially with overt Soviet forces.

1. While US action in Taiwan Strait crisis clearly indicated the risks involved in such situations, possible that Sino-Soviet leaders will come to estimate that the US would not act in a similar manner on other occasions because:

- (1) US could not bring effective force to bear in a local situation, or
  - (2) US would be adverse to initiating widespread Or general war.
2. Eloc leaders might estimate that a local war could be fought without expanding into general war because threat of mutual destruction was so great that both powers would keep the war from spreading -- they might believe the latter reason would be effective even if US and Soviet armed forces were engaged.
  3. In making estimates like these, Eloc leaders might be wrong. Hence if general war occurs at all during the next few years, it likely to result from such a miscalculation rather than from deliberate intent.

NOTE: Joint Staff and Air Force dissent to C above.

Joint Staff disagree that increase in their nuclear capabilities will probably make Soviet leaders feel "somewhat freer to encourage or instigate armed conflict in peripheral areas," even though Soviet forces not overtly employed initially. Joint Staff feels increasing Soviet awareness of destructiveness general war will make for continued caution.

USAF Intelligence agrees with Joint Staff and also doubts that Soviet leaders would estimate that "US could not bring effective force to bear in a particular local situation" or that they might believe a local war could be kept limited if US and Soviet forces directly engaged.

### III. PROBLEMS OF THE ATLANTIC COMMUNITY

A. The total strength of the Atlantic Community has been improved in sense that individual European countries economically stronger and politically more stable than at any time since 1945. Moreover, they remain firmly committed to cooperation among themselves and with US.

B. Nevertheless, along with the movement toward cooperation, there exist strong countervailing tendencies.

1. Problems created by formation of Common Market. Elimination of trade barriers among the Six will at least in the short run adversely affect the ability of other Western Europe states (the Eleven) to compete in Common Market area, and will cause certain permanent alterations in trade patterns as cost-price relationships changed.

a. Little hope for solution this problem by such devices as Free Trade Area; probable outcome is that over a period some compromise accommodation will be worked out between so far adamant positions of France and United Kingdom.

- b. The Six themselves have many problems which must be overcome if they are in fact fully to develop the opportunities inherent in the creation of an enlarged market area.
2. Problems of NATO. European members regard NATO as indispensable to their security, particularly because it represents to them US commitment to common defense. Differences of opinion and even of interest to be expected in such an association, but we see no indication of wavering on vital issue of common resistance to the Soviet threat.
- a. Nevertheless, in light of advanced weapon development, has been some questioning of NATO strategic concepts, especially as to shield forces.
  - b. Determination of the British and French to acquire strategic nuclear forces under own command creates another major problem, and affects their ability support forces committed to NATO.
  - c. DeGaulle's efforts restore image of France as a great power are also creating major difficulties.
3. Interest in Disengagement. NATO may also be affected by outcome of Berlin crisis, especially if West Germany role in NATO modified. Increasing number West Europeans believe some form of disengagement US and Soviet forces from

Central Europe essential to reduce tensions and remove major obstacle to German reunification.

- a. At present, WE governments and most articulate public opinion wary of disengagement schemes propounded by USSR. These regarded as designed to disarm and divide West while leaving Soviet position in EE essentially undisturbed; however, WE might in time be more receptive to disengagement concept, particularly if linked to some acceptable formula of European security.
- b. Germany the crux of disengagement problem. Adenauer generally hard and unyielding toward all disengagement proposals, but pressure increasing within West Germany for re-examination of whole complex of issues relating to reunification. When Adenauer dies, or even before, these issues will be subject to public debate. Almost certainly any successor government will be more receptive.

#### IV. TRENDS IN UNDERDEVELOPED WORLD.

- A. While underdeveloped world will remain a principal arena of East-West struggle, course of the burgeoning social revolution in much of this area will be determined largely by the developing aspirations of indigenous peoples and by success or failure of their leadership in dealing with basic economic, social, and political problems.

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- B. Especially in the past year, has been a halt, perhaps only temporary, in adverse trends in some of newly independent countries.
1. In several of those with some experience since independence, leaders have tended to become more conscious of scope and complexities of the problems with which they confronted.
  2. Some also more aware of the threat posed by the Communists, especially where Communist Party has grown substantially in strength or has actually challenged non-Communist leaders. Also some Asian countries have become more conscious of potential of Communist China.
  3. Adverse trends, however, continue in many areas.
- C. Striking developments during past year in underdeveloped world has been sharp increase in the number of military regimes.
1. A fundamental cause is absence, in most of underdeveloped world, of experience necessary to run an effective government which can cope with modern problems.
  2. Advent of military-dominated governments could bring certain favorable factors to bear in their respective countries, but there are dangers involved. In

particular, if US should give them assistance and they prove ineffective or become increasingly authoritarian, US will be confronted with situation similar to that it has faced in Latin America as result of its friendly relations with dictators.

V. TRENDS IN SINO-SOVIET STRENGTH (switch to 11-4-58)

- A. While some short term trends, especially in underdeveloped world, more favorable in 1958 than 1957, underlying adverse trend created by rapid growth Sino-Soviet power continues.
  1. Startling Giant Leap Forward and Commune experiments were subject our recent NIE on Present Trends in Communist China (NIE 13-2-59, 10 February). If accelerated growth and semi-total mobilization Peiping's power continues, as we think likely, we faced with increasing grave threat in Far East.
- B. Outlook for USSR over period Seven Year Plan (1959-65) covered in our annual Soviet review (NIE 11-4-58, 23 December).
  1. Foreign policy aspect mentioned already -- increased confidence and assertiveness of Soviet policy, and resultant impact on risks of war.
  2. Underlying this increased assertiveness is Khrushchev's growing military strength, especially in missiles (briefed on last week) but also in conventional forces. Soviets apparently continue believe in large and diversified establishment (cf. Malinowski's remarks to Swedes and his criticism of NATO).



3. Equally important are pace of Soviet scientific, technological progress plus continued economic growth at rate now double ours.
  - a. Must expect further scientific successes (man in space, etc.) Their all-out effort develop massive scientific base now paying off.
  - b. Economically, 7-Year Plan goals seem realizable, except in agriculture. Estimate Soviet GNP will grow at around 6% through 1965.
  - c. If US average annual rate is  $3\frac{1}{2}\%$ , Soviet GNP will be only about half ours in dollar terms by 1965.  
But in terms of uses to which GNP put Soviets already comparable to us, e.g., dollar value Soviet defense expenditures (i.e. what their effort would cost us) already about equal to that of US.
  - d. Achievements Soviet economy have also become vitally important element in impact of Soviet policy abroad:
    1. They provide growing ability to support aid, credit programs, also use trade as political weapon.
    2. Psychological impact on underdeveloped states of successful Sino-Soviet example.
4. Internally, no serious challenge to Khrushchev leadership likely so long as his health vigorous. In absence such challenge or major policy setback, he unlikely return to Stalinist terror.

- a. If K died probably would again be period jockeying for power, but this unlikely to basically affect continuity of regime's policies.
- b. Over very long run, loss of belief in ideology and increasing influence of non-ideologically inclined professionals may moderate Soviet outlook. But at present see no prospect of such fundamental change on Soviet scene as to diminish regime's will and ability project externally its rapidly growing power.
- c. Nor do we see much prospect diminution Chicom threat over any but very long run. Although Leap Forward and Commune innovations have caused some Sino-Soviet friction, these highly unlikely threaten their solidarity against West.

VI. SUMMARY OF MAJOR TRENDS (switch back to 100-59)

- A. During the next few years, world situation will continue to be affected fundamentally by course of the East-West struggle, by social revolution in the underdeveloped world, and by scientific, economic, and technological developments.
  1. Since Bloc rate economic growth will almost certainly remain above that of West, will narrow still further economic gap between the two power blocs.

2. Balance of military power between Soviet Union and the US will almost certainly remain such as to deter deliberate Eloc initiation general war.
  3. Nevertheless, Sino-Soviet Eloc leaders impressed by their own economic, scientific, and military progress, will almost certainly pursue an increasingly vigorous and assertive foreign Policy, with resultant heightened risks.
- B. Eloc, in its drive to gain superiority over the West and to exercise predominant influence in the underdeveloped world, retains certain advantages.
1. While the West has greater resources, richer diversity of skills and talents, and formidable power, Eloc has a more effective organization for focussing its more limited resources to accomplish a particular end.
  2. Eloc has a tactical advantage under certain circumstances because of its ruthless disregard for human life and for processes of orderly change -- it seeks radical change in its favor, while the West seeks gradual change that will not jeopardize accumulated human values of the past.
- C. However, extent to which the Eloc can exploit its advantages will depend to important degree on skill with which its leaders pursue their objectives. Finally, and

most importantly, it will depend on the effectiveness with which West on the one hand reacts to assertiveness of the Bloc, and on other seizes opportunities to take initiative itself.

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## II. TRENDS IN SOVIET CAPABILITIES AND POLICIES

A. While some short term trends more favorable in 1958 and 1957, underlying adverse trend created by rapid growth Sino-Soviet power continues.

1. Startling developments of Giant Leap Forward and Communes-- were subject our recent NIE on Present Trends in Communist China (NIE 13-2-59, 10 February). If accelerated growth and semi-total mobilization Peiping's power continues, and we think this likely, we will be faced with increasing threat to our positions in FE.

B. Outlook for USSR over period Seven Year Plan (1959-65) covered in our annual Soviet review (NIE 11-4-58, 23 December).

1. Some of it I've mentioned already -- hardened tone, increased confidence, assertiveness behind Soviet policy, and resultant impact on risks of war. While Soviets still wish avoid serious risks of general war, they probably believe Bloc can increase pressure on West without incurring same degree of risk as would have previously.

2. Underlying Moscow's increased assertiveness is Bloc's growing military strength, especially in missiles (briefed on last week), but also in conventional forces. Soviets apparently continue to believe must retain large and diversified military establishment (cf. Kalinovski's remarks to Swedes and his criticism of NATO).

3. Equally important are the pace of Soviet scientific, technological progress and continued economic growth at rate now double ours.

a. Must expect further scientific successes (man in space, etc.)

Their all-out effort develop massive scientific base now paying off.

- b. Economically, 7-Year Plan goals seem realizable, except in agriculture. Estimate Soviet GNP will grow at around 6% through 1965.
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- d. Achievements of Soviet economy have also become a vitally important element in impact of Soviet policy on world situation:
  - 1. growing ability of USSR to support aid, credit programs, also use trade as political weapon.
  - 2. Psychological impact on underdeveloped states of successful Sino-Soviet examples.
- 4. Internally, no serious challenge to Khrushchev's leadership likely so long as his health vigorous. In absence such challenge or major policy setback, he unlikely return to Stalinist terror.
  - a. If K died probably would again be period jockeying for power, but unlikely this would basically affect continuity of regime's policies.
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to diminish regime's will and ability project externally its rapidly growing power.

- c. Nor do we see any hopeful prospect diminution Chicom threat over any but very long run.

#### CONCLUSION

5. In sum, therefore, while world situation in 1958 had certain hopeful aspects (especially flattening out of unfavorable trend in underdeveloped world), we heading into ominous period. In particular threat posed by Sino-Soviet power still on increase, with no diminution as yet in sight.