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THE DIRECTOR OF CENTRAL INTELLIGENCE

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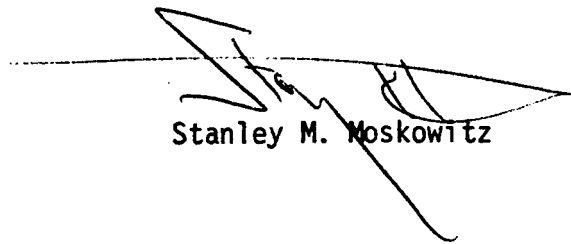
National Intelligence Council

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

THROUGH : Acting Chairman, National Intelligence Council *H*

FROM : Stanley M. Moskowitz
National Intelligence Officer for USSR-EE

1. Attached are the papers under discussion by the IG for NSSD 11-82, "Policy Toward the USSR".
2. The Soviet Challenge section was written by SOVA. Part II, Meeting the Soviet Challenge, by State Department.
3. Interested in your reaction.



Stanley M. Moskowitz

Attachment
a/s

Distribution:

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THE SOVIET CHALLENGE

THE DETERMINANTS OF SOVIET BEHAVIOR

The primary determinants of Soviet international behavior are geography, an imperial tradition and ideology. The first of these is immutable; the second was inherited by the Soviet leadership in 1917; and the third has served to reinforce the imperial tradition and preserve some of its chief characteristics--suspicion, aggressiveness, and xenophobia.

Communist ideology posits an inevitable struggle between capitalism and socialism and thus views non-socialist states both as potential targets for revolution and as potential threats. It sees class antagonism as the driving force behind political and economic change, and the policies of other nations as shaped by domestic economic and social struggles. This view provides the intellectual prism through which Soviet leaders perceive the outside world, reenforces the expansionist tendencies inherited from the Russian tradition, and assures them that history is on their side.

Most importantly, Communist ideology is the main source of the regime's legitimacy. It explains why there is only one political party, which controls the state administration and all spheres of society, why the media are subject to censorship, and why the party Politburo dominates political life. For a variety of reasons--including a deeply rooted fear of anarchy and the absence of any regularized process for transferring power--questions of the regime's legitimacy continue to be of basic concern to Soviet leaders.

But Soviet authorities also see their own international role in terms of traditional great power interests. While as Marxists they believe in the ultimate transformation of the world along socialist lines, their specific policies and tactics are perforce often disputed by geopolitical considerations and frequently result in the subordination of the revolutionary dimension of their doctrine to such traditional calculations.

The insecurity and suspicion engendered by Russian history and Marxist-Leninist ideology have been tempered somewhat by the USSR's emergence as a military superpower and the concomitant growth of its political role in world affairs. Soviet leaders see military power as the essential foundation of an assertive foreign policy. The pattern of their policies since the mid-1970s suggests increased confidence in their global power position--expressed in Soviet parlance as "the changing correlation of forces in favor of Socialism." The Soviet leadership also sees continuing opportunities to exploit and foster international tensions and instabilities to their own advantage and the detriment of the United States. At the same time a new element of insecurity probably has been added by the growing recognition that serious domestic problems seem to defy solution.

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SOVIET STRENGTHS AND WEAKNESSES

The political system that has evolved out of this historical and ideological tradition has provided the means for a serious challenge to US interests. Its leaders have formidable military power and considerable economic might at their disposal. The highly centralized decisionmaking apparatus also enhances the Soviet leadership's ability to develop a cohesive foreign and domestic policy and to move quickly to take advantage of international opportunities. At the same time such centralization often makes Soviet domestic policy rigid, and ideological orthodoxy inhibits adaptations to changing internal and international conditions. These strengths and weaknesses will be particularly in evidence as the Soviet Union deals with major global challenges and opportunities in the 1980s.

Internal FactorsThe Economy.

The USSR has entered a period of slow economic growth that will confront the leadership with tough policy choices. Shortfalls in industrial production, and four consecutive harvest failures have reduced the growth in Soviet GNP to less than 2 percent a year since 1978—its lowest rate since World War II.

This decline indicates that the formula Moscow has used to stimulate growth over the past 25 years—maximum inputs of labor and investment—no longer works. During the past few years, the USSR has experienced:

- ` a sharp slowdown in oil production growth and a decline in coal production;
- ` a major rise in raw material costs;
- ` a fall-off in investment and labor-force growth; and
- ` a sharp decline in labor productivity growth.

To judge from 11th Five-Year Plan figures, the Soviet leadership, nevertheless, expects GNP to grow 4 percent per year through the mid-1980s. This goal, however, in our judgement is based on highly unrealistic assumptions about labor productivity growth. We estimate that GNP will continue to grow at less than 2 percent through the mid-1980s.

These economic difficulties have not led the leadership to make fundamental changes in policy. To maintain the military buildup, it has lowered the rates of growth for consumption and capital investment. If these priorities continue, however, the living standard will hold steady and may decline and investment will be squeezed further. The defense burden, as measured by share of GNP going to defense spending, might also approach 20 percent by the early 1990s compared to its current level of 13-14 percent—sharply restricting other claimants and heightening political tensions over allocation decisions.

Despite these gloomy prospects, the USSR continues to possess great economic strengths. It has:

- ` a wealth of natural resources, leading the world in the production of such key industrial commodities as oil, steel, iron ore, and nickel;
- ` the world's largest military-industrial complex; and
- ` a highly centralized economy that has enabled the leadership to command resources and set priorities between regions and sectors.

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Moreover, although keenly aware of their difficulties, Soviet leaders apparently believe that the 1990s will bring some relief from at least two of their major problems—manpower shortages and energy constraints. They also take comfort in the gloomy projections of growth for most Western industrial nations and have expressed doubts both publicly and privately about the United States' ability to carry out its defense buildup.

Social Issues.

The sources of popular discontent in the Soviet Union—a perceived decline in the quality of life, continuing restrictions on freedom of expression and belief, and rising national consciousness among more than 20 major ethnic groups—pose problems of varying severity for the Soviet leadership. Discontent over the quality of Soviet life probably represents the most immediate and important challenge. The Soviet people no longer are confident that their standard of living will continue to improve. Food shortages have become more apparent and the availability of some consumer goods has dropped. The sense of rising expectations, made possible by real consumer advances until the mid-1970s, has yielded to an apparent growth of dissatisfaction and cynicism. This is manifesting itself in declining growth in labor productivity—a trend that will make it more difficult to achieve the rates of economic growth that the leaders plan. Recent regime actions—such as massive imports of grain and the creation of special food distribution systems—indicate that they are aware of the problems, but their policies are as yet inadequate to solve them.

The Soviet leadership thus far has been successful in isolating and repressing political, religious, and cultural dissent through widespread arrests and imprisonment of dissident leaders, confinement in psychiatric hospitals, and exile. In the long term, dissidence could become more widespread—because of dissatisfaction with living standards, a continuing decline in ideological commitment, and an apparent resurgence of interest in religious faith—and require even more leadership attention, but over the next 10 years there is little prospect that such activity will get out of hand and threaten party rule.

Discontent among the minority nationalities also represents a latent vulnerability. There is no widespread, disruptive protest now, however, nor does any appear likely in the near or mid-term. Regime policies—granting linguistic, territorial, and some cultural autonomy; improving the standard of living; and expanding the educational base—combined with the use of police power, have been largely successful thus far. A rising national consciousness among many of these groups, however, suggests that discontent could become more serious over the next several decades. It could result in work stoppages, demonstrations and greater assertiveness by local leaders—particularly in the Baltic States, the Ukraine and Central Asia—requiring the regime to reassess its basic approach to the problem.

Political Process and Structure.

The Communist Party's pervasive control gives great power and authority to its leaders, whose determination to insure the preeminence of the party and implementation of its decisions is an important underpinning of all national policy objectives. The successful pursuit of this aim, together with effective restrictions on public dissent, has given unity and cohesiveness to both domestic and foreign policy.

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This focus on the maintenance of party control, however, also has introduced some rigidity and inefficiency that have been harmful to the pursuit of national goals. This has been especially evident in the economy. Party leaders, despite their interest in improving the efficiency and technological base of the economy, have been reluctant to fully back the kind of decentralization and economic incentives that would contribute to this end, mainly for fear that this would dilute their power. They have also been unwilling to codify their powers and responsibilities within the political system and develop an institutionalized process for replacing the top leader. As a result, political succession creates potentially disruptive personal and policy conflict. The lack of any mechanism to ensure rejuvenation of the administrative elite—while it has produced what are surely the world's most experienced bureaucrats—also has reduced the flow of fresh ideas and lessened the regime's ability to respond to new challenges.

Foreign PolicyInstruments of Policy.

To judge from the USSR's sustained heavy investment in military forces and weapons research and development, the Soviet leaders believe that military power is their principal instrument of influence and status in international relations. In strategic nuclear forces, the Soviets probably now credit themselves with aggregate nuclear capabilities at least equal to those of the United States and in some respects, such as the ability to threaten US land-based missile silos, with superiority. The Soviets have also significantly improved theater nuclear and conventional forces, accentuating regional military asymmetries opposite China and West Europe.

In the Third World, arms sales, military training and advisors also are effective instruments of Soviet policy. While such aid does not necessarily translate directly into political leverage, it usually is the keystone of Soviet relations with less developed countries and with revolutionary and insurgent groups. Despite Soviet interest in garnering hard currency from arms sales, Moscow has been willing, where it perceives political advantage, to make major concessions, such as extended repayment periods and payment in soft currency. This, combined with their apparent responsiveness, allows the Soviets to depict their actions as manifestations of solidarity with the Third World.

Another trend in Soviet Third World involvement is the continuing use of proxies and other intermediaries, together with covert Soviet involvement in supporting insurgent groups and in aiding the military ventures of client or dependent regimes. For the Soviets, the proxy relationship—one that has proven most successful in Angola and Ethiopia—minimizes the level of direct Soviet involvement while achieving Soviet aims and projecting the image of "socialist solidarity" with the recipient regimes.

Foreign debt obligations and hard currency shortages, however, affect the overall level of Moscow's commitment to client regimes. The hard currency crunch has made the Soviets reluctant to provide other clients with economic aid as extensive as that provided to Cuba or Vietnam. The net result is that Moscow is more dependent on military aid as an entree of influence in the Third World.

In recent years the Soviets also have strengthened their traditional diplomatic activities, supplementing them with increased usage of a broad range of pseudo-official and covert activities that the Soviets themselves refer to as

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"active measures." The increased use of such measures is in part a reflection of the importance Moscow attributes to the "ideological struggle," which is waged not only through propaganda, but also with psychological warfare and subversion.

The Soviet Union and International Communism.

The international Communist movement is no longer the unambiguous asset to the USSR that it once was. Threats to Soviet leadership and control of both ruling and non-ruling parties are growing. The turmoil in Poland and problems in Romania underscore the failure of the costly policy of buying stability and loyalty in Eastern Europe through economic subsidies.

The objective possibilities for continuing to pursue this policy, moreover, are fading quickly due to Soviet economic problems and Western resistance to deeper economic involvement in Eastern Europe. In the coming decade slow economic growth in Eastern Europe will threaten regime stability in bloc countries. The downfall of a corrupt and incompetent party leadership in Poland, precipitated by the protests of a popular workers' movement, and the use of the military to fill the gap, also raise disquieting questions about the legitimacy and effectiveness of Communist party rule throughout the bloc.

Despite these problems, Moscow's options are limited. An economic bailout would be too costly. Economic reform and greater Western involvement would diminish central control and could stimulate pressures for political reform. A resort to greater repression, on the other hand, would further complicate Moscow's relations in the West and the Third World.

Beyond Eastern Europe, the most serious challenge to Soviet control and orthodoxy in the world Communist movement comes from Eurocommunism. The West European parties are trying to balance their ties to the Soviet Communist Party with their own national and political interests. They resist Soviet efforts to subordinate national parties to Soviet control. Criticism of Soviet policies has now become common and probably will increase if the Soviets exercise greater repression at home and political and military expansion abroad.

The return of the Chinese Communist Party to active involvement in the international movement and its opposition to Soviet hegemony also are potentially severe challenges facing the Soviet leadership. The Chinese are in the process of forming a tacit alliance with several of the leading West European parties. The Chinese, in addition, have indicated their intention to compete with the Soviets for influence with "progressive forces" in the Third World, including such pro-Soviet radical regimes as Ethiopia, Angola, and Mozambique.

The Economic Burdens of Empire.

The Soviets almost certainly believe that their economic support of other Communist countries and clients brings substantial strategic and political benefits, but its rising cost and economic stringencies are prompting a tougher aid posture. Assistance to East European and Third World clients rose dramatically from \$1.7 billion in 1971 to \$23 billion in 1980—some 1.5 percent of GNP. Moscow is prepared to shoulder a large aid burden for its Communist clients; their economies are generally in trouble, and their stability is important to Soviet foreign policy objectives. The Soviet leadership, nonetheless, is attempting to slow the rise in aid costs by cutting subsidized oil deliveries to

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some East European allies, refusing increased deliveries of fuel to Vietnam and demanding that allies end their trade deficits with the USSR.

Moscow's tight-fisted aid policy toward non-Communist LDCs will almost certainly continue as well. Moscow's present hard currency problems will make it even more reluctant to extend substantial hard currency aid to such countries as Nicaragua, despite repeated requests for it. Several radical clients, such as Ethiopia and South Yemen, moreover, are increasingly unhappy with their inability to augment Soviet military support with extensive economic cooperation.

Opportunities and Challenges.

The Soviets are faced with both opportunities and challenges abroad. Their international strengths derive for the most part from their huge military investments; their vulnerabilities stem principally from changes in the international environment that could threaten past gains.

The Soviet Union's growing military power has strengthened its ability to pursue political goals in Western Europe. By threatening additional nuclear deployments if NATO's INF decision is implemented, the Soviets are in effect attempting to force the West Europeans to accept de facto Soviet military superiority on the continent.

The Soviets also believe Washington's ability to raise the economic and military costs of the East-West competition is subject to competing US economic priorities and to reluctance on the part of US allies to follow our lead. The Soviets think that conflict between Western Europe and the United States over arms control and East-West economic relations presents opportunities to provoke divisions within the alliance. In particular, the failure thus far of US efforts to dissuade its West European allies from participation in the Yamal gas pipeline project has probably encouraged the Soviets in their assumption that difference in the Western alliance can be exploited to Soviet advantage. Moscow also remains hopeful that NATO's fragile consensus in favor of new intermediate-range missile deployments can be broken, leading to a serious rupture in the alliance.

In the Far East, Moscow's military buildup opposite China remains not only a lever on the PRC but a potential bargaining chip should Beijing become more serious in its desire to ameliorate Sino-Soviet tensions. Opportunities in the Far East are also afforded by the frictions in US-Chinese relations and potential divergences between the United States and Japan stemming from trade problems, disagreements over economic sanctions against the USSR, and Japanese reluctance to accelerate defense spending.

Moscow believes that its military investment also has improved somewhat its capabilities for projections into more distant regions. Although the Soviets recognize the limitations of that capability against a major military power, they hope that their increased capacity will deter US military action against Soviet proxies or clients and assure the favorable resolution of regional conflicts. Moscow's increased involvement in the Third World also reflects a belief that the United States has been constrained from direct military intervention there by the trauma of Vietnam and the difficulty of reaching a domestic political consensus on foreign policy in general. Indeed, political and economic instability throughout the Third World, together with the radicalization of postcolonial elites, have been viewed by the Soviets as major US and Western vulnerabilities and, conversely, relatively low-risk opportunities for the Soviet Union to insinuate itself through offers of military and technical aid.

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In addition to these opportunities, however, Soviet leaders also see new threats and challenges in the international arena. The deteriorating Soviet-US relationship is a source of concern, potentially eroding Soviet military and foreign policy gains of the past decade. Planned US strategic and theater programs also are seen by the Soviets as an attempt to negate the USSR's strategic advantages and to create a credible "first strike" capability.

In the Far East, the Soviets view China's improved relations with both the United States and Japan as a serious security problem, raising the possibility that the USSR might be opposed by all three countries in a conflict in the Far East. More immediately, the USSR suspects that this trilateral reapproachment portends active US and Japanese aid in the modernization of Chinese armed forces. Moscow's territorial disputes with both China and Japan, moreover, are major obstacles to any dramatic improvement in its relations with either country.

In the Third World, the Soviets recognize that even where they have substantial political and military investments their continued influence is not guaranteed. The defeat of Soviet clients in Lebanon and Soviet inability to intervene effectively was the most recent demonstration. Similarly, the Soviets see current US efforts to broker a more comprehensive peace settlement in the Middle East and to achieve a settlement in Namibia as potentially leading to a further erosion of Soviet influence in the Third World.

PROSPECTS FOR CHANGE

Soviet economic and social problems will provide the strongest impetus for systemic or policy change over the next 10 years. Unless major changes are forthcoming, economic growth rates will remain at historically low levels, popular dissatisfaction with a perceived decline in the quality of life will grow, and resource allocation decisions will become more difficult for the leadership. The gravity of these problems for the Soviet system, however, remains difficult to measure, and there are important uncertainties in our judgments about the possibility that they will cause major system or policy changes. We, thus, will examine possible major systemic discontinuities that—although much less likely—would have important consequences for US interests.

The Soviet leadership obviously has a more sanguine view of its problems than we do. While their rhetoric reflects evident concern, there is no sense of mortal danger to the Soviet state. The gloomier projections of foreign observers, on the other hand, reflect a perception that Soviet problems are intractable and less optimism that the added manpower and energy resources the Soviets are counting on in the 1990s will reverse adverse economic trends.

Even with the more negative assessment of Soviet economic and social difficulties, however, we believe that the strengths of the system—its control mechanisms, its economic power, the patriotism and passivity of its populace—will allow Soviet leaders to manage whatever internal pressures for systemic change (changes in basic philosophy or the nature of Communist party rule) are likely to develop over the next decade. The regime while facing important long-term vulnerabilities, does not, in our judgement, appear to be in imminent danger.

While this assessment leads us to believe that the prospect for major systemic change in the next years is relatively low, the likelihood of policy

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shifts is much higher. The immediate post-Brezhnev leadership will almost certainly make a more vigorous effort in the next 3-5 years to reverse the economic slowdown, and in the process alter sectoral and regional resource allocations, administrative structures, prices and incentives, and even tighten administrative controls. Toward the end of the decade and with the emergence of a new generation of leaders, more far-reaching solutions to this fundamental problem could emerge, involving perhaps much greater use of market forces, cuts in the growth rate for military spending or more repression. At the same time, any group of leaders almost certainly will continue to rely on military power as a key instrument of foreign policy and will be sure to maintain its competitive strength vis-a-vis the United States. They are likely to count on Third World developments to provide new political and diplomatic opportunities as well.

Changes in the Political System

Despite internal weaknesses, the institutions of political control remain strong and firmly entrenched in the USSR. Popular discontent--although threatening to economic goals--does not as yet challenge the party's authority. Revolutionary collapse or major alterations in the system are highly unlikely in the next three to five years.

In the longer run, institutional rivalries will persist, and may increase as economic growth declines, but the party apparatus will probably remain the dominant political institution for at least the next decade. Where the party's potential competitors--the military, the KGB, and the government bureaucracy--have political clout that can be especially important during periods of intra-party strife, none of them is well equipped to supplant the party and none seems inclined to try in the near term.

A military coup?

There is at most an outside chance of a military takeover within the next 10 years. Although the military has the organizational skills and certainly the muscle to take charge, it has been indoctrinated from the regime's beginnings to stand aside from higher politics and historically has rarely been a major political actor. Moreover, its interests have been well served by the current party leadership. It has, for example, been given a large role in defining the security threat and in determining the programs required to deal with it--its two main political interests. The party, in addition, has developed a wide array of checks and controls to forestall a military coup. The military probably would attempt to assume power only in the event of a significant "liberalization" of the political system that was viewed as undermining social discipline and threatening the military's priority claim to resources or under conditions of political and economic chaos similar to that in the Polish crisis.

Return to One-Man Rule.

Within the framework of the existing system of party rule, however, a variety of changes are possible. During the next decade, for example, a leader who exercised power far in excess of that wielded by Brezhnev or Khrushchev could emerge. Such a development (perhaps a 20 percent possibility) could result from frustration with the lack of clear national direction, a perception that more discipline is needed in the party and society, and a confluence of serious domestic and international problems. Although no leader who succeeds Brezhnev

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will initially have such authority, the time required for his consolidation of power could be far shortened by a shared sense of urgent national tasks. The emergence of such a leader, less constricted by the need for consensus, would make major policy shifts and changes much more likely. Domestic policies probably would take an authoritarian turn, but external policies could range from highly aggressive to pragmatic.

"Liberalization" of the System.

Another possibility would be some liberalizing reform that would allow for much greater personal freedom and decentralization of political and economic authority. This seems a less likely prospect (perhaps a 10 percent possibility over the next decade), considering the absence of effective popular pressure for such change, the strength of the regime's control mechanisms, and the apparent lack of significant sentiment in that direction within the Soviet establishment. Given the nature of the great power rivalry, however, a "liberal" Soviet regime would not necessarily be more accommodating to US interests. Indeed, such a regime might be more effective at overcoming some of the Soviet Union's systemic and policy weaknesses, making it an even more formidable adversary.

Changes in Policies through the Mid-1980s

More likely than systemic change are changes in specific policies, some probably following shortly on Brezhnev's departure. Although our knowledge of Soviet internal debate is limited, there have been discernible differences among Politburo members on several key issues. Conflict over these and other issues, heightened by political jockeying and the complexity of the country's problems, could lead to major policy shifts in the next three to five years.

Economic Policy.

The most immediate changes are likely in economic policy, where the current investment strategy has provoked considerable debate. Differences in priorities already have emerged between the pronouncements of one group (represented by Kirilenko, Shcherbitskiy, and others) that has advocated the priority development of heavy industry, and another (represented mainly by Chernenko) that has emphasized the need to increase the availability of consumer goods. Whatever the outcome of this debate, a major reallocation of resources almost certainly will be undertaken in the immediate post-Brezhnev era, with agriculture—in the absence of its principal patron—becoming a likely target for cuts. Other sectors also will be affected by the political fortunes of their sponsors, however, making the eventual economic beneficiaries largely uncertain.

Military Spending.

Concern about the domestic economy also could eventually impel one or another leader to propose in the mid-1980s some reduction in the rate of growth of military spending, if not an absolute cut as Khrushchev did in the mid-1950s. A number of additional factors, however, make even symbolic reductions in the growth of the defense budget unlikely in the near term, including:

- the poor state of US-Soviet relations;
- the political commitment of most Soviet leaders to a strong defense;
- the challenge of planned US defense programs; and
- the momentum of weapon development and production programs that are under way.

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In a succession environment, however, no new leader, unless he perceives an existing consensus, is likely to risk antagonizing the military establishment and conservative forces in the party by proposing cuts in the growth of defense spending. Indeed, the military could even come away from the coming power struggle with some increase in the rate of growth for a few years.

Over time, as the post-Brezhnev leadership struggles with declining economic growth, there may be greater pressure to reduce the growth in military spending in order to free up the labor and capital resources urgently needed in key civilian sectors. In this connection, the cost-avoidance benefits of arms control agreements could assume greater importance. Even in the mid-1980s, however, absolute reductions in the defense effort seem unlikely, barring economic catastrophe. Moreover, Soviet military investment is now so large that even with reduced growth—or indeed with no growth at all—military capabilities would continue to increase well into the 1990s.

Economic Reforms.

In addition to investment disputes, succession politics may bring forth new proposals to improve the economy's efficiency. Concern over declining growth apparently has led some leaders to reevaluate economic and administrative reforms they earlier found unacceptable. Since 1978 several Soviet leaders have publicly endorsed Hungary's "New Economic Mechanism"—a system based on centrally formulated plans and economic goals but using some market forces to guide the economy at the micro-level.

Although there is little prospect that the Soviet Union will adopt changes so sweeping, some administrative reforms may well be enacted. The multitude of functionally related and overlapping ministries might be placed under more centralized management. This could be accompanied by some decentralization of operational authority—a move that already has been at least started in the agricultural sector. (It is in this area that the Hungarian model has been most closely studied and emulated.) Changes that are politically feasible, however, probably will not significantly improve the economic situation.

Foreign Policy.

The existing consensus on foreign policy is stronger than that on domestic issues, and major changes are less likely in that area in the next few years. Some issues, nonetheless, could become a bone of contention in the post-Brezhnev Politburo. Although these issues will be determined largely by the international situation at the time, a successor regime will have to deal with both the challenges and opportunities outlined above.

Rival claimants to leadership in the immediate post-Brezhnev era are likely to share a commitment to sustain the global dimensions of Soviet policy. This commitment could be reinforced by a possible tendency on the part of a younger generation of Soviet leaders to equate the growth of military power with the growth of global power and influence. Supporting such thinking, moreover, are factors that go beyond tangible or measurable indexes—ideological conviction, a sense of insecurity and of hostile encirclement, and a contrasting confidence and sense of achievement in the USSR's emergence as a global superpower.

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Soviet leaders probably will wish to continue an arms control dialogue with the United States for at least the next few years, seeking new agreements that will slow US weapons programs, thereby facilitating Soviet planning, reducing weapons costs, and lessening the possibility of technological surprise. Although the Politburo as a whole now seems to believe the prospects for improved Soviet-US relations are dim, in the past some leaders (such as Andropov and Chernenko) have seemed more enthusiastic about pursuing this goal than others (such as Kirilenko). The price the Soviet leadership is willing to pay for an arms limitation agreement, therefore, may depend in part on the outcome of the succession.

A new Soviet leadership may, in addition, undertake new initiatives designed to alter the geopolitical environment. They may, for instance, attempt a breakthrough in relations toward Western Europe or China. Moscow's principal assets in these instances would be the ability to offer greater intercourse between East and West Germany and to offer China significant concessions on contentious military and border issues.

The Soviet Union's other future policy options will depend on events beyond its control. A collapse of the Saudi monarchy, for example, could usher in an anti-Western regime, presenting the Soviets with major new possibilities for expanding its influence in the area. Likewise, the outcome of the Iran-Iraq war might also create significant opportunities or dangers from Moscow's perspective that could lead to policy shifts.

Longer-Range Uncertainties.

For the next 3 to 5 years, the Soviet leadership will continue to be dominated by Brezhnev's current colleagues in the Politburo. Present policy already reflects their influence, and they may be less willing than their younger colleagues waiting in the wings to push for major policy or systemic change.

Soviet policies will become less predictable in the late 1980s and early 1990s, however, as the gap between economic performance and leadership expectations widens, as the basis for optimism about future economic performance erodes, and as the generational change in the Soviet leadership takes hold. The policy preferences of this younger generation are largely unknown. Although they have discretionary authority in implementing the Politburo's domestic policies, these officials now hold positions--in the Central Committee apparatus, regional party organizations, and the government bureaucracy--that provide little involvement in foreign policy.

What little evidence we have of this younger group's views reveals no clearly dominant orientation and no apparent consensus regarding the direction of future policies. Their eventual domestic course will probably reflect elements of both orthodox and reformist views, perhaps undertaking some decentralization of economic management, while at the same time tightening labor discipline.

Their foreign policy course is even more difficult to predict. Conceivably, some members of this group might favor a more accommodating foreign policy stance in order to increase trade with the West and ease domestic economic problems. The same pressures, however, might lead others to urge the adoption of economic self-sufficiency (autarky) at home and a more adventurist policy abroad, increasing the risk of a Soviet-US confrontation.

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IMPLICATIONS FOR US POLICY

Changes in the Soviet system or policies over the next decade probably will have little impact on the basic nature of the Soviet-US relationship. Even if the climate of relations improved somewhat, the antagonistic nature of the interaction almost certainly will persist because of conflicting views and political goals. Limited accommodations in the areas of arms control or other bilateral issues may be possible, but a more encompassing accord on bilateral relations or geopolitical behavior is precluded by fundamentally divergent attitudes regarding desirable political or social change in the international order.

Although the Soviets will not wish a major confrontation with the United States, their belief that they now enjoy strategic equality and some advantages enhances the prospects for a more assertive foreign policy. Soviet leaders probably also can be expected to seize new opportunities offered by instability in the Third World to enhance Soviet geopolitical influence and divert US attention from areas of direct US-Soviet interaction, even in situations where the USSR has little prospect of making significant gains for itself. If the Soviets are able to ameliorate some of their current internal and external weaknesses--for example, by stemming the decline of economic growth--this also would improve their ability to compete with the United States for global influence.

It is doubtful, however, that Soviet leaders perceive a "window of opportunity" stemming from an overweening confidence in present Soviet nuclear forces relative to future prospects. From the perspective of the Soviet leadership, there will remain important deterrents to major military actions that directly threaten vital US national interests. These include the dangers of a direct conflict with the United States that could escalate to global proportions, doubts about the reliability of some of their East European allies, and an awareness of the greater Western capacity to support an expanded defense effort. These concerns do not preclude action abroad, but they act as constraints on military actions in which the risk of a direct US-Soviet confrontation is clear.

US Influence on Soviet Behavior

The future of the Soviet political system and its basic values will be determined primarily by internal political forces that the United States has relatively little ability to influence. Specific policies, and Soviet behavior in the international arena, nonetheless, can be affected by US policies designed to condition the Soviet perception of the costs and risks involved in continuing the military buildup and pursuing an expansionist foreign policy.

Impact on the Political System

US and Western influence over the ongoing Soviet political succession process is highly limited. Even if this were not the case, a contender whose stance appears more favorable to Western interests today may alter his position when he becomes party chief. In the initial stages of the Lenin succession, for example, Stalin appeared to be one of the more moderate Soviet leaders. During the Stalin succession, Khrushchev at first adopted a hardline internal position and later shifted to a more moderate course.

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Western ability to influence the nature and evolution of the Soviet system is similarly limited. Although the United States and its allies can lend support to dissidents and call attention to Soviet violations of human rights, these actions in themselves are unlikely to hasten democratization of Soviet society. Despite the many weaknesses of the system, the passivity and patriotism of the Soviet citizenry and leadership sensitivity to any effort to play upon the system's vulnerabilities severely limit Western ability to effect its transformation.

Leverage over Policy

US policies, however, may be able to exacerbate several continuing weaknesses in Soviet foreign and domestic policy. Foreign policy actions which the Soviets perceive as necessary to preserve existing equities--such as repressive measures in Eastern Europe--tend to isolate them in the world and complicate achievement of other goals. Moreover, the attraction some Western values hold for the Soviet people will cause the regime to expend considerable effort to protect them from foreign contagion and to prevent the development of a stronger dissident movement. The Soviet economy also will be hard pressed to keep pace with rising consumer expectations, probably resulting in more leadership attention to work stoppages, strikes, and other manifestations of social unrest.

Past US efforts to use trade leverage to influence specific Soviet policies, however, have had only limited success. Moscow has circumvented most economic restrictions and refused to modify its policies substantially in return for increased trade. During the past two decades the Soviets have:

- thwarted the 1962 US-West German embargo on oil pipe by increasing their own pipe production and obtaining pipe from Britain, Sweden, and Japan;
- rejected the mid-1970s offer of lower tariffs and expanded trade credits when the Jackson-Vanik Amendment tied it to freer emigration for Soviet Jews; and
- successfully exploited Western differences over sanctions related to the Afghanistan invasion and--thus far--Polish martial law.

Western goods and technology are becoming more important to the USSR's strained economy; the volume of imports tripled in the 1970s and imports have been crucial to completion of several major production projects and to overcoming production shortfalls. But Moscow almost certainly will remain resistant to attempts at trade leverage. Unilateral US trade restrictions could create short-run difficulties for the Soviets in some sectors--such as the oil and gas and chemical industries--but would probably not persuade Moscow to alter major domestic or foreign policies. Similarly, the Soviets also certainly would view renewed US offers of increased trade for certain political concessions with considerable suspicion. Unified and sustained Western trade restrictions, particularly in such areas as energy equipment and agricultural products, however, could impose substantial costs on the Soviets. They probably would not change basic policies, particularly if international tensions were high, but would affect the Soviet calculation of costs and benefits in particular situations.

Moreover, the United States can affect the USSR's behavior in other ways, chiefly by conditioning the leaders perceptions of the costs and risks involved in Soviet expansionism. It is the Soviet leadership's respect for US military capabilities, for example, that has prevented it from becoming involved in military hostilities in the Middle East over the years. The Soviets recognize, moreover, that if the US has the political will, it is better positioned to use its military, economic, and political power on a global scale than they are.

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Soviet perceptions of Western vulnerabilities and weaknesses, on the other hand, serve to enhance their confidence in their ability to compete with the US. The Soviets currently view Washington's ability to heighten the economic and military costs to Moscow as subject to competing US domestic economic priorities, the ability to rally popular support, and reluctance on the part of US allies to incur the costs of increased defense expenditures or increased tensions with Moscow. The Soviets recognize, moreover, that divergent views within NATO present opportunities to provoke major divisions between the United States and its principal allies. Strengthened Western unity and continued US resolve, therefore, could have a significant impact on future Soviet calculations and behavior.

SECRETII. Meeting the Soviet Challenge

The Soviet propensity for challenging the West and running risks to undermine U.S. interests requires a sustained Western response if Soviet ambitions are to be frustrated. It is also clear that the necessary firm and measured long-term Western response to the Soviet challenge requires that the United States exercise fully its capacity for leadership. This demands a comprehensive, long-term U.S. effort to induce Soviet restraint by shaping the environment in which Soviet policy decisions are made.

A. Shaping the Soviet Environment(1) The Military Balance

Foremost in shaping the military environment Moscow faces is the US-Soviet military balance. The U.S. must modernize its military forces so that several goals are achieved:

--Soviet leaders must perceive that the U.S. is determined never to accept a second-place or deteriorating strategic posture. Doubts about the military capabilities of U.S. strategic nuclear deterrent forces, or about the U.S. will to use them if necessary, must never exist;

--Soviet calculations of possible nuclear war outcomes, under any contingency, must always result in outcomes so unfavorable to the USSR that there would be no incentive for the Soviet leaders to initiate a nuclear attack;

--Leaders and the publics in all states must be able to observe that this indicator of U.S. strength remains at a position of parity or better. They will then understand that U.S. capacity for pursuing the broader US-Soviet competition shall not be encumbered by direct Soviet coercion of the U.S.;

--The future of U.S. military strength must also appear to friend and foe as strong: technological advances must be exploited, research and development vigorously pursued, and sensible follow-on programs undertaken so that the viability of U.S. deterrent policy is not placed in question.

In Europe, the Soviet leadership must be faced with a reinvigorated NATO focused on three primary tasks: strengthening of conventional forces, modernization of intermediate-range nuclear forces, and improved mobility and sustainability for U.S. units assigned rapid deployment and other reinforcing missions to the NATO area and Southwest Asia. Worldwide, U.S. general-purpose forces must be ready to move quickly from peacetime to wartime roles, and must be flexible to affect Soviet calculations in a wide range of contingencies.

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The US-Soviet military balance is also a critical determinant shaping Third World perceptions of the relative positions and influence of the two major powers. Moscow must know with certainty that, in addition to the obvious priority of North American defense, Eurasian and other areas of vital interest to the U.S. will be defended against Soviet attacks or threats. But it must know also that areas less critical to U.S. interests cannot be attacked or threatened without serious risk of U.S. military support and of potential confrontation in that or some other area.

(2) Cooperation with Our Allies:

One of the central propositions of U.S. foreign policy throughout the post-war period has been that an effective response to the Soviet challenge requires close partnership among the industrial democracies. At the same time, there will continue to be inevitable tensions between our unwillingness to give the allies a veto over our Soviet policy, and our need for allied support in making our policy work. More effective procedures for consultation with our allies can contribute to the building of consensus and cushion the impact of intra-alliance disagreements. However, we must recognize that, on occasion, we may be forced to act to protect our vital interests without allied support and even in the face of allied opposition.

Our allies have been slow to support in concrete ways our overall approach to East-West relations. In part because of the intensive program of consultation we have undertaken, allied governments have expressed rhetorical support for our assessment of the Soviet military challenge, our rearmament program, and our negotiating positions in START and INF. Less progress has been made in obtaining allied action in the vital areas of upgrading conventional defense and in planning for joint military action to protect vital Western interests in the developing world, particularly the Persian Gulf. With INF deployments scheduled to begin in 1983, West European governments will come under increasing domestic pressure to press us for progress in START and INF. In the likely absence of an acceptable INF agreement with Moscow, we may need during 1983 to subordinate some other policy initiatives with our allies to the overriding objective of obtaining allied action to move forward on INF deployments.

Although it will be more difficult to achieve a durable consensus with our allies on East-West economic issues, we must seek to do so. The current intra-alliance dispute over exports for the pipeline underscores European (and Japanese) unwillingness to support a strategy which they see as aimed at undermining the detente of the 1970s. Nonetheless, we must continue to persevere in this painful process of reeducating our European partners. At the same time, our ability to convey a sense that the U.S. is open

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to the possibility of improved relations with the USSR if Moscow moderates its behavior will be important to obtaining allied support.

(3) Third World Cooperation

As in the 1970s, the cutting edge of the Soviet challenge to vital U.S. interests in this decade is likely to be in the Third World. Thus, we must continue our efforts to rebuild the credibility of our commitment to resist Soviet encroachment on our interests and those of our allies and friends and to support effectively those Third World states that are willing to resist Soviet pressures. We must where possible erode the advances of Soviet influence in the developing world made during the 1970s.

Given the continued improvement of Moscow's force projection capabilities and the Soviet emphasis on arms aid to pro-Soviet Third World clients, any effective U.S. response must involve a military dimension. U.S. security assistance and foreign military sales play an important role in shaping the security environment around the periphery of the USSR and beyond Eurasia. But security assistance will not be enough unless we make clear to the Soviets and to our friends that the U.S. is prepared to use its own military forces where necessary to protect vital U.S. interests and support endangered friends and allies. Above all, we must be able to demonstrate the capability and the will for timely action to bring U.S. resources to bear in response to fast-moving events in Third World trouble spots.

An effective U.S. policy in the Third World must also involve diplomatic initiatives (e.g., the President's Mid-East proposal, the Caribbean Basin Initiative, and the Namibia initiative) to promote the resolution of regional crises vulnerable to Soviet exploitation. The U.S. should counter, and if possible weaken or displace, Soviet aid relationships, particularly those involving states that host a Soviet military presence or act as Soviet proxies. This of course requires corresponding changes in the recipient state's international policies. The U.S. must also develop an appropriate mixture of economic assistance programs and private sector initiatives to demonstrate the relevance of the free economies to the economic problems of the developing world, while exposing the bankruptcy of the Soviet economic and political model. In this connection, we must develop the means to extend U.S. support to individuals and movements in the developing world that share our commitment to political democracy and individual freedom. We have forsaken much of the competition by not having the kinds of long-term political cadre and organization building programs which the Soviets conduct.

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Possibly the greatest obstacle we face in carrying out this approach in the developing world is the problem of obtaining adequate budgetary resources. As in the case of our rearmament program, pressures for budgetary restraint are certain to generate calls for reduction of the resources devoted to meeting the Soviet challenge in the developing world. These pressures must be resisted if we are to be able to meet our commitments and secure our vital interests.

(4) The Soviet Empire (Eastern Europe, Cuba, Third World Alliances)

As noted above, there are a number of important vulnerabilities and weaknesses within the Soviet empire which the U.S. should seek to exacerbate and exploit. This will involve differentiated policies, e.g. Angola is different from Poland, Cuba is different from Vietnam. We will need a different mix of tools for each. The prospects for change may be greater on the extremities of Soviet power (Soviet alliances in the developing world) than closer to the center of the Soviet empire (Eastern Europe) -- though the latter obviously offers potential as well.

Eastern Europe: Although the Polish crackdown cut short a process of peaceful change, the continuing instability in that country is certain to have far-reaching repercussions throughout Eastern Europe. In addition, the deteriorating economic position of East European countries and the possible long-term drying up of Western resources flowing to the region will force them to face some difficult choices: greater dependence on the Soviets and relative stagnation; or reforms to generate a renewal of Western resources.

The primary U.S. objective in Eastern Europe is to loosen Moscow's hold on the region. We can advance this objective by carefully discriminating in favor of countries that show relative independence from the USSR in their foreign policy, or show a greater degree of internal liberalization. This policy of differentiation in Eastern Europe is the subject of NSSD 5-82.

Afghanistan: Possibly the most important single vulnerability in the Soviet Empire is Afghanistan, where Moscow's imperial reach has bogged Soviet forces down in a stalemated struggle to suppress the Afghan resistance. A withdrawal of Soviet forces from Afghanistan followed by a real exercise of self-determination by the Afghan people would encourage other democratic and nationalist forces within the Soviet Empire and increase the likelihood that other Third World countries would resist Soviet pressures. Thus, our objective should be to keep maximum pressure on Moscow for withdrawal and to ensure that the Soviets' political and other costs remain high while the occupation continues.

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Cuba: The challenge to U.S. interests represented by Moscow's alliance with Cuba requires an effective U.S. response. The Soviet-Cuban challenge has three critical dimensions (as well as numerous other problems):

-- Soviet deliveries of advanced weapons to Havana: The flow of advanced Soviet weapons to Cuba has accelerated so as to represent a growing threat to the security of other Latin American countries and, in the case of potentially nuclear-capable systems, the U.S. itself. We must be prepared to take strong counter-measures to offset the political/military impact of these deliveries.

-- Soviet-supported Cuban destabilizing activities in Central America: The U.S. response must involve bilateral economic and military assistance to friendly governments in the region, as well as multilateral initiatives to deal with the political, economic, and social sources of instability. We should retain the option of direct action against Cuba, while making clear our willingness seriously to address Cuba's concerns if Havana is willing to reduce its dependence on and cooperation with the Soviet Union. We should also take steps to prevent or neutralize the impact of transfers of advanced Soviet weapons to Nicaragua.

-- Soviet-Cuban interventionism in Southern Africa: We should counter and reduce Soviet and Cuban influence by strengthening our own relations with friendly African states, and by energetic leadership of the diplomatic effort to bring about a Cuban withdrawal from Angola in the context of a Namibia settlement and appropriate external guarantees of Angola's security.

Soviet Third World Alliances: Our policy should seek to weaken and, where possible, undermine the existing links between the Soviet Union and its Third World allies and clients. In implementing this policy, we will need to take into account the unique circumstances which influence the degree of cohesion between the Soviet Union and each of its Third World allies. In some cases, these ties are so strong as to make the Third World state a virtual proxy or surrogate of the Soviet Union. We should be prepared to work with our allies and Third World friends to neutralize the activities of these Soviet proxies. In other cases, ties between the Soviet Union and a Third World client may be tenuous or subject to strains which a nuanced U.S. policy can exploit to move the Third World state away from the Soviet orbit. Our policy should be flexible enough to take advantage of these opportunities.

Finally, we should seek where possible and prudent to encourage democratic movements and forces to bring about political change inside these countries.

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(5) China

The continuing Sino-Soviet rift -- motivated by racial enmity, ideological competition and security concerns -- provides the U.S. with some leverage over Soviet international behavior. However, our ability to capitalize on these potential strategic advantages depends upon the durability of the Sino-American rapprochement. Given the Soviets' strategic interest in undermining Sino-American relations, and particularly in preventing U.S. arms assistance to China, we can expect that Moscow will seek to disrupt our relations with Beijing. We will have to remain alert to such Soviet maneuvers and be prepared to counter them with initiatives of our own. Equally, we will need to manage carefully our relations with Beijing to avoid giving Moscow any exploitable opportunities.

B. Bilateral Relationships

It will be important to develop policies which give us maximum leverage over Soviet internal policies. Even though we recognize the limits of our capabilities to influence Soviet domestic trends and developments, the U.S., especially when working together with our allies, does have some capability to influence Soviet resource allocation through a variety of policy initiatives, such as our own defense spending and East-West trade policies. Through our radio broadcasting and other informational programs directed toward the Soviet Union, we may be able to accelerate the already advanced erosion of the regime's credibility with its own people, thus weakening the ideological basis for Soviet external expansionism. We also can offer private and other forms of assistance to forces seeking to promote democratic change. We can publicly and through quiet diplomacy seek to advance the cause of individual human rights in the Soviet Union.

Despite the post-Afghanistan, post-Poland attenuation of US-Soviet bilateral ties, there remain sectors of the bilateral relationship that are important to Moscow and thus to any effort to induce moderation of Soviet conduct.

(1) Arms Control

Arms control negotiations, pursued soberly and without illusions, are an important part of our overall national security policy. We should be willing to enter into arms control negotiations when they serve our national security objectives. At the same time, we must make clear to the allies as well as to the USSR that our ability to reach satisfactory results will inevitably be influenced by the international situation and the overall state of US-Soviet relations. However, we should be under no illusions that ongoing arms control negotiations will give us leverage sufficient to produce Soviet restraint on other international issues.

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U.S. arms control proposals should be consistent with necessary force modernization plans and should seek to achieve balanced, significant, and verifiable reductions to equal levels of comparable armaments. The START, INF, and MBFR proposals we have tabled meet these criteria and would, if accepted by the Soviets, help ensure the survivability of our nuclear deterrent and thus enhance U.S. national security. The fact that START and INF negotiations have begun has for the present somewhat reduced public pressure on us and on Allied Governments for early arms control agreements with Moscow. In the absence of progress in START and INF, however, we should expect that pressure to grow again.

(2) Economic Policy

U.S. policy on economic relations with the USSR must be seen in a strategic context. At a minimum, we must ensure that US-Soviet economic relationships do not facilitate the buildup of Soviet military power. We must also bear in mind that U.S. controls on the critical elements of trade can also influence Soviet prospects for hard-currency earnings, and raise the cost of maintaining their present rate of defense spending. We need to develop policies which use the leverage inherent in U.S. and Western economic strength to modify Soviet behavior over time. Thus, our economic policies should provide negative and, where appropriate, positive incentives for more responsible Soviet behavior, while avoiding any subsidies of Soviet economic development. Although unilateral steps may be necessary for certain strategic or political imperatives, agreement with the Allies on the fundamental ground rules of trade will be essential if we are to take advantage of Soviet economic weaknesses.

There are, however, real limits to Western leverage on the Soviet economy. The Soviet system is still basically autarchic, and the USSR can substantially protect itself against foreign economic pressure. The difficulty of organizing effective multilateral restrictions on trade with the USSR is illustrated by our experience with the grain trade. Given the enormous Soviet difficulties in agriculture and the growing Soviet dependence on grain imports, suspension of grain trade by all Western and Third World suppliers would be a potentially important source of leverage over Soviet behavior.

However, it proved impossible to organize effective, sustained multilateral restrictions on international grain trade with the Soviet Union during the period of the post-Afghanistan grain embargo. This permitted the Soviets to shift their grain purchases from the U.S. to other suppliers, thus minimizing the impact of the grain embargo. Other major grain suppliers remain unwilling to contemplate restrictions on grain exports to the USSR, thus unilateral restrictions by the U.S. would impose costs

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on U.S. farmers without giving us additional leverage over Soviet behavior. Under these circumstances, U.S. grain sales should be permitted to proceed, while still subject to overall foreign policy control.

While recognizing the problems and difficulties inherent in developing a unified Western approach to economic relations with Moscow, we should nonetheless seek a consensus including the following basic elements:

1. Credits. The key objective is agreement on common restrictions on official credits and guarantees to the USSR and establishment of a mechanism to monitor official credits and guarantees.
2. Technology Transfer. The policy should include a unified and strengthened position on military-related high technology and equipment containing that technology.
3. Energy. The objectives here are twofold: a) to reach consensus on the need to minimize Western dependence on Soviet energy supplies; and b) to enhance Western leverage in this key sector by agreement on the equipment and technology to be made available to the USSR.
4. Foreign Policy Controls. There must be allied consensus that foreign policy, i.e. non-strategic, controls on trade with the Soviets may be imposed, primarily in crises, in support of clear objectives and with criteria for removal of the controls.
5. Differentiation. The traditional approach of treating each of the East European countries as distinct entities on the basis of their own policies will be maintained. This offers the best opportunity to encourage pluralism and independence in East European countries.

(3) Official Dialogue

We can expect the Soviets to continue to press us for a return to a US-Soviet agenda centered on arms control. We must continue to resist this tactic and insist that Moscow address the full range of our concerns about their international behavior if our relations are to improve. US-Soviet diplomatic contacts on regional issues can serve our interests if they are used to keep pressure on Moscow for responsible behavior and to drive home that we will act to ensure that the costs of irresponsibility are high. We can also use such contacts to make clear that the way to pragmatic solutions of regional problems is open if Moscow is willing seriously to address our concerns. At the same time, such contacts must be

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handled with care to avoid offering the Soviet Union a role in regional questions which it would not otherwise secure.

A continuing dialogue with the Soviets at the level of Foreign Minister is essential, both to facilitate necessary diplomatic communication with the Soviet leadership and to maintain allied understanding and support for our approach to East-West relations. Secretary Haig met with Gromyko on three occasions between September 1981 and June 1982, and this pattern of frequent Ministerial-level contacts should be maintained in the future.

We can expect that the question of a possible US-Soviet summit will continue to be raised by the Soviets, our allies, and important segments of domestic opinion. Every American President since Franklin Roosevelt has met with his Soviet counterpart. In some cases, U.S. Presidents have attended summits for the purpose of establishing personal contact with their counterparts (e.g. Kennedy in Vienna) or in the vague expectation that an improvement in US-Soviet relations would flow from the summit (e.g. Johnson at Glasboro). In other cases, allied pressures for East-West dialogue at the Head of State level have played a major role in the Presidential decision to meet at the summit (e.g. Eisenhower at Geneva and Paris).

The approach to summitry which prevailed throughout the 1970s held that American Presidents should not meet with their Soviet counterparts until there were concrete US-Soviet agreements ready to serve as the centerpiece of the summit. However, these summits did not always produce durable improvements in US-Soviet relations, and sometimes complicated management of US-Soviet relations by generating expectations that could not be realized.

In any summit between President Reagan and his Soviet counterpart we would want to ensure that concrete, positive results were achievable. We would also need to ensure that any summit were timed to achieve the maximum possible positive impact in terms of U.S. interests.

(4) Assertion of Values

The U.S. relationship with the Soviet Union must have an ideological content which asserts the superiority of Western values of freedom, individual dignity, and political democracy over the repressive and authoritarian character of Soviet society. We need to create a sense that history is moving in the direction of forces which support free elections, free enterprise, a free press, and free trade unions. We need specific programs to support this offensive. Among the instruments which we should employ are:

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--Increased U.S. informational efforts directed at the Soviet Union, particularly VOA and RFE/RL;

--A systematic and energetic U.S. effort to counter Soviet disinformation and "active measures" campaigns directed at U.S. interests;

--A positive and assertive effort to support democratic elements in both communist and non-communist countries, taking into account the special requirements and vulnerabilities of democratic forces seeking to survive in a hostile environment.

The role of US-Soviet cultural, scientific, and other cooperative exchanges should be seen in light of our intention to maintain a strong ideological component in our relations with Moscow. We should not further dismantle the framework of cooperative exchanges which remains from the 1970s unless new incidents of Soviet irresponsibility require us further to attenuate the US-Soviet bilateral relationship. We should look at ways exchanges can be used to further our ideological offensive.

III. Priorities in the U.S. Approach: Maximizing our Restraining Leverage over Soviet Behavior

The interrelated tasks of rebuilding American capacity for world leadership and constraining and, over time, reducing Soviet international influence cannot be accomplished quickly.

We face a critical transition period over the next five years, and our success in managing US-Soviet relations during this period may well determine whether we are able to attain our long-term objectives. Despite the long-term vulnerabilities of the Soviet system, we can expect that Soviet military power will continue to grow throughout the 1980s. Moreover, the Soviet Union will have every incentive to prevent us from reversing the trends of the last decade which have shifted the world power balance in Moscow's favor. Thus, the coming 5-10 years will be a period of considerable uncertainty in which the Soviets will test our resolve.

These uncertainties, moreover, will be exacerbated by the fact that the Soviet Union will be engaged in the unpredictable process of political succession to Brezhnev. As noted above, we cannot predict with confidence what policies the various succession contenders will espouse. Consequently, we should not seek to adjust our policies to the Soviet internal conflict, but rather try to create incentives (positive and negative) for any new leadership to adopt policies less detrimental to U.S. interests. Our posture should be one of a willingness to deal, on the basis of the policy approach we have taken since the beginning of the

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Administration, with whichever leadership group emerges. We would underscore that we remain ready for improved US-Soviet relations if the Soviet Union makes significant changes in policies of concern to us; the burden for any further deterioration in relations would fall squarely on Moscow.

We should be under no illusion about the extent of our capabilities to restrain the Soviet Union while American strength is being rebuilt. Throughout the coming decade, our rearmament program will be subject to the uncertainties of the budget process and the U.S. domestic debate on national security. In addition, our reassertion of leadership with our allies, while necessary for the long-term revitalization of our alliances, is certain to create periodic intra-alliance disputes that may provide the Soviets with opportunities for wedge driving. Our effort to reconstruct the credibility of U.S. commitments in the Third World will also depend upon our ability to sustain over time commitments of resources, despite budgetary stringencies. As noted above, these constraints on our capacity to shape the Soviet international environment will be accompanied by real limits on our capacity to use the US-Soviet bilateral relationship as leverage to restrain Soviet behavior.

The existing and projected gap between our finite resources and the level of capabilities needed to constrain Soviet international behavior makes it essential that we: 1) establish firm priorities for the use of limited U.S. resources where they will have the greatest restraining impact on the Soviet Union; and 2) mobilize the resources of our European and Asian allies and our Third World friends who are willing to join with us in containing the expansion of Soviet power.

(1) U.S. Priorities

Underlying the full range of U.S. and Western policies must be a strong military, capable of acting across the entire spectrum of potential conflicts and guided by a well conceived political and military strategy. The heart of U.S. military strategy is to deter attack by the USSR and its allies against the U.S., our allies, or other important countries, and to defeat such an attack should deterrence fail. Achieving this strategic aim largely rests, as in the past, on a strong U.S. capability for unilateral military action. Strategic nuclear forces remain an important element of that capability, but the importance of other forces -- nuclear and conventional -- has risen in the current era of strategic nuclear parity.

Although unilateral U.S. efforts must lead the way in rebuilding Western military strength to counter the Soviet threat, the protection of Western interests will require increased U.S. cooperation with allied and other states and greater utilization of

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their resources. U.S. military strategy must be better integrated with national strategies of allies and friends, and U.S. defense programs must consider allied arrangements in the planning stage.

U.S. military strategy for successfully contending with peacetime, crisis, and wartime contingencies involving the USSR on a global basis is detailed in NSSD 1-82. This military strategy must be combined with a political strategy focused on the following objectives:

-- Creating a long-term Western consensus for dealing with the Soviet Union. This will require that the U.S. exercise strong leadership in developing policies to deal with the multi-faceted Soviet threat to Western interests. It will also require that the U.S. take allied concerns into account. In this connection, and in addition to pushing the allies to spend more on defense, we must attach a high priority to a serious effort to negotiate arms control agreements consistent with our military strategy, our force modernization plans, and our overall approach to arms control. We must also develop, together with our allies, a unified Western approach to East-West economic relations consistent with the U.S. policy outlined in this study.

-- Effective opposition to Moscow's efforts to consolidate its position in Afghanistan. This will require that we continue efforts to promote Soviet withdrawal in the context of a negotiated settlement of the conflict. At the same time, we should keep pressure on Moscow for withdrawal and ensure that Soviet costs on the ground remain high.

-- Maintenance of international pressure on Moscow to permit a relaxation of the current repression in Poland and a longer term increase in diversity and independence throughout Eastern Europe. This will require that we continue to impose costs on the Soviet Union for its behavior in Poland. It will also require that we maintain a U.S. policy of differentiation among East European countries.

-- Building and sustaining a major ideological political offensive which, together with other efforts, will be designed to bring about change inside the Soviet Union itself. This must be a long-term program, given the nature of the Soviet system.

-- Maintenance of our strategic relationship with China, thus minimizing opportunities for a Sino-Soviet rapprochement.

-- Neutralization and reduction of the threat to U.S. national security interests posed by the Soviet-Cuban relationship.

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This will require that we use a variety of instruments, including diplomatic efforts such as the Contact Group Namibia/Angola initiative. U.S. security and economic assistance in Latin America will also be essential. However, we must retain the option of direct use of U.S. military forces to protect vital U.S. security interests against threats which may arise from the Soviet-Cuban connection.

(2) Cooperation with our Allies

As noted throughout this paper, we must cooperate with our allies to restrain Soviet expansionism. Only the U.S. can directly counterbalance Soviet power, but our allies can often more effectively intervene in regions of historic interest to maintain peace, limit opportunities for Soviet opportunism, and oppose Soviet surrogate activity.

While rejecting a unilateralist approach, we cannot permit our approach to US-Soviet relations to reflect only the lowest common denominator of allied consensus. The challenge we face from the Soviet Union requires U.S. leadership which will inevitably lead to periodic disagreements in an alliance of free nations, such as NATO. This is an enduring dilemma which has confronted American Administrations throughout the postwar period. It cannot be finally resolved, but it must be managed effectively if we are to maintain the unity of purpose among free nations on which U.S. security depends.

IV. Articulating Our Approach: Sustaining Public and Congressional Support

The policy outlined above is a strategy for the long haul. We should have no illusions that it will yield a rapid breakthrough in our relations with the Soviet Union. In the absence of dramatic near-term victories in our effort to moderate Soviet behavior, pressure is likely to mount for change in our policy. We can expect appeals from important segments of domestic opinion for a more "normal" US-Soviet relationship. This is inevitable given the historic American intolerance of ambiguity and complexity in foreign affairs. Moscow may believe that if pressure from allies and publics does not drive this Administration back to Soviet-style peaceful coexistence and detente, the USSR can hunker down and concentrate on neutralizing the Reagan foreign policy until a new, more pliable U.S. Administration emerges.

We must therefore demonstrate that the American people will support the policy we have outlined. This will require that we avoid generating unrealizable expectations for near-term progress in US-Soviet relations. At the same time, we must demonstrate credibly that our policy is not a blueprint for an open-ended, sterile confrontation with Moscow, but a serious search for a stable and constructive long-term basis for US-Soviet relations.

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