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The Director of Central Intelligence
Washington, D.C. 20505

National Intelligence Council

NIC-05445-86/1
2 December 1986

MEMORANDUM FOR: See Distribution
FROM: Fritz W. Ermarth
National Intelligence Officer for USSR
SUBJECT: Warning Assessment -- USSR

1. Attached is the assessment prepared following the NIO/USSR Warning and Forecast meeting held on 25 November 1986. Any comments or corrections are welcome.

2. The next meeting will be held on Tuesday, 16 December, at 1400 hours in Room 7-E-62, CIA Headquarters. Please have your clearances passed and call [Redacted] with your attendance plans by COB Friday, 12 December. I solicit suggestions regarding any topics or contingencies you feel we may be overlooking and request that such recommendations be forwarded to me by COB Friday, 5 December.

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Fritz W. Ermarth

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Washington, D.C. 20505

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NIC-05445-86
3 December 1986

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

FROM: Fritz W. Ermarth
National Intelligence Officer for USSR

SUBJECT: Warning Assessment--USSR

1. US-Soviet Relations After Reykjavik

A. Discussion:

CIA/SOVA led the discussion by noting that the bulk of our best reporting indicates that Moscow--though disappointed over its failure to move the President on SDI--regards Reykjavik as a success because it isolated SDI as the issue and put the US on the defensive. Soviet public commentary has been mixed. The Soviets have described US proposals negatively and resumed harsh personal attacks on the President, but this appears designed to generate pressure on the US to moderate its positions. At the same time, the Soviets are also saying that Iceland opened up new opportunities for reaching agreements and hinted at additional flexibility in their positions. For example, one Soviet participant at Reykjavik said publicly that some testing of ABM components in space is possible; another offered to return to the 15 January proposals for an INF accord if the US is not prepared to deal on the basis of the Reykjavik package which links an INF accord to progress on SDI.

Some Soviet statements can be interpreted as signifying that Moscow has already written off the Reagan Administration and is moving to position itself to try to shape the policies of the next administration. However, this view does not square with Foreign Minister Shevardnadze's behavior in Vienna--where he appeared to be

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seeking to open up some back channel for getting down to serious business--or the comments of senior Gorbachev advisors like Arbatov and Dobrynin who continue to publicly justify a policy of continued engagement.

How long will the Soviets continue to link an INF agreement to an agreement on SDI? The community thought at least for the next few months. Moscow clearly hopes it will be an effective tool for generating pressure on the US to compromise on SDI, but it will once again abandon linkage if it concludes that the linkage is counterproductive. How serious are the Soviets about the proposals agreed to at Reykjavik; were they offered up in the knowledge that they would certainly be rejected? There is disagreement in the community on this issue. Some believe that the Soviets would never agree to the abolition of all nuclear weapons and that consequently the Reykjavik proposals were only offered up for their political effect. Others argued that assuming a nonnuclear world could be negotiated--admittedly a giant if--Moscow not only could live with it but might in fact find it netly advantageous.

NIO/USSR believes that some elements of the Soviet arms control agenda presented at Reykjavik are more serious than others; thus, the Soviets might see zero INF in Europe as a feasible and, depending on conditions, desirable goal, while not believing that zero nuclear weapons or strategic forces is feasible or actually desirable. At present Moscow's whole strategy is largely political, however, and political circumstances don't oblige the Soviets to decide what specific proposals they are or are not serious about. They seek, by playing the game of radical arms control, to encourage political forces which kill SDI, deflect the Reagan administration from anti-Soviet policies, discredit NATO strategies and, in the longer run, encourage a strategic environment in which nuclear weapons are less influential and modernized conventional forces more influential (the Ogarkov line). Akhromeyev's presence at Reykjavik was designed in part to reassure the Soviet military that, when and if the Soviets are obliged to get serious about specifics, such decisions will be made with sound military advice.

The main problem with this political strategy at the moment is that the radical arms control agenda of Reykjavik, while "trumping" the Reagan Administration in some sense, has alarmed European governments and some American elites to whom Moscow wishes to appeal. That the Soviets are playing a very political and manipulative strategy does not mean that they always play it successfully. But they are learning.

B. Warning

The Soviets probably have not yet fully factored in the impact on Soviet-US relations of the current domestic crisis over Iran and the Contras, but they do know that their window of opportunity for an arms control agreement with the present US administration is fast closing. Soviet objectives have not changed. They want an arms control agreement that constrains the development of SDI and makes

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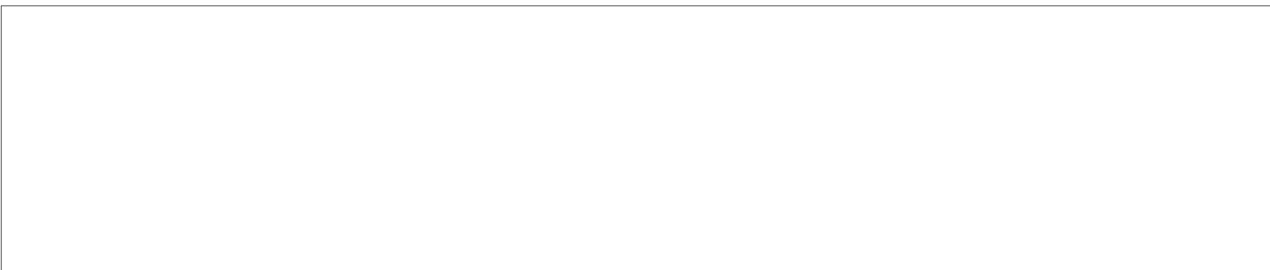
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their long term defense planning process more reliable and secure, but they do not need one before the end of the present administration and consequently do not have to make very far reaching concessions.

They do, however, need to make some adjustments to make their radical arms control agenda more appealing to European and other constituencies, and therefore a more effective source of pressure on Washington. Therefore we should look out for a) hints of Soviet "flexibility" on constraining SDI, b) hints toward "delinking" INF once again, c) major efforts to open dialogues with NATO and NATO governments, d) hints that the radical aims of Reykjavik can be put off for more modest interim steps if the Europeans successfully pressure Washington to satisfy Moscow on SDI.



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2. Gorbachev's Domestic Position

A. Discussion:

State led off by arguing that Gorbachev is pretty strong and has considerable latitude insofar as foreign policy is concerned. His real problems are domestic: how to reinvigorate and remotivate a fat and lazy party apparat, especially outside Moscow. State thinks there is a consensus at the top that this must be done; the problem for Gorbachev is how to do it and still hang on to power. State believes that despite the differing nuances in some of Ligachev's speeches, he and Gorbachev agree on the need for fundamental change in the way the party does business. State believes that Ligachev probably would be more sensitive to the feelings of party officials and more inclined to temper some of Gorbachev's more radical impulses. State thinks even in the domestic arena Gorbachev has several more years before he runs into serious trouble.

CIA argued that a case can be made that Gorbachev's policy toward the US has gotten him in to domestic political trouble. CIA cited the failure of the Politburo to "fully" approve Gorbachev's behavior in Iceland as it had in Switzerland, a speech by Ligachev to the Academy of Sciences in which he implied there was no merit in continuing to deal with the US and called for an increase in defense spending, [REDACTED]

[REDACTED] that the military is unhappy over the results of Reykjavik, General Gachov's public statement that UK and French systems would have to be included in any second-phase reductions, and the initial misstatement by Karpov about the possibility of a separate accord on INF.

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NIO/USSR believes that 99.9% of any political trouble Gorbachev may be facing arises from domestic/party issues -- which could be quite severe -- not from policy toward the US. The very radicalism of the Reykjavik performance -- with constant allusions to the Soviet leadership and Akhromeyev's presence -- indicates that Gorbachev has the license to play this "fast-loose" game. Ligachev has spoken quite strongly for both Gorbachev's domestic and foreign policies.

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[REDACTED] If some of the arms control issues come to real closure along the radical lines of Reykjavik, this could change. Moreover, if Gorbachev's domestic policies generate a factional challenge, the challengers will no doubt try to get him for ill-considered or unsuccessful policies toward the US.

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B. Warning:

A real test of Gorbachev's political strength will be whether he succeeds in holding the party plenum on cadre renewal. This plenum is to establish new criteria for party membership and tenure and could be highly controversial. Although it was announced last spring, and mentioned by Gorbachev and Ligachev since then, we have not yet seen the kind of discussion such a subject should be generating in party publications were it as imminent as some reporting indicates. This may mean that the planning is hung up in political controversy on issues that are truly central to the party. Another test will be how quickly he manages to remove the Brezhnev holdovers in the Politburo and identified footdraggers from the regional party apparatus. Gorbachev has not really reshaped the military high command to his purposes. State thinks he is grooming Party Secretary Zaykov to replace Defense Minister Sokolov. DIA believes that because he lacks ties to the military he probably will give the nod to a military professional like General Lushev. Finally, developments on the cultural front show a lot of tugging and hauling -- which may be to Gorbachev's benefit at the moment; but they do not show the stamp of his control yet.

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"/ Fritz W. Ermarth

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