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STAFF MEMORANDUM NO. 395

SUBJECT: Princeton Consultants' Discussion on 30 September
and 1 October 1953 of NIE-90, NIE-95, and
NIE-99 (in draft).

Chairman of Consultants' meeting
Abbot Smith

Consultants to Board of National Estimates

- George F. Kennan
- Philip Mosely
- Richard Bissell
- Gordon Gray
- Hamilton Fish Armstrong
- Norman Armour
- Charles B. Fahs
- Col. G. A. Lincoln
- Calvin Hoover
- T. Cuyler Young
- Lewis V. Thomas

Board of National Estimates

- Sherman Kent
- Joseph Strayer

Office of Intelligence Research, Department of State

- Boris Klosson

Office of Current Intelligence, Central Intelligence Agency

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Staff Members, Board of National Estimates

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William O. Webb

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Charles Cremeans

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PRINCETON CONSULTANTS' DISCUSSION ON 30 SEPTEMBER AND
1 OCTOBER 1953 OF:

- NIE-90: SOVIET BLOC CAPABILITIES THROUGH MID-1955
NIE-95: PROBABLE SOVIET BLOC COURSES OF ACTION
THROUGH MID-1955
NIE-99: THE WORLD SITUATION THROUGH 1955 (in draft)

Discussion of NIE's 90, 95 and 99 at Princeton on 30 September and 1 October revealed general agreement among the consultants on the fundamental ideas in the three papers. Talk ranged over the whole area of Soviet policy since the death of Stalin and its probable future consequences. There was no consistent alignment of the consultants and majority and minority groupings did not appear. The report that follows does not give an account of the course of the discussion as it actually took place, but attempts to present the main positions taken on the principal topics discussed.

I. SOVIET DOMESTIC POLICIES AND THEIR CONSEQUENCES

1. Reasons for the development of new courses of domestic policy in the Soviet Union.

The consultants agreed that the new Soviet agricultural policy and the new emphasis upon consumer goods reflects the change in Soviet leadership after Stalin's death. They agreed that low agricultural production and low living standards probably required correction, but did not feel that the regime was acting in desperation. The consensus was that the regime has decided that conditions are favorable for measures to correct deficiencies and raise popular morale.

Mosely expressed the opinion that the regime in Soviet Russia feels the need to consolidate its influence with the people in order to facilitate its control over them and that this need is not a reflection of weakness. The regime does not depend upon popular support, but it needs to stimulate the will to work. Stalin's authoritarian methods worked, but at great cost. The system does not actually require a Stalin.

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Kennan suggested that the death of Stalin probably had a good deal to do with the appearance of new domestic policies in the Soviet orbit. Stalin demanded a certain apportionment of priorities, which the new regime has changed. He collectivized agriculture in order to establish control over the peasantry, even at the cost of reduced agricultural production. The new rulers of Russia have apparently decided to answer the basic questions about Soviet agriculture in a different way, and eventually this decision will have an important effect upon the regime. At a later point in the discussion Kennan said that the Soviets were extremely sensitive to the population problem and suggested that this concern about the ratio of population to food supply might be a factor in the new course in agricultural policy.

Fahs proposed the hypothesis that the shift in Soviet agricultural policy might not be so much an indication of weakness in the agricultural sector as of the fact that heavy capital investment in industry in the post-war years has now begun to pay off, so that the regime is now able to divert resources to agricultural development. He suggested that the diversion of resources required for the implementation of the new policy might not be very great.

Hoover expressed unwillingness to accept Fahs' hypothesis. He said that apparently the production of food and consumer goods was so deficient that the situation had to be remedied. The new Soviet agricultural policy is the result of the fact that the regime is worried about the peasantry.

2. Operation and probable outcome of new policies.

Mosely was considerably more optimistic about the ability of the Soviet Union to raise agricultural productivity and increase the production of consumer goods than Kennan or Hoover. Mosely said that there is probably a slack in Soviet consumer goods industries of about 20% that could be taken up at relatively low cost and with little capital expenditure through allocations of additional raw materials, labor, spare parts for machinery, etc. It is possible that in absolute figures heavy industrial activity will continue at its present level without increasing, leaving a surplus of resources for consumer goods industries. The government's control over the peasantry will probably not be adversely affected by the new agricultural policy because emphasis will be placed upon the development of the collective sector of agriculture.

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Kennan placed great emphasis upon the difficulties which the regime is likely to face in its endeavor to carry out its new domestic policies. The government will face a real psychological problem in persuading the peasantry to put their hopes and confidence in the collective sector of agriculture. It is the good fortune of the West that the Soviets are committed to collective agriculture. The promise of increased quantities of consumer goods will not persuade the peasants to work harder in the collective sector until the goods actually reach the shops in which the peasants trade. The new agricultural program will pay off very slowly.

Hoover pointed out that increases in the production of consumer goods are not easily obtained in the Soviet Union. They have been promised before, but the government hasn't been able to come through. It is also apparent that the authorities are afraid that the new agricultural policy may endanger their control of the peasantry. An important indication is that they are planning to send 100,000 agrarian experts out into the country.

Lincoln expressed some doubt as to the ability of the Soviet Union to develop its agricultural production fast enough to keep pace with the growth of population, soil depletion and lack of skill in mechanized agriculture being important factors.

3. Effect of new domestic policies upon the Soviet economy.

It was generally agreed that the new domestic policies would not produce a diversion of resources of such magnitude as to have a serious effect upon other sectors of the economy. It was thought that the rate of industrial expansion might be reduced, but that industrial expansion would continue at a high level.

Kennan said that the government will have to pay in goods and labor for its new policy. The Soviet economy, however, can supply these additional resources, though their diversion will mean that heavy industry will not develop as rapidly as it otherwise would have. Physically, there will not be a great diversion of resources. Kennan agreed with Strayer that the diversion would be, primarily, a diversion of attention.

- 4 -

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Hoover argued that it is possible that the USSR may achieve greater overall production by paying increased attention to consumer goods because in the past they have tried to divert more resources than was economically feasible into industry and the armed forces. Improved living conditions may restore balance to the economy and raise productivity. What goes into agriculture and consumer goods production must come from somewhere, but if the absolute increase in economic production is great enough there may be no absolute diminution of resources in any part of the economy.

Bissell, in response to a question as to what the new Soviet policies on agriculture and consumer goods do to the old estimate of an increasing Soviet GNP, said: The evidence is that the Soviet regime has made public recognition of, and has announced its intention of coping with, certain previously unrecognized economic problems. These measures are taken to correct deficiencies as well as to stimulate production. A case could be made that in the long range these new policies will make as great a contribution to the GNP as the policies upon which development of the GNP has previously been calculated.

4. Effect of new Soviet domestic policies upon military strength.

The consultants were of the opinion that Soviet military strength would not be affected by new domestic policies.

Bissell expressed the belief that such diversion of resources as is likely to occur as the result of new domestic policies is very unlikely to reduce Soviet military strength. The Soviets may currently be in a phase of their military development in which there is less need for massive additions of resources than before. There will also be some gain to military strength from the end of hostilities in Korea. Stockpiles and supplies have probably been developed to adequate levels. The Soviets will have to meet the cost of replacing obsolete equipment, but this is less costly than the initial build-up. They have an advantage over the West in having completed their build-up of conventional weapons.

Lincoln expressed the opinion that the Russians are well supplied with conventional weapons and that their present bottleneck is not weapons but logistics -- e.g., railroads through Poland. The problem of figuring the rate of obsolescence

- 5 -

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is difficult, but the Russian problem is similar to that of the West, except that they don't have to add to their capital stock of weapons. Nuclear weapons aside, technological developments do not currently require a "quantum jump", or rapid replacement of weapons and weapon systems. In response to a question from Kent, Lincoln agreed that the Soviets may be faced with something like a "quantum jump" in the field of airborne interception, but argued that this did not change the essentials of the picture as previously drawn.

- 6 -

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II. SOVIET FOREIGN POLICY AND ITS CONSEQUENCES

1. The character of Soviet foreign policy.

Discussion of the attitudes and ideas which influence the formation of Soviet foreign policy produced general agreement that the Soviet leaders are guided not so much by doctrine as by their estimate of emerging opportunities to increase their power and security. It was also agreed that the Soviet leaders conduct in the past has been opportunistic rather than consciously and purposefully aggressive in character.

Kennan said that he believes that the principle objective of the Soviet leaders is security for their regime, not offensive achievements. The Soviet leaders are "scared men" with lots of internal problems. Their interest in discrediting and destroying the West German Republic is not the consequence of a desire to conquer more territory, but stems from the fact that West Germany is, in its present condition, a threat to their position. The Soviet leaders probably have never attempted to define their future courses of action in general terms, but confine themselves to tours d'horizon, to meeting threats and opportunities as they arise. They probably would not accept the general proposition that "permanent hostility exists" between the Communists and the Free World (NIE-95, Conclusion 1). Because of the opportunistic character of the Soviet approach to policy they pay a great deal of attention to the world situation. The answers given to all the deepest policy questions in the Soviet Union are influenced by an interpretation of the outside world. The term "ideological dynamism", as used in Conclusion 1 of NIE-95, is misleading in that it implies that the Soviets are more bound by their doctrines than they actually are.

Mosely suggested that the term "power fanaticism" describes the motivation and conduct of the Soviet leaders more accurately than "ideological dynamism". Though their doctrines have changed, their belief that their power must grow remains intact. Mosely supported Kennan's position that it is wrong to label the Soviet leaders as aggressive-minded. We must not overestimate the amount of risk that they thought they were taking during the past few years. They never went beyond the point at which they believed they would be running grave risk of general war.

- 7 -

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Hoover objected to the term "ideological dynamism" on the grounds that it implies that the Soviets are still primarily occupied with world revolution. They probably do not now place too much emphasis upon long-term developments. The Soviet leaders are now primarily motivated by the considerations of power politics. They are not fanatical revolutionaries, but "power fanatics", and you don't have to find an explanation for this in Marxian ideology.

2. The current change in Soviet foreign policy.

The consultants agreed that the Soviet leaders are likely to pursue a softer policy than in the recent past because they see fewer opportunities for safe and successful aggrandizement. There was no clear and explicit agreement on the importance of Western rearmament in bringing about this change, though the proposition was implicit in most of the discussion.

Kennan pointed out that Stalin had, up to the outbreak of the Korean war, brought himself to believe that he could push the Free World around with impunity. There was resistance to this policy before Stalin's death, and the new leaders of the Soviet Union have adopted a new line which may make it possible for the West to negotiate with them. The new approach of the Soviet leaders cannot, however, be described as likely to lead to the "cessation of a period of aggressive Soviet expansion" because Soviet expansion after the Second World War was the result of the seizure of opportunities as they presented themselves rather than of a policy of planned aggression. The threat of war cannot be said to have diminished, because the Soviets have not threatened war. Communist aggression in Korea was not a challenge to the West made by the Soviets in full knowledge of the risk of general war, as some people in the West thought. It was only a "phase in the Soviet's progress along the path of life." The current change in Soviet policy is a tactical change aimed at bringing a relaxation of international tensions.

Mosely expressed the opinion that the Soviets believe that the fluidity of the post-war situation has temporarily changed, thus reducing the number of opportunities for aggrandizement. Over the long run, however, the Soviets expect that the capitalist world will not succeed in achieving stability, as it did after the First World War, and that a new period of conflict within the capitalist world is in prospect. The Soviets think that the most dynamic cause of

- 8 -

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crisis in the future will be anti-imperialist feeling. The present change in Soviet policy is tactical and will last only so long as opportunities for aggressive action are limited.

Strayer took the position that the change in Soviet foreign policy which has taken place since Stalin's death is due in large part to the accretion of Western strength since the outbreak of the Korean war. The change in Soviet policy is due to the fact that we have "plugged the hole in the dike." Korea must not be discussed as though it were a "regrettable incident", but treated as a symbol of the first importance.

Hoover did not believe that the growth of the power of the West is the primary cause of the new course of Soviet thinking, because the Soviets know that the West is now moving into a period of decreased unity. Nevertheless, the build-up of Western strength is such that it must have some influence upon Soviet policy.

3. Operation of the new Soviet tactic in foreign policy.

Several of the consultants emphasized the fact that the success of the new Soviet foreign policy would depend in large part upon the response of the Free World and that it would operate to break Western unity and increase opportunities for political warfare only as the nations of the Free World disagreed on the question of how to meet the new Soviet tactic.

Bissell agreed with the proposition put forward by Smith that a change has taken place in the foreign policy of the Soviet Bloc similar to the change in domestic policy and that the conduct of foreign relations by the Soviet Bloc will be marked less by toughness and conspiratorial tactics than in the past and that it will lead to a relaxation of international tensions. This change will not, however, mean a decrease in the danger to the Free World from the machinations of the Soviet leaders. The Soviet leaders will probably try to make a more skillful use of political warfare methods than they have in the past. They will have more recourse to "internal subversion" and refrain from the use of "identifiable Bloc forces". Actually, the Soviets will probably not swear off the use of the methods which have characterized their policy in the past where the proper opportunities for the exploitation of those methods exist. Such opportunities are likely to present themselves in greatest numbers in Asia.

- 9 -

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Kennan predicted that the Soviets will be smarter about taking advantage of the weaknesses in the Western alliance than they were before Stalin's death. This new Soviet tactic will make it necessary that the West learn to "roll with the punch."

Mosely stated that the Western policy of containment will be rendered obsolete by the new Soviet tactic and that the US will have to develop a policy for co-existence, or run the risk of losing its allies.

Lincoln placed great emphasis upon the importance of the Western response to the new Soviet tactic in foreign relations. He said, "A great deal turns on our estimate of their estimate of our willingness to resort to the use of force." He also said that the Kremlin would find greater opportunities in Asia during the coming period than elsewhere and that its policies toward Asia might be different from its policies toward the West.

III. SPECIFIC COMMENTS AND RECOMMENDATIONS ON NIE's 90, 95 and 99

1. NIE-90: Soviet Bloc Capabilities Through Mid-1955

Fahn said that the statistical statements in NIE-90, particularly on Soviet GNP, were not clear enough to give the reader confidence in the paper. He went on to make a recommendation, which was approved by other consultants, to the effect that future papers should contain brief statements on the reliability and significance of statistical estimates. There followed a discussion of the usefulness of the GNP concept. Strayer suggested that reliance be placed on comparisons of the rate of increase of the production of certain commodities in the USSR and the US, and Hoover expressed approval. Bissell argued in favor of inclusion of estimates of Soviet GNP, in spite of recognized difficulties, in National Intelligence Estimates.

Kennan expressed his objection to the concept of "Bloc Political Warfare Capabilities", saying that he felt that this is a meaningless term which gives the impression that the Soviet leaders have not exhausted their bag of tricks, or that they have it in their power to push a series of buttons which would set off explosions in the Free World. He suggested that it is more meaningful to talk in terms

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of political situations and of the ways in which the Soviets can take advantage of them. Discussion of the purposes which the "political warfare capabilities" concept was intended to serve in NIE-90 did not lead to agreement on an alternative. Bissell suggested that some mention of electromagnetic warfare should have been made in NIE-90.

2. NIE-95: Probable Soviet Bloc Courses of Action through Mid-1955.

Kennan criticized the estimate that the Soviet Bloc would make no "major concessions", arguing that we cannot estimate Soviet terms on Germany, for example, without assumption of our own policy. Concessions by the Soviet Bloc will depend upon Western counter-concessions. We won't get anywhere by demanding "unconditional surrender" and a "propaganda duel" won't bring Soviet concessions. Bissell agreed and said he thought that the fact that major concessions from the Soviets will depend upon major concessions from the West should be put into the paper in vigorous terms. Hoover suggested making the estimate in terms of possible specific balanced concessions by the Soviets and the Free World.

Bissell suggested that it might be helpful to the policy maker if we would estimate probable Soviet courses of action and then give the conditions in which we think the Soviets might abandon those courses. He believed that this would be preferable to the present practice of estimating courses of action and then qualifying the estimate by saying that the Soviet would abandon them "when deemed advantageous."

3. NIE-99: The World Situation Through 1955.

Mosely criticized NIE-99 on the grounds that it contained too much "unilinear prediction", paying too little attention to alternatives.

Bissell questioned the use of the same tone in the treatment of the probable situation in Europe and Asia. The outlook in the two areas is very different, he said. There is not much prospect of a change of Soviet policy and action in the East, and this is inconsistent with the general proposition that there will probably be an "absence of local aggression" throughout the world in the period of the estimate.

- 11 -

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CONFIDENTIAL

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Gray expressed the belief that there is insufficient distinction in NIE-99 between military and political opportunities that are likely to confront the Soviet leaders in the period of the estimate.

Hoover questioned the proposition that the stalemate in Indo-China will be broken, arguing that the Chinese can keep the situation as it is for some time and will find it advantageous to do so.

Bissell said that he thought the section on probable developments in the Free World was particularly good.

4. General comments.

Thomas said that he felt that insufficient emphasis had been placed on the importance of anti-American feeling in these sections of the estimates under consideration that deal with the Middle East. He felt that the general situation was gloomier than implied by the papers. He emphasized the essential instability of the regimes in Iran, Egypt, and Syria, and said it was unwise to place too much confidence in their ability to change the outlook for the West in the area.

Kennan expressed the opinion that the Asiatic sections of all three papers under consideration are excellent.