Introduction and Overview of the Conference Papers

"CIA's Analysis of the Soviet Union, 1947-1991" was the subject of a conference at Princeton University on 9 and 10 March 2001, sponsored by Princeton's Center of International Studies and the Center for the Study of Intelligence at the Central Intelligence Agency (CIA). The conference drew experts including former and current analysts from CIA, members of the academic community, former members of the US policymaking community, and representatives of the media. The goal of the conference was to assess how well CIA—specifically its major analytic component, the Directorate of Intelligence (DI)—in concert with other agencies in the US Intelligence Community helped policymakers in Washington understand and gauge the readiness and the plans of Soviet military forces, the state of the Soviet economy, the capabilities of Soviet military technology, and the policies and internal workings of the Kremlin throughout the Cold War.

The conference was divided into seven sessions or panels (see appendix A). The first five focused on the organizational evolution of the DI and on CIA's analysis of Soviet economic, political, military, and scientific and technological developments during the Cold War. The sixth session assessed the extent to which Western analyses of the Soviet Union may have influenced the USSR's policymaking process. A seventh panel featured a roundtable discussion of how influential CIA's analysis had been on the foreign policymaking process in Washington.

The papers featured in this volume were presented at the first six panel sessions of the Princeton conference. A panel of experts provided comments on the papers and presented their own views on the subjects being reviewed. All of the panels were followed by open discussion among the authors of the papers, panel members, and the audience.

An examination of CIA's analytic record and performance from the early Cold War years through the collapse of the Soviet Union was made possible by the declassification and release for the conference of almost 900 documents produced by the DI (see appendix B). In addition, the authors of the papers and the scholars at the conference were able to draw upon a sizable collection—close to 2,700 documents—of previously declassified and released analytic documents on the USSR published by CIA between 1947 and 1991.

All of the declassified documents are available at the National Archives and Records Administration; those released specifically for the conference also are available on the CIA Electronic Document Release Center (or FOIA) Website at http://www.foia.ucia.gov. Absent from this collection of documents is the diet of CIA's daily current intelligence reporting and analysis tailored for the President and his closest circle of most senior policy advisers in the form of the *Daily Intelligence Summary*, later the *President's Intelligence Checklist,* and more recently the *President's Daily Brief* and the *National Intelligence Daily.* The contents of these all-source daily reports, while presumably influential, still are deemed too sensitive for declassification.

The six papers prepared for the conference are summarized below. In some instances, editorial comments are provided in an effort to put some of the issues in context or to raise issues for possible future research and discussion. The papers can be found in their entirety in Chapters I though VI. Speeches and concluding remarks follow in Chapters VII and VIII.

Origins of CIA's Analysis of the Soviet Union

Donald Steury's paper focuses on the evolution of an independent, analytical capability at the Central Intelligence Agency during the early years of the Cold War and the Agency's existence. Steury traces the development of the Central Intelligence Agency from the creation of the Central Intelligence Group (CIG) in 1946 through the tenure of Lt. Gen. Walter Bedell Smith as Director of Central Intelligence (DCI) in 1950-51. It was during this period that the nucleus of the Agency's future analytic organization—the DI and a Board of National Estimates (BNE)—was formed.

According to Steury, some US officials opposed the creation of a civilian intelligence agency, fearing it might become an American Gestapo. President Harry Truman, however, concerned with preventing another Pearl Harbor, created the Central Intelligence Group as a "sort of holding company whose main function would be the coordination of departmental intelligence." The first DCI, Rear Adm. Sidney W. Souers, was given a staff of only 29 people (17 of them on loan from other departments) and was dependent on the Department of State and the War and Navy Departments for both staff and funding.

Meanwhile, the military services, the Department of State, and the FBI jealously controlled their information and their role as intelligence policy advisors to the President. According to Steury, the military resented having to provide military data to a civilian agency and felt "civilians could not understand, let alone analyze, military intelligence data." Similarly, the Department of State immediately challenged the CIG on the issue of access to the President. When Truman asked for a daily intelligence summary from the CIG, Secretary of State James Byrnes insisted that State provide the President with a daily report as well. As a result, Truman received daily summaries from both the CIG and State. Thus,

the War Department and the Department of State remained the focal point for providing analysis on the Soviet Union during this period. The CIG, with the creation of an Office of Reports and Estimates, concentrated on producing the Daily Intelligence Summary for the President.

The passage of the National Security Act and the creation of the CIA in 1947 did not greatly alter the situation. According to Steury, the "new kid on the block" found itself trying to carve out an analytical role in a pre-existing and bureaucratically entrenched national security establishment.

Steury claims that neither the CIG nor the early CIA was capable of meeting America's early postwar intelligence requirements on the Soviet Union. The War Department was producing detailed, high-quality, analyses on Soviet military capabilities and making long-term projections about Moscow's intentions. Only after Gen. Lucius D. Clay, the American Military Governor in Germany, sent his famous "war warning" cable to Washington on 5 March 1948 did CIA get more actively involved in analytical assessments. Steury argues that the true motive of the Army leadership in seizing on Clay's cable was to justify increases in the US defense budget. Regarding the war warning crisis, CIA analysts took the position that the Soviet Union was unlikely to deliberately initiate war in the foreseeable future, despite its strong military position in Europe.

From this point on, the mission of CIA's analysts quickly grew, according to Steury. In addition to producing daily current intelligence and long-term estimates, they were asked to do wide-ranging research on topics such as economics, transportation, and geography. Also, in his view, bureaucratic opportunism played a role. While the Department of State and the military services remained adamant that political and military analysis should not be tasked to CIA, they left scientific and, increasingly, economic analysis to the Agency.

Following the recommendation of the Dulles-Jackson-Correa report, DCI Walter Bedell Smith created the BNE in 1950-51 and added the DI in January 1952. The Board was supported by an Office of National Estimates (ONE) and gradually became a major research organization in its own right. At the same time, CIA reached a landmark agreement with the Department of State that gave the Agency responsibility for economic research and analysis on the Soviet Union and its East European satellites. (The State Department retained primacy in political analysis.) The DI subsequently developed models of the Soviet economy that, with modifications over the ensuing decades, provided US policymakers invaluable insights into the USSR's massive but cumbersome economy. Gradually, the CIA assumed a broad mandate for analysis, especially with regard to the Soviet Union.

Assessing Soviet Economic Performance

CIA's Directorate of Intelligence allocated a large share of its analytic resources from 1947 to 1991 to the Soviet Union in general and to the Soviet economy in particular. Two watershed events in this effort were the recruitment of Max Millikan, an economist from the Massachusetts Institute of Technology, to head the Office of Research and Reports (ORR)[1]—which focused on basic intelligence reporting including, most prominently, economic intelligence—and the agreement with the Department of State mentioned earlier, which enabled ORR to assume responsibility for economic research and analysis on the Soviet Union and Eastern Europe.

James Noren, a leading expert in the DI's effort to analyze the Soviet economy during much of the Cold War, provides a first-hand account of the work the DI produced during this period. His paper chronicles an array of intelligence assessments of the Soviet economy and a record of significant achievements by CIA and the US Intelligence Community. It lays out how the DI attained the five goals set by Millikan for the Agency's economic analysis of the Soviet Union during the Cold War:

- To help estimate the magnitude of present and future military threats by assessing the resources available to a potential enemy—now and in the future.

- To estimate the character and location of possible military threats—how potential enemies have invested their resources.

- To assist in divining the intentions of potential enemies in the conviction that how they act in the economic sphere is likely to reveal real intentions.

- To help policymakers decide what can be done to reduce possible or probable military threats by impairing the enemy's capabilities.

- To assist in establishing and projecting relative strengths of East and West.

Noren contends that all of Millikan's goals for CIA's economic intelligence were fulfilled:

> Over the years, CIA learned a great deal about the Soviet economy, and shared its findings not only with policymakers but also academia and the general public... The Agency's economic analysis contributed to a better understanding of the threat posed by the Soviets in both economic and

[1] Max Millikan's tenure at CIA was quite short—about a year. Nonetheless, in this short period he initiated an extensive recruitment program, hiring economists who formed the core group of CIA's economic analysts for the next decade, and set a course that the Agency's Soviet economic analysts followed for the next forty years.

> military spheres, and restrained a general tendency to exaggerate that threat. Noel Firth and I opined in our book that, in the absence of the defense-spending estimates, "The prevailing view of Soviet military programs would have been more alarmist and US defense spending during the Cold War would have been much higher."

In his paper, Noren describes how CIA's economics division, which was small and largely unrecognized in the early 1950s, grew in the 1960s, 1970s, and 1980s to become arguably the preeminent organization in the West engaged in analysis of the Soviet economy. Along the way, according to Noren, the DI undertook some precedent-setting work. For example, the Agency's economic analysts constructed a set of national income accounts for the USSR that built on the pioneering work of Professor Abram Bergson and his colleagues at Columbia, Harvard, and the RAND Corporation. Also, at a time when production-function analysis was in its infancy in the United States, CIA developed measures of combined-factor productivity—the efficiency with which labor, capital, and land were used—for the Soviet Union. These constructs became the backbone of the Agency's analysis of Soviet economic trends. They provided a way for the DI to gauge the rate of growth of the Soviet economy and to answer structural questions about it—such as how fast the USSR's capital stock was growing, whether or not living standards were improving, and how much of a burden defense spending was placing on the economy. They also provided a basis for international comparisons of the size and structure of the Soviet economy.

At the same time, according to Noren, the DI provided US policymakers with timely and useful analysis on a wide range of economic issues. CIA's analysis assessed the strengths, weaknesses, and prospects of the individual industrial, agricultural, transportation, communications, and energy sectors in the USSR in detail and on a continuing basis. The Agency followed Soviet agriculture, for instance, with state-of-the-art methods of predicting grain yields. According to Noren, coverage of Soviet agriculture, particularly the models of grain production, provided critical information that enabled US policymakers to successfully gauge large changes in Soviet grain production and therefore possible Soviet purchases in world markets. Noren pointed out that the Department of Defense was an eager customer of CIA's estimates, expressed in US dollars, of the cost of Soviet military programs. He noted that in 1977 Secretary of Defense Harold Brown had characterized the dollar estimates as "providing the best, single aggregated measure of US and Soviet defense efforts." Finally, Noren noted that the Agency took the lead in assessing the role of technology transfer in the USSR's economic and military development. According to Noren, the DI's analysts found that the technology gap—in the West's favor—was large and widening over the course of the Cold War, that the Soviet system of planning and management retarded the assimilation and diffusion of new technology, and that the volume of Soviet imports was too small relative to total investment to have a substantial effect overall.

Meanwhile, the Agency regularly provided assessments of the state of the Soviet economy to US policymakers. Noren points to a succession of analytic papers going as far back as the early 1960s that described a slow and steady decline in the rate of economic growth, a lack of improvement in the quality of life in Soviet society, and finally growing indications of political destabilization that ultimately resulted in the breakup of the Soviet Union.

- The Agency's measures of Gross National Product (GNP) indicated that Soviet economic growth was slowing over time. Indeed, as early as 1963, CIA reported that Soviet GNP had grown only by a modest 2.5 percent, largely debunking Nikita Khrushchev's boast that the USSR would overtake the United States. By 1982, CIA was forecasting that Soviet GNP growth would average only 1.4 percent in the 1980s, projections that tracked well with actual 1980s growth.

- The Agency's productivity analysis painted a pessimistic picture of the future of the Soviet economy. In 1961-63, for instance, CIA reported that the rate of growth of factor productivity had fallen to 2 percent per year compared with almost 5 percent per year in 1954-60. A 1970 paper concluded that returns on new capital were "strongly diminishing" and that a higher rate of capital formation would "not insure even a continuation of present rates of economic growth."

- CIA's analysis of Soviet industry uncovered major vulnerabilities that were slowing the growth of industrial output—shortages of raw materials, slower growth in energy supplies, and rail bottlenecks—as well as the continuing priority given to the military, increasing planning snafus, and foreign trade rigidities.

- CIA's analysis of the worth of a succession of economic "reforms" in the USSR was consistently skeptical. The DI's analysis found most reform programs—the 1965 Kosygin reform program, for instance, and the reform proposals that surfaced in 1957, 1965, and 1979, as well those put forward by Gorbachev—to be too "timid" and predicted they would yield only small positive results.

Finally, Noren also cites an impressive number of analytic papers done by the DI that were skeptical of Gorbachev's policies of *glasnost* and *perestroyka.* These papers describe "financial imbalances and inflation," an economy "out of control," ill-conceived policies, partial economic reforms, misdirected investment resources, and a failure to improve living standards. Overall, the analysis done by the DI during the Gorbachev years, Noren asserts, painted a consistently pessimistic picture of an economy that was going steadily downhill. According to Noren, "The Agency tracked and projected an economy drifting toward stagnation, posing extremely difficult choices for Soviet leaders."

At the same time, Noren's paper reveals that some of the Agency's assessments were considerably off the mark. He indicates, for instance, that while CIA's analysis was correct on the fundamental problems that eventually brought about a fall in oil production in the USSR, the Agency's 1977 estimate of oil reserves in the USSR was too low, and its analysts did not take sufficient account of Moscow's willingness to shift men and equipment—in massive numbers—to the development of the Siberian oil fields in the middle of a five-year plan. The Agency's abrupt reassessment in 1976 of its ruble defense-spending numbers led to a lack of confidence in the Agency's work among some members of the Administration and Congress. Noren also points out that CIA's analysis of Soviet military power and intentions missed the mark in the late 1970s. A review of CIA's estimates of Soviet defense spending in 1982 found that while outlays for military procurement had leveled-off in the USSR since 1975 and the growth in total defense spending had slowed in real terms, the Agency's assessments continued to maintain that defense spending was rising at the historic rates of 4 to 5 percent per year.

The accuracy of CIA's analysis of the Soviet economy has been questioned, and has become the subject of substantial debate since the collapse of the Soviet Union. Noren's analysis buttresses the assessments of a number of other analysts who maintain that the Agency did as well as could be expected in anticipating the collapse of the Soviet economy in the early 1990s.[2] Other analysts, meanwhile, continue to disagree. They charge very broadly that CIA failed in one of its main missions—to accurately assess the political, economic, and military state of the Soviet Union.[3]

Analyzing Soviet Politics and Foreign Policy

Douglas F. Garthoff, a former analyst and senior official at CIA, provided an account of the Agency's analysis of Soviet politics and foreign policy and also described the organizational changes that affected the production of political analysis within CIA during the Cold War. He recounted CIA's reading of political events in the USSR beginning with the initial reporting to the President by CIA's predecessor organization—the CIG—in mid-February 1946, through the Stalin and Khrushchev periods, the Brezhnev and post-Brezhnev eras, and finally the controversial Gorbachev period.

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[2] See Douglas J. MacEachin, *CIA Assessments of the Soviet Union: The Record Versus the Charges* (Washington, DC: Center for the Study of Intelligence, Central Intelligence Agency, 1996), p. 7. Other analysts who have defended the Agency include Bruce Berkowitz and Jeffrey T. Richelson, "The CIA Vindicated: The Soviet Collapse Was Predicted," *The National Interest*, no. 41, (1995); and Kirsten Lundberg, "The CIA and the Fall of the Soviet Empire: The Politics of Getting It Right," Harvard Case Study C16-94-12510, Harvard University, 1994.

[3] Most prominent among the critics of the Agency are former Senator Daniel Patrick Moynihan, William Safire of the *New York Times*, and author Nicholas Eberstadt. See, for example, Daniel P. Moynihan, *Secrecy: The American Experience* (New Haven, CT: Yale University Press, 1998); George P. Schultz, *Turmoil and Triumph: My Years as Secretary of State* (New York, NY: Charles Scribner's Sons, 1993), 864-869; and Melvin Goodman, "The Politics of Getting it Wrong," *Harper's Magazine*, November 2000, pp. 74-80.

On the whole, Garthoff assigns the Agency and the Intelligence Community high grades for political analysis, describing the views of experts "who had immersed themselves in the subject rather deeply and who had no policy-driven axes to grind in forming their conclusions." At the same time, he is critical of the Agency's cautious or conservative approach in evaluating statements regarding Soviet foreign policy. According to Garthoff:

> There seems to have been a bias in favor of not making analytic mistakes in the direction of being too "optimistic" about Soviet policy choices, probably in the conviction that this was the most prudent and therefore most responsible way to shape analysis for senior US policymakers.

Garthoff asserts that two other biases were built into CIA's analysis of Soviet foreign policy: (1) that threats to US interests were more important to identify for US policymakers than opportunities for advancing US policy interests; and (2) that attention to the military dimension of the Soviet threat dwarfed all other aspects of the analysis of the USSR.[4] Garthoff acknowledges that the Agency's basic mission was, and still is, to warn of possible military threats to the United States. Nonetheless, he maintains, "CIA sometimes attempted to relate appreciations of Soviet military strength to Moscow's general foreign policy in ways that emphasized the military or assertive aspects of Soviet policy." He leaves open the question of how the Agency could have done a better job of integrating its analysis of the political, economic, and military dimensions of Soviet policymaking.

In his concluding section, Garthoff addresses the issue of whether or not CIA predicted the demise of the USSR. He gives the Agency relatively high grades for the quality of its effort:

> The papers currently available show that CIA's analysts interpreted Gorbachev's words and actions as serious efforts to bring about real change in the USSR, that the analysts kept pace with changes as they occurred and thought through their possible implications, and that they understood after a while that the impact of Gorbachev's changes might turn out to be beyond his expectations, understanding and control.

[4] The over-attention paid to the military dimension of the Soviet threat was addressed by two members of the panel, Dr. Fritz Ermarth and Dr. Peter Reddaway. This issue also is addressed in some depth in a recent book by Willard Matthais. His book surveys more than 50 years of national security policy and the role played by intelligence in its formulation. A major theme of the book is that diverse views developed during the Cold War on the importance of military power in the determination of foreign policy. Matthais points out, for example, that the military establishment saw military power as the prime determinant of the behavior of states. As a result of this narrow viewpoint, he believes that military and political leaders demonstrated "a grievous failure to understand the Soviet leaders and communist doctrine." On the other hand, in his view, the Office of National Estimates was more correct in that it kept Soviet policies "under continuing review" and "did not take refuge in any fixed theories about Soviet intentions." See Willard C. Matthias, *America's Strategic Blunders: Intelligence Analysis and National Security Policy, 1936-1991* (University Park, PA: The Pennsylvania State University Press, 2001).

> It may be said of CIA that it did not predict with exactitude that Gorbachev would fall or when he would fall, but it also must be acknowledged that CIA documented many indications of the troubles he encountered (and engendered) and the seriousness of their danger to his political health.

Garthoff cites a number of National Intelligence Estimates (NIEs) and intelligence assessments as examples of the tenor of the Agency's analysis during the Gorbachev period, including the following:

- An NIE published in November 1987 titled *Whither Gorbachev: Soviet Policy and Politics in the 1990s,* which concluded that Gorbachev's intent was to be bold and visionary and that he was "now convinced that he must make significant changes to the system, not just tinker at the margins." The estimate goes on to say that Soviet foreign policy was in for "profound" changes, with a de-emphasis on military intimidation as a policy instrument and a reduction in tension with the West so that growth in defense spending could be constrained.

- A December 1988 intelligence assessment titled *Gorbachev's September Housecleaning: An Early Evaluation*, which stated that "new thinking" on national security and foreign policy involving a "more pragmatic, non-ideological approach to foreign affairs" was now more likely.

- A March 1990 intelligence assessment that described reform in the USSR as at "a critical juncture," and warned that domestic problems threatened to overwhelm *perestroika,* that Gorbachev had to choose between moving more decisively toward democracy and economic reform or backtracking on both, and that near-term instability and conflict seemed likely to persist and possibly intensify.

Garthoff's ability to assess comprehensively the Agency's analysis of political events for more than four decades was, in his view, limited. He writes that his paper deals only "with high points of topmost level leadership politics and policies" and "the main lines of the basic East-West competition" with respect to Soviet foreign policy issues. One constraint he faced was the uneven availability of declassified CIA studies dealing with Soviet political and foreign policy issues, a problem that plagued all authors of the papers in this volume. But the problem was most severe in the political area, according to Garthoff, because previous declassification efforts involving CIA's analyses of the USSR resulted in the release of relatively larger and more representative samples of documents dealing with

military and economic affairs.[5] The fact that the conference covered the entire Cold War period from 1947 through 1991 also was a problem. Garthoff found that addressing all of the major events over that entire time period posed a daunting task.[6]

A careful reading of Garthoff's paper points out the need to understand the organizational structure of the Agency and how it changed over time if one is to fully comprehend CIA's role in providing political analysis to policymakers. Much of the Agency's early political analysis, for instance, was provided to policymakers in the form of current intelligence—daily, short-term assessments of events as they unfolded—although long-term research papers were done early on as well, such as, the so-called CAESAR and ESAU papers produced by the Senior Research Staff and its predecessor.[7] The formation of the Office of Soviet Analysis in 1981 was a significant organizational change in that it brought together military, political, and economic analysts in one office and provided the basis for a more multidisciplinary approach to Soviet issues.

On the other hand, the abolition of the ONE's board and staff in 1973 was a less positive development. ONE was replaced by a system of National Intelligence Officers responsible for drafting NIEs for geographic or specific subject areas. In the process, the collegial structure that had existed in ONE—in which the Board reviewed each National Estimate—was lost. The effect of structural change on the Agency's analysis is a subject that warrants further research and study.

Finally, Garthoff necessarily relies heavily on NIEs to chart the course of the political analyses done by CIA and the Intelligence Community during the Cold War. NIEs, the DCI's most authoritative written judgments on the Soviet Union, present the views of the entire Intelligence Community. The text of an NIE generally reflects the Agency's analytic position on the issues; when it does not, the Agency's position is stated in a dissent. On balance, the judgments reached in NIEs usually paralleled those reached by the DI in its own, ad hoc intelligence assessments.

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[5] As was noted in the "Introduction" to the conference publication, the body of DI documents on the Soviet Union published during the Cold War years, which had not yet been declassified, was far too large to have been reviewed for declassification and released for the conference. The Agency's goal, therefore, was to assemble a collection of documents large enough and sufficiently diverse that (1) most, if not all, of the major developments and analytic issues that occurred during the period were represented; and (2) the tenor and substance of the DI's analysis was adequately captured. Nonetheless, the process of declassifying and releasing documents was uneven and resulted in a collection of documents that was not perfectly representative of events as they occurred over time, despite considerable effort to make it so. See *CIA's Analysis of the Soviet Union 1947-1991*, edited by Gerald K. Haines and Robert E. Leggett (Washington, DC: US Government Printing Office, 2001), pp. 10-12.

[6] Historians and scholars will require the declassification and release of additional documents to sort out many of these issues. The Director of Central Intelligence has pledged to continue the release of these and other Cold War materials within the limits imposed by law not to jeopardize sources or methods, impinge on liaison relations with other countries, or interfere with the Agency's ability to carry out its mission. Included in the priority list for review are finished intelligence analyses on the former Soviet Union. See "DCI Statement on Declassification," dated 29 May 1998.

[7] Although current intelligence assessments were not included in the body of declassified materials made available to the conference authors, papers such as those in the CAESAR and ESAU series are discussed by Douglas Garthoff in Chapter III.

Analysis of Soviet Science and Technology

Clarence E. Smith asserts in his essay, "CIA's Analysis of Soviet Science and Technology," that a revolution in technical intelligence collection capabilities at CIA during the Cold War led to the development of new analytic techniques as well. These advances ultimately brought significant successes in discerning Soviet scientific and technical capabilities, especially with respect to advanced offensive and defensive weapons. Smith describes the difficulties CIA and the US Intelligence Community faced in collecting intelligence on hard targets in the denied areas of the Soviet Bloc. Traditional espionage, severely restricted at the time, was not producing the needed information. As a result, US policymakers feared another surprise attack that could be far more devastating than the one on Pearl Harbor. For example, on 23 April 1952, DCI Walter Bedell Smith told the National Security Council:

> In view of the efficiency of the Soviet security organization, it is not believed that the present United States intelligence system, or any instrumentality which the United States is presently capable of providing, including the available intelligence assets of other friendly states, can produce strategic intelligence on the Soviet Union with the degree of accuracy and timeliness which the National Security Council would like to have and which I would like to provide. Moreover, despite the utmost vigilance, despite watch committees, and all of the other mechanics for the prompt evaluation and transmission of intelligence, there is no real assurance that, in the event of sudden undeclared hostilities, certain advance warning can be provided.

Smith describes how civilian scientists, led by James Killian of MIT and Edwin M. Land as part of a Technological Capabilities Panel established by President Dwight D. Eisenhower, found that the Intelligence Community needed to "increase the number of hard facts upon which our intelligence estimates are based to provide better strategic warning, minimize surprise in the event of an attack, and reduce the danger of gross overestimation or gross underestimation." To counter the Soviet threat the panel recommended a vigorous program using the most advanced knowledge in science and technology.

This, according to Smith, led CIA and the Intelligence Community, in partnership with private corporations, to develop revolutionary collection programs designed to provide the needed intelligence data. CIA's Office of Scientific Intelligence (OSI), later to become the Directorate of Science and Technology, spearheaded the effort that included advances in collecting electronic intelligence (ELINT), the development of manned reconnaissance platforms, and the creation of space-based imaging satellites.

Smith notes that the flow of new data brought a revolution in analysis as Intelligence Community analysts worked to assimilate and make sense of it. At the outset of the Cold War, CIA had only a small analytic unit, the OSI, to analyze Soviet atomic capabilities. In May 1954, DCI Allen Dulles approved a dedicated ELINT program to intercept non-communication signals associated with the USSR's ability to deliver atomic bombs or weapons of mass destruction, as well as signals associated with its defensive systems. According to Smith, this unique program allowed CIA analysts to dissect, early on, Soviet missile and satellite telemetry data and to assess the performance of Soviet missile systems.

Smith's paper also discusses the use of the U-2 high-attitude reconnaissance aircraft developed by the Agency in cooperation with the Air Force and the Lockheed Corporation. The U-2, first flown over the Soviet Union on 4 July 1956, helped settle the "bomber gap" issue with overhead imagery of the Soviet Union. Later photo imagery was invaluable in also dispelling the "missile gap" issue and in determining the precise location of Soviet strategic delivery systems and Soviet defensive systems. Smith describes how the U-2 eventually became a dual-use reconnaissance platform, capable of collecting both imagery and ELINT. CIA's OXCART program, better known by its Air Force designator SR-71 (or Blackbird), followed the U-2 and brought technological breakthroughs in aerodynamic design, engine performance, and stealth techniques.

Smith also details the role of the Agency in the development of the first space reconnaissance program, CORONA, and rates the technical advances made in camera systems and orbital life as "simply phenomenal." By September 1964, CORONA had photographed all 25 of the existing Soviet intercontinental ballistic missile (ICBM) complexes. While stressing CIA's role, Smith credits the entire Intelligence Community for contributing to the technological breakthroughs. In his view the new collection systems enabled US policymakers to become increasingly confident in their ability to discern Soviet military capabilities and to provide warnings of possible Soviet attack. In turn, he believes these pioneering collection systems made possible the Strategic Arms Limitation Talks (SALT) and the signing of arms-control agreements with the Soviet Union because they provided the United States with the means to verify Soviet compliance.

Estimating Soviet Military Intentions and Capabilities

Raymond L. Garthoff's paper addresses how CIA responded to policymakers' questions about Soviet military power and intentions. Garthoff traces the gradual development of CIA's role in military analysis from the "bomber gap" and "missile gap" controversies in the 1950s and early 1960s to questions surrounding Soviet intentions concerning nuclear parity or superiority in the 1970s, to the Agency's estimates of

Moscow's growing military power in the 1980s and 1990s. He argues that CIA's analysis was not always right, nor always accepted, but that it played a predominant role in the US policymaking process because it was "more correct, more often."

Implicit in CIA's analysis of Soviet military power, according to Garthoff, was an assumption that we were dealing with a "given," an objective and established reality. There was little recognition, Garthoff argues, that the underlying reality might have been contingent and dynamic and, at least in part, reactive—that Soviet intentions and military programs might have been significantly affected by US policies and actions, and that US intelligence assessments and their consequences for US policy and military programs might have influenced the nature and extent of the very threat being analyzed. According to Garthoff, the main reason for this blind spot was the tendency of CIA analysts to see Soviet objectives, intentions, and capabilities as principally, if not exclusively, offensive in nature.

Like Donald Steury, Garthoff asserts that CIA analysis, especially of Soviet military affairs in the earliest years of the Cold War, was neither especially stellar nor influential, although this would soon change. At the outset, even though CIA had a voice, the most important judgments regarding Soviet intentions fell to others, especially the US military. When the CIA was established, according to Garthoff, there was a general understanding that the Army, Navy, and the newly created Air Force would exercise primary responsibility for military intelligence. Garthoff argues convincingly that during the 1950s the US military seriously miscalculated the threat posed by Soviet forces. He cites as examples of underestimation: the growth of Soviet military expenditure in the mid-1950s, the size of Soviet Army ground forces, the number of Soviet medium bombers, and the availability of uranium and U-235. The US military overestimated the growth of the Soviet submarine force and the production of Soviet long-range bombers, which led to the so-called "bomber gap." Garthoff points out that instead of the 700-800 long-range bombers the US Air Force estimated from 1955 to 1957, Moscow never deployed more than 150, U-2 reconnaissance flights and other technical intelligence led CIA to deflate the feared "bomber gap" by 1958.

Garthoff also discusses the famous "missile gap" controversy that developed in the early 1960s. According to Garthoff, Air Force Intelligence egregiously overestimated current and future Soviet ICBM capabilities. The feared "missile gap" was dispelled by CIA analysts when satellite photography during 1961 clearly showed that the Soviet leaders were not deploying large numbers of ICBMs.

On balance, Garthoff gives the Agency good grades for its military analysis during the 1950s and early 1960s, calling it "probably the best in the Intelligence Community." It was also, according to Garthoff, the least influenced by institutional interests, especially compared to the military intelligence services.

Garthoff illustrates this point by contrasting CIA's analysis during the 1960s and 1970s with military intelligence estimates. According to Garthoff, the documents CIA declassified for the Princeton conference indicate that CIA believed the Soviets probably sought no less than strategic equality with the United States, although they would have preferred some degree of strategic advantage if it could have been achieved. The US military, on the other hand, was convinced by December 1976 that the Soviet buildup of intercontinental nuclear capabilities was part of an effort to achieve world domination. The Air Force called it "the Soviet drive for strategic superiority." As a result, US military analysts opposed the administration's policies of détente, arms control, and increased trade with Moscow, contending that the Soviet Union had "exploited them to the serious disadvantage of the West."

Garthoff asserts that every NIE from 1974 to 1986 overestimated the magnitude of Soviet strategic force modernization programs. By 1982 analysts in CIA's Directorate of Intelligence determined that Soviet defense spending had in fact increased by only 2 percent on average since 1976 and that the rate of growth of weapons procurement had been almost flat. Nonetheless, the heads of the Defense Intelligence Agency and the military intelligence services, Garthoff points out, continued to argue that "Soviet leadership is now confident that the strategic military balance has shifted in the Kremlin's favor and that the aggressiveness of its foreign policy will continue to increase as the Soviet advantage grows."

Garthoff sharply criticizes the "Team B" approach created by DCI George H. W. Bush in 1976 as an alternative to the Intelligence Community's military estimates. Team B's report was highly critical of CIA's analysis but, according to Garthoff, virtually all of Team B's criticisms proved to be wrong. The Team B exercise, in his view, was "ill conceived and disappointing" in its attempt to identify ways to improve the estimating process. The Team B members, according to Garthoff, were less concerned with objectively evaluating Intelligence Community estimates than with pushing their hard-line views of a dangerous Soviet Union bent on world domination.

Garthoff concludes that perhaps the greatest shortcoming of the NIEs and CIA's assessments of Soviet military power from 1988 to 1991 was a failure to recognize the radical changes in Soviet outlook, doctrine, policy, or military strategy. He cites as an example a 1988 NIE that concluded, "To date we have not detected changes under Gorbachev that clearly illustrate either new security concepts or new resource constraints in the Soviet fundamental approach to war." Garthoff viewed this as a lost opportunity to identify and analyze changes that indeed were taking place. Nevertheless, he concludes that analysts at CIA were well ahead of the Intelligence Community as a whole in assessing Soviet military intentions and capabilities.

Western Analysis and the Soviet Policymaking Process

Vladimir Treml's paper assesses whether government officials in the former Soviet Union read Western studies of the USSR and, if so, the degree to which the studies influenced policymaking in the Kremlin. Treml focuses his analysis almost exclusively on economic issues—that is, on Western studies that assessed "the performance, effectiveness of policy, and structural changes in the Soviet economy"—but believes his conclusions apply generally across the range of disciplines that focused on the Soviet system.

Treml's study covers the period from the mid 1950s—when secrecy and censorship in the USSR were most severe—to the implementation of Mikhail Gorbachev's policy of openness or *glasnost* in the late 1980s. Treml points out that Soviet officials and academics were not allowed during most of this period to deviate from the Communist Party line on the performance of the Soviet economy, nor could they use or cite economic data not approved by officials from the USSR's Central Statistical Administration. In essence, they were hamstrung in their ability to assess objectively the performance of the Soviet economy and were largely, if not completely, isolated from the work of other economists throughout the world.

While Treml's paper focuses on Western analyses of the Soviet Union in general, he points out that CIA was the dominant intelligence organization analyzing the Soviet economy during this period. CIA analysts wrote many of the papers that appeared in the compendia published by the Congressional Joint Economic Committee (JEC) and Treml estimates that more than 40 percent of these JEC articles on the Soviet economy were "either completely translated, summarized, excerpted, or reviewed in classified Soviet publications, and, once in a while, in open publications in Soviet economic journals."

Treml's paper seeks to determine the extent to which Western studies of the Soviet economy were translated into Russian, reviewed, and studied by Soviet academic and government economic specialists with appropriate clearances, and used to make policy recommendations to high-level Soviet officials during the roughly thirty-five years covered by his study. In an effort to determine this, he (1) combed Russia's central archives for formerly classified as well as open Western documents that had been translated and for other information and documents that indicated such materials were made available to Soviet officials or policymakers; (2) interviewed Russian economists to determine the extent of their knowledge on the subject; (3) reviewed Soviet and post-Soviet literature for evidence that Western analysis had been used during the Soviet era; and (4) interviewed Western experts on the Soviet economy to determine whether they had any knowledge of altered Soviet practices during the period in question.

Treml's conclusions can be summarized as follows:

1. The Soviet Government made a massive effort to severely restrict the dissemination of Western studies to a small number of Party and government officials. Even the most prominent Soviet economists saw relatively few translated Western studies and only heard about the results contained in others.

2. Some Western studies of the Soviet economy were selected, translated into Russian, classified, summarized, and distributed to Soviet leaders—estimated by Treml to include the top 200 to 500 party and government officials. Treml found in the Soviet archives, for example, a 1976 JEC study that had been translated into Russian and distributed to the Central Committee. About half of the Politburo's members had initialed the document.

3. Kremlin officials generally mistrusted official Soviet analyses of the USSR's economy, and whenever possible would read or at least scan restricted Western studies. Kosygin and Gorbachev, for instance, indicated in their memoirs that they read Western studies of the Soviet Union. Treml also found that such Western studies as Morris Bornstein's work on Soviet prices; CIA's estimates of the rates of growth of the Soviet economy and of Soviet defense spending in rubles and dollars (which were sent directly to Brezhnev); the work of Professor Gregory Grossman and others on the "second economy" in the USSR; and the report by Christopher Davis and Murray Feshbach on the deteriorating state of public health in the USSR were read by top party officials.

Treml was unable to assess with much certainty the impact Western studies had on Soviet policymakers because many Central Committee records remain classified, are lost, or were destroyed. He found the paper trail of Central Committee policy decisions to be shoddy or nonexistent. But in what appears to be the clearest example of the impact of Western analysis on Soviet policy, Treml found references in the Central Committee's archives to two still-classified documents that reference CIA studies in the late 1970s. The CIA reports concluded that the Soviet petroleum industry was beset by serious problems. He notes that, following the release of the CIA study, the Kremlin directed a major shift in investment spending in favor of the oil and gas industries and that Soviet extraction and exploration policies changed in the late 1970s.

Chapter I

Origins of CIA's Analysis of the Soviet Union

Donald P. Steury

In the forefront of President Harry Truman's mind as he signed the order establishing the Central Intelligence Group (CIG) in 1946 was concern that the permanent, peacetime intelligence organization he was creating not serve as the cornerstone of an American "Gestapo," Nazi Germany's pervasive and oppressive secret police organization. At the same time, Truman felt the need to respond to widespread concern that the lack of an overarching national intelligence organization in the United States had been responsible for the strategic surprise at Pearl Harbor just five years before. And his own experience in the year he had been President showed him the policymaker's need for regular, timely intelligence reporting. Truman's way out of this dilemma was to choose a minimalist solution. The CIG was created as "a sort of holding company whose main functions would be the coordination of departmental intelligence."[1]

The Director of the CIG was given a permanent intelligence staff of just 29 (17 of whom were on loan from other departments).[2] He was dependent on the Departments of State, War, and Navy both for staff and for funding. As created, CIG had two functions: the planning and coordination of all federal intelligence projects and the making of high-level estimates of foreign situations for the President and senior government officials. Although meant to be "the very last word in accuracy and timeliness," the estimates were not supposed to result from independent research but to be the product of the correlation and evaluation of analyses produced by the "departmental" intelligence organizations.[3]

As Sherman Kent presciently observed in 1946, "The CIG... [is] in for difficulties. If it has a soul to call its own, this and its heavy responsibilities are about all it can claim exclusive ownership to."[4] The original concept of CIG may have been "reasonable and derived from real informational needs, [but] institutional resistance made implementation [of this concept] virtually impossible." The military services and the Department of State jealously guarded their preexisting control of information and their role as policy advisors to the President. Under such circumstances, CIG's original

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[1] Sherman Kent, "Prospects for the National Intelligence Service," *Yale Review* (1946): p. 123.

[2] William M. Leary (ed.), *The Central Intelligence Agency: History and Documents* (Tuscaloosa, AL: University of Alabama Press, 1984), p. 25.

[3] For example: The intelligence organizations of the Department of State, the War Department, and the Navy Department. Kent, pp. 126-27.

[4] Kent, "Prospects," p. 127.

mission was "an exercise in futility."[5] The military resented having to provide military data to a civilian agency and felt that "civilians could not understand, let alone analyze military intelligence data."[6] Although the War and Navy Departments eventually assigned officers to CIG, they never granted CIG access to US military data. No less hostile to CIG's intelligence-producing authority was the Department of State, which almost immediately challenged CIG on the issue of access to the President. When Truman asked CIG for a daily intelligence summary, Secretary of State James F. Byrnes insisted on his department's prerogative to provide the President with daily policy analysis. The result: Truman received daily summaries from both CIG and the Department of State.[7]

It is true that in Spring 1946, the National Intelligence Authority—the Secretaries of State, War, and Navy and the President's personal representative, who were to supervise the CIG's Director of Central Intelligence (DCI)—authorized the CIG to conduct independent research and analysis "not being presently performed" by other departments.[8] By October of that year, DCI Lt. Gen. Hoyt S. Vandenberg had created the Office of Reports and Estimates (ORE), with a staff of more than 300 intelligence professionals and clericals—sufficient to make CIG an independent intelligence producer. At the same time, CIG received its own clandestine collection capability, the Office of Special Operations (OSO), created by "returning" the War Department's Strategic Services Unit (SSU).[9] With the SSU, CIG received a number of trained personnel, originally from the World War II Office of Strategic Services, with experience in both analysis and operational matters. Despite this, ORE depended on the Department of State for raw intelligence and relied primarily on unclassified sources of material—in part because OSO's intelligence product was highly compartmented and not accessible to ORE, and in part because ORE still lacked ready access to military intelligence. Moreover, the President's interest drove ORE to concentrate on producing a daily summary of international developments. Even as CIG discovered that it was easier to collect and analyze its own data than coordinate the work of obstructionist departments, it also learned that Truman liked and expected to receive its Daily Intelligence Summary. The pressure of events and the priority of responding to the President thus focused ORE's efforts on current reporting rather than on long-range forecasting.[10]

The result was that CIG "drifted from its original purpose of producing coordinated national estimates to becoming primarily a current intelligence producer."[11] CIG produced just four estimates on the Soviet Union in 1946, two of which were analyses of Soviet Bloc propaganda broadcasts.[12] Another, *Soviet Capabilities for the Development and Production*

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[5] Leary, *CIA*, p. 24.
[6] *Ibid.*, p. 25.
[7] *Ibid.*, p. 25.
[8] *Ibid.*, pp. 25-26.
[9] *Ibid.*, p. 26.
[10] *Ibid.*, pp. 26-27.
[11] *Ibid.*, p. 24.
[12] Center for the Study of Intelligence, *Declassified National Intelligence Estimates on the Soviet Union and International Communism* (Washington, DC: CIA, 1997).

of Certain Types of Weapons and Equipment, was just two pages long and contained the first of a series of wrong-headed projections concerning the development of Soviet atomic weapons capabilities.[13] The very first estimate—ORE 1: *Soviet Foreign and Military Policy*—represented exactly the kind of "high-level estimate of foreign situations" CIG was created to produce, but it stands out as virtually unique among the crop of estimates ORE turned out.

The passage of the National Security Act and the creation in 1947 of the Central Intelligence Agency (CIA) did not greatly alter the situation. Under the new DCI, RAdm. Roscoe Hillenkoetter, "The Agency experienced un-directed evolution in the area of intelligence, never fulfilling its coordination function, but developing as an intelligence producer."[14] The list of intelligence estimates published in 1947 is rather longer than that for 1946 and contains a number of high-level estimates, but topics of immediate concern predominate. Of the 15 estimates declassified to date, six are in the nature of "situation reports" describing developments in various countries. Four others discuss the ongoing implementation of Soviet regional policies or likely Soviet reactions to US actions under consideration. Perhaps the most comprehensive estimate is ORE 14, *Future Soviet Participation in Long-Range International Air Transport.*[15]

None of these documents represent judgments outside the purview of either CIG or CIA, and all contain information of importance to the formulation of US foreign policy. But the predominance of such a current, situational focus suggests a preoccupation with "answering the mail," to the detriment of the longer range, more comprehensive intelligence assessments which the nation's central intelligence organization might have been expected to produce. Nowhere does one see the kind of comprehensive, formative intelligence documents produced by CIA's Office of National Estimates (ONE) in the 1950s and 1960s or by the National Intelligence Council (NIC) beginning in the 1970s. Moreover, the predominantly political tone of many of the estimates (especially the "situation reports") suggests a duplication of intelligence functions better performed by the Department of State.

In reviewing the intelligence process for the National Security Council, the 1949 Dulles-Jackson-Correa report somewhat wistfully concluded, "The principle of the authoritative National Intelligence Estimate (NIE) does not yet have established acceptance in the government. Each department still depends more or less on its own intelligence estimates and establishes its plans and policies accordingly."[16] The report blamed ORE for

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[13] 20 ORE 3/1: *Soviet Capabilities for the Development and Production of Certain Types of Weapons and Equipment* (31 October 1946), p. 1.

[14] Leary, *CIA*, p. 23.

[15] Center for the Study of Intelligence, *Declassified National Intelligence Estimates.*

[16] Leary, *CIA*, p. 28.

not asserting itself enough in the estimates process and for failing to fulfill its mission as a coordinating intelligence body. That indictment was largely in line with the facts, but it failed to allow for what CIA veteran Ludwell Montague called "the recalcitrance and incompetence of the departmental intelligence agencies."[17] Lack of cooperation on the part of the departmental agencies only isolated ORE further, contributing to its general failure to function as a producer of coordinated, high-level estimates.

Nonetheless, the problem was deeper still, interwoven into the fabric of the newly created intelligence organization. In fact, neither CIG nor the early CIA was capable of meeting America's postwar intelligence requirements. CIG had been created to prevent the kind of strategic surprise that had brought the United States into World War II. But by 1946, although avoiding another Pearl Harbor was a paramount requirement of the postwar American Intelligence Community, strategic warning was only part of a wide spectrum of intelligence requirements. The experience of more than four years of total war was formative for postwar American strategic culture. By the end of World War II, a nation's war-making capacity was seen as but the expression of its total potential economic and military power defined in the broadest possible terms.

The shadow of Soviet military power settled across the European continent as the Soviet Union first infiltrated and then ruthlessly imposed dictatorial communist regimes upon the peoples of Eastern Europe, all the while moving to confront the Western Allies in Germany, Greece, Iran, and, eventually, Korea. An accurate appraisal of the full military and economic potential of the Soviet Union came to be viewed as an essential component of the role of the US Intelligence Community in assessing the burgeoning Soviet "threat"—one fully as important as achieving an accurate forecast of Soviet intentions.

The dimensions of the postwar intelligence problem were mapped out by Sherman Kent briefly in a 1946 *Yale Review* article[18] and then comprehensively in a 1949 treatise, *Strategic Intelligence for American World Policy.* Kent focused the lens of American intelligence on what he called the *strategic stature* of a potential enemy. By this he meant a nation's ability to influence an international situation in which the United States had a "grand strategic interest."[19] Kent saw a nation's strategic stature as having three components, the most important of which was its *war potential*—the fully mobilized potential of its society, economy, and military to wage war. In any given situation, a detailed understanding of a nation's strategic stature was important, not only as a measure of what courses of action were possible (e.g., its capabilities—military or otherwise—for action), but as one indicator of its likely courses of action. For example, Soviet deployment of

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[17] Ludwell Lee Montague, *General Walter Bedell Smith as Director of Central Intelligence: October 1950-February 1953* (University Park, PA: Pennsylvania State University Press, 1992), p. 43.

[18] Kent, "Prospects," p. 123.

[19] Sherman Kent, *Strategic Intelligence for American World Policy* (Princeton, NJ: Princeton University Press, 1965), pp. 40-41.

massive ground and tactical air forces capable of deep-strategic (e.g., offensive) operations to Eastern Europe was an indicator, not only of the political and strategic importance Moscow attached to the region, but of likely Soviet strategy in the event of war. A nation's war potential would only be fully employed in wartime, but Kent warned that in the developing Cold War the gap between a peacetime posture and one fully mobilized for war was narrowing rapidly.[20]

Kent's voice was the most authoritative to speak on intelligence matters, but it certainly was not the only one. America's strategic culture blossomed intellectually in the postwar period, and questions of strategic intelligence received considerable attention. Kent himself was strongly influenced by what probably was the first postwar book to be published on the subject, George S. Pettee's *Future of American Secret Intelligence.* An intelligence veteran of the wartime Foreign Economics Administration, Pettee concentrated almost entirely on the industrial and socioeconomic elements of national power.[21] To cope with the complexities and dangers of a world arena shaped by industrialization, Pettee called for a postwar intelligence organization with far more emphasis on research and analysis than ever in the past. His influence on Kent is to be found in the latter's conceptualization of national war potential and even in the basic organizational schema applied to *Strategic Intelligence.*

Pettee's little book has all but disappeared from the American political consciousness, but his contribution was part of a large body of work influenced by the experience of total war. In the postwar world, foreign intelligence analysis meant building a comprehensive picture of state and society—one that demanded a significant, ongoing research effort. This was particularly true as American intelligence confronted the Soviet Union—a nation combining a large, offensively minded, standing military; rich natural resources; and a vast, if not necessarily modern, industrial base with a powerful and effective security apparatus that kept secret virtually every aspect of Soviet industrial, military, and technological development. It would have been impossible to achieve a strategically significant body of knowledge about the Soviet Union without the development of sophisticated tools of intelligence collection and analysis. Whatever their talents, the CIG's 29 intelligence officers simply lacked the time or resources to perform analytical work on such a level. In effect, they lacked an institutional basis for the intellectual authority they were expected to wield over the national intelligence process. ORE was perhaps better placed, but it was confounded by the institutional difficulties of inserting itself into a preexisting and bureaucratically entrenched national security establishment.

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[20] The three components were *non-military instrumentalities* (the ability to influence events with political and economic means); *force in being* (the capabilities of its standing military); and *war potential* (the fully mobilized potential of its society, economy, and military to wage war). Kent, *Strategic Intelligence*, pp. 40-65, *passim.*

[21] George S. Pettee, *The Future of American Secret Intelligence* (Washington, DC: The Infantry Journal Press, 1946), see esp. Chapters 2 and 3, pp. 25-46.

To some extent, ORE was also attempting to impose itself on a process that already was under way. The War Department's Joint Intelligence Committee (JIC) had been created in 1941 to counter Maj. Gen. William J. "Wild Bill" Donovan's appointment as Coordinator of Information, the first step in creating the Office of Strategic Services. In 1945, the JIC had begun applying its experience analyzing the Nazi military-industrial base to estimates of Soviet war potential and to projections of likely postwar Soviet behavior. JIC analyses encompassed the political, economic, and ideological dimensions of Soviet power as well as the more traditional military aspects of weapons development and war planning. [22]

By 1946, the War Department's estimative process had acquired considerable momentum. Thus, when the DCI on 29 April issued a directive (CIG 8) calling for "production of the highest possible quality of intelligence on the USSR in the shortest possible time," it was the JIC, rather than ORE, that became the focal point of the analytical effort. Although the directive expressed the intention that "CIG would take over formal sponsorship of the project at the earliest possible moment," in practice CIG was virtually excluded from the process.[23] Intelligence actually was to be produced by a Working Committee comprising representatives of the Department of State, G-2 (Army Intelligence), the Office of Naval Intelligence, and Air Force Intelligence. CIG was not represented. The Working Committee was to be responsible for creating a digest of factual strategic intelligence on the Soviet Union, to be compiled as a *Strategic Intelligence Digest.* Based on the digest, *Strategic Intelligence Estimates* were to be prepared by member agencies as needed to meet their own requirements. CIG was to act in a "supervisory capacity"[24] and function as adjudicator between departments. The military, however, resented having to defer to CIG to process and distill raw intelligence data.[25] CIG's impact on the process thus was minimal.[26] ORE's own response to the CIG 8 directive was ORE 1, *Soviet Foreign and Military Policy,* a landmark estimate, but one that failed initially to achieve the prominence or impact of JCS 1696, a much larger document, produced by the War Department's JIC, and published under the aegis of the Joint Chiefs of Staff.

Ludwell Montague, principal author of ORE 1, was critical of the methodology employed in JCS 1696, and the document's balance and alarmist conclusions about Soviet intentions have since been questioned.[27] Nonetheless, JCS 1696 responded to prevailing concerns in the Washington national security establishment, and it was to this document that the White House staff turned in drafting its own appraisal for the President.[28] Truman's

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[22] Larry A. Valero, "The American Joint Intelligence Committee and Estimates of the Soviet Union, 1945-1947," *Studies in Intelligence* (Summer 2000), pp. 5-9.

[23] *Foreign Relations of the United States* (hereinafter, *FRUS*), *1945-1950: Emergence of the Intelligence Establishment* (Washington, DC: US Government Printing Office, 1996), p. 345.

[24] *FRUS, 1945-1950*, p. 346.

[25] Leary, *CIA*, p. 25.

[26] Leary, *CIA*, p. 25.

[27] Valero, "Joint Intelligence Committee Estimates," p. 11.

reaction was dramatic. "This is so hot," he concluded, "it could have an exceedingly unfortunate impact on our efforts to try to develop some relationship with the Soviet Union."[29] While ORE 1 was more concise and perhaps more balanced in its analysis of Soviet intentions, it did not offer much that was not in JCS 1696. In short, the new kid on the block still had a lot to prove.

The opportunity to do so was provided by the Soviet Union. On 21 November 1947, the Soviet Military Governor in Germany, Marshal Sokolovskiy, opened a meeting of the Allied Control Council with a violent outburst attacking the Western Allies. In December, Soviet Foreign Minister Vyacheslav Molotov disrupted a Quadripartite Foreign Minister's Conference in London and, in January, Soviet guards began regularly harassing trains transiting East German territory en route to the Allied garrison in West Berlin. Over the winter, Gen. Lucius D. Clay, the American Military Governor in Germany based in Berlin, began noticing an increased Soviet security presence in meetings with his military counterparts. Meanwhile, local intelligence officers reported recurrent consultations between the Soviet-controlled zone of Germany and Moscow. On 20 January 1948, Sokolovskiy rejected Clay's plans for currency reform inside occupied Germany.[30]

Finally, on 5 March 1948, Clay felt compelled to voice his growing unease in a cable to Washington:

> For many months, based on logical analysis, I have felt and held that war was unlikely for at least 10 years. Within the last few weeks, I have felt a subtle change in Soviet attitude, which I cannot define but which now gives me a feeling that it may come with dramatic suddenness. I cannot support this change in my own thinking with any data or outward evidence in relationships other than to describe it as a feeling of new tenseness in every Soviet individual with whom we have official relations. I am unable to submit any official report in the absence of supporting data but my feeling is real. You may advise the chief of staff of this for whatever it may be worth if you feel advisable.[31]

Unbeknownst to Clay, that same day the American Commandant in Berlin, Col. Frank Howley, decided to express similar misgivings in another cable to Washington:

> After weeks of calm, last 2 Kommandatura [the quadripartite governing council in

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[28] Melvyn P. Leffler, *A Preponderance of Power: National Security, the Truman Administration, and the Cold War* (Stanford: Stanford University Press, 1992), 130-38; see also *Ibid.*, p. 11.

[29] Valero, "Joint Intelligence Committee Estimates," p. 11.

[30] William R. Harris, "March Crisis 1948 Act I," *Studies in Intelligence* (Fall 1966), pp. 3-4.

[31] *Ibid.*, p. 7.

> Berlin] meetings, 26 February and 2 March, showed such increased Soviet violence in attacks that it is believed that General Kotikov, Senior Soviet Member is acting under new instructions. Attacks are thoroughly prepared, unprovoked, and often unrelated to any incidents of the meeting.
>
> ...The apparent pattern, with reference to Soviet intentions in Berlin, which may be temporary or permanent, includes the following elements:
>
> —Effort to build case that quadripartite government is unable to operate in Berlin...
>
> —Complete opposition to agreement of any kind in quadripartite meetings.[32]

According to Secretary of Defense James V. Forrestal's biographer, Walter Millis, Clay's telegram "fell with the force of a blockbuster bomb."[33] Howley's cable, dispatched independently later that day, seemed only to magnify the crisis. Although Clay later denied that he intended the cable as a war warning,[34] it was interpreted as such inside the Pentagon. That same day, Gen. Stephen Chamberlin, Chief of Army Intelligence (G-2), hand-carried the "war warning" to Gen. Omar N. Bradley, Chairman of the Joint Chiefs of Staff. Secretary of the Army Kenneth C. Royall also saw it that afternoon; his first response was to ask how long it would take to get a number of atomic bombs to the Mediterranean, ready for use should the Soviets initiate a military action. Meanwhile, G-2 formed a task force under Col. Riley F. Ennis to begin a crash estimate of Soviet intentions.[35]

Incredibly, although the cable was received with the utmost alarm inside the Pentagon, the Army was in no hurry to inform anyone outside the Department of Defense. Not until three days later, on 8 March, did Secretary of Defense Forrestal brief a closed-door session of the Senate Armed Services Committee on Clay's telegram. On 11 March, Gen. Chamberlin, the G-2, called DCI Hillenkoetter to request a meeting of the inter-departmental Intelligence Advisory Committee the next day.[36] Not until that meeting did representatives of the Office of Naval Intelligence, Air Force Intelligence, or the Department of State see Clay's cable, although by that time they had gleaned through the rumor mill some idea of what was happening.[37] On reading the cable, Director of Naval Intelligence Thomas Inglis noted that "this was the very function for which CIA had been established," and proposed that Hillenkoetter appoint a CIA representative to chair an ad

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[32] *Ibid.*
[33] *Ibid.*
[34] Lucius D. Clay, *Decision in Germany* (Garden City, NY: Doubleday and Co., 1950), p. 354.
[35] Harris, "March Crisis," p. 8.
[36] *Ibid.*, pp. 9, 11.
[37] *Ibid.*, p. 10.

hoc committee to study the situation and prepare an estimate of Soviet intentions.[38] With a stroke, Admiral Inglis transformed what up to that moment had been "an Army matter" into a national intelligence problem.[39]

As Washington mobilized to deal with what it still perceived to be a crisis, intelligence officers stationed in Europe were polled for any supporting data. With this, CIA's Berlin Operations Base first heard of Clay's cable.[40] Surprised by the apparent extremity of the situation, Dana Durand and Peter Sichel of CIA visited Clay's intelligence chief in the Office of the US Military Governor in Germany. All agreed that further Soviet measures short of war were likely, but that war itself was unlikely—an opinion that prevailed generally throughout Allied intelligence establishments in Europe.[41] This consensus in the field took the edge off Clay's "war warning" and reduced the sense of immediacy prevailing in Washington.

The next day, Saturday, 13 March, the ad hoc committee met for the first time under the chairmanship of CIA's DeForrest Van Slyck, an analyst from ORE's Global Survey Group. Hillenkoetter left Van Slyck to run the meeting, but bustled in and out with trays of coffee and sandwiches.[42]

CIA's Van Slyck and G-2's Col. Ennis later were identified as "the principal protagonists" in the meeting—those with the most timely information and staff on the ground in Europe. The Army leadership had seized on Clay's cable as a means of justifying increases to its budget, which was about to come up before Congress. While Ennis was thrashing out an intelligence response with Van Slyck, his colleagues in G-2 were drafting an "Estimate of the World Situation" that called for augmenting the regular Army and recommended bringing "our machinery for general mobilization to an alert status." This Army document went on to warn that "The risk of war is greater now...than was the case six months ago...[and that]...war will become increasingly probable.... The Soviet Armed Forces...overshadow the whole of Europe and most of Asia.... The United States has no forces in being which could prevent the Soviet [sic] overrunning most of Eurasia.... Present forces...are incapable of offering more than a weak and unorganized delaying action in any of the likely theaters."[43]

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[38] *Ibid.*, p. 13.
[39] *Ibid.*, p. 8.
[40] Murphy, et al., p. 55.
[41] Harris, "March Crisis," p. 15.
[42] *Ibid.*, p. 16.
[43] *Ibid.*, pp. 16-17.

In the ad hoc committee, G-2—supported by Air Force Intelligence—was equally dire in its conclusions but was restrained by the need to achieve a consensus supported by evidence. (The Army, in its "Estimate of the World Situation," admitted that it lacked conclusive evidence of an immediate Soviet intention to initiate hostilities.) Ennis led off by demanding that the estimate include a recommendation for universal military training. Van Slyck angrily refused, saying he was "running an intelligence estimates committee, not an appropriations committee." Considerable difficulty was experienced in reaching agreement on the language to be used. Although none of the intelligence organizations argued that war was likely or imminent, the Army G-2 and Air Force Intelligence refused to agree to a direct statement that war was unlikely. Nonetheless, by the close of business on Sunday, a unanimous agreement had been reached on a statement that war was improbable for at least the next 60 days. Van Slyck drafted a response to be given to the Intelligence Advisory Committee (IAC) the next day.[44]

We now know that the Soviet premier, Joseph Stalin, after consulting East German leaders, had decided to initiate actions designed to push the Western Allies out of Berlin over the course of 1948.[45] The results were nothing like what he expected. Indeed, had Stalin deliberately set out to increase US military spending, he could not have chosen a more propitious time. The Pentagon was on the verge of requesting a supplementary budget authorization for fiscal 1948-1949. At stake for the Army was a general expansion and universal military training. The newly created Air Force hoped for expansion to 70 combat groups. The Navy was looking for continued funding for its postwar aircraft carrier force, based on the first of a new generation of supercarriers.[46] On Thursday, 11 March, the day before the first IAC meeting, Gen. Bradley and the service chiefs left Washington for a meeting on the proposed budget at Key West, Florida. They returned, having decided to make the supplemental budget request, to face an ad hoc committee estimate that the Soviet Union was not ready for war. The service chiefs, supported by Air Force Intelligence and the Army G-2, rejected Van Slyck's draft. Only Admiral Inglis, the Director of Naval Intelligence, stood fast behind the estimate his department had helped write. [47]

On 15 March (Monday) Van Slyck presented the ad hoc committee's conclusions to the IAC, but it would not agree to the estimate. Hillenkoetter, however, had been to see the President and returned with a demand for answers—definitive, yes or no answers; that morning; with no elaboration—to three questions:

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[44] *Ibid.*, pp. 16-17.

[45] Vladislav Zubok and Constantine Pleshakov, *Inside the Kremlin's Cold War: From Stalin to Khrushchev* (Cambridge: Harvard University Press, 1996), pp. 48-49.

[46] Kenneth W. Condit, *The History of the Joint Chiefs of Staff: The Joint Chiefs and National Policy, Vol. 2, 1947-1949* (Wilmington, Michael Glazier, Inc., 1979), pp. 191-212, *passim.*

[47] Harris, "March Crisis," p. 19.

1. Will the Soviets deliberately provoke war in the next 30 days?

2. In the next 60 days?

3. In 1948?[48]

After some debate, the IAC drafted the following answers, consolidating (1) and (2) and deferring (3):

I. An examination of all pertinent available information has produced no reliable evidence that the USSR intends to resort to military action within the next 60 days.

II. It is not believed that the USSR will resort to military action within the next 60 days.[49]

Theodore Babbitt, CIA's chief of current intelligence, hand-carried the answers to the White House in the form of a CIA estimate while discussion continued in the IAC meeting. At this point, the G-2 raised again the issue of universal military training, but further delay was avoided by agreeing to deal with the issue in a separate document.[50] On 16 March, a fuller statement—allowing for the possibility that "some miscalculation or incident" might result in war—was issued as Intelligence Memorandum 21.[51]

A series of escalating Soviet provocations, culminating in the blockade of Berlin and the Allied airlift, kept the ad hoc committee alive until the end of the year. It produced a series of estimates, beginning with ORE 22-48, *Possibility of Direct Soviet Military Action During 1948* (2 April 1948), followed by two supplementary updates.[52] The gist of all three estimates was that the Soviet Union was unlikely to deliberately initiate war in the foreseeable future, despite its military preponderance in Europe. A further supplement, ORE 58-48, expanded this argument with a careful evaluation of the risks, advantages, and disadvantages conquest of Western Europe would bring to the Soviet Union. This estimate concluded that the potential risks of such an action were so great that the Soviet leaders "would be unlikely to undertake this operation...unless they anticipated an attack or became involved in military action through accident or miscalculation."[53]

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[48] *Ibid.*, p. 20.
[49] *Ibid.*, p. 21.
[50] *Ibid.*, pp. 16, 21.
[51] *Ibid.*, p. 21.
[52] ORE 22-48, Addendum: *Possibility of Direct Soviet Military Action During 1948-49* (16 September 1948); ORE 46-49 *The Possibility of Direct Soviet Military Action During 1949* (3 May 1949). For a full text of all these documents, see Donald P. Steury (ed.), *On the Front Lines of the Cold War: Documents on the Intelligence War in Berlin, 1946-1961* (Washington, DC: CIA, 1999), pp. 136-57.
[53] ORE 58-48, *The Strategic Value to the USSR of the Conquest of Western Europe and the Near East (to Cairo) Prior to 1950* (30 July 1948), p. 3.

Although the process was attended by considerable difficulty, in the end the ad hoc committee served its purpose. The analyses it prepared began with a short-term projection of Soviet intentions but rapidly evolved into an effort to place Soviet actions into the much broader context of the strengths and weaknesses of their overall strategic posture. The result was a much more balanced estimate that gave due weight to the restraints operating on Soviet military power, while acknowledging the undoubted military superiority the Soviets enjoyed in Europe. The Cassandra-like tone of the Army's "Estimate of the World Situation" shows what could have been expected had the departmental intelligence agencies been allowed to function without the benefit of a "national" consensus.

As the Berlin crisis deepened, the ad hoc committee Estimates proved to have both immediate and long-term relevance for both policymakers in Washington, and those stationed in Europe. Thus, when Marshal Sokolovskiy's deputy notified his Western counterparts on 30 March that, effective the following midnight, all Allied traffic through the Soviet zone would be forced to submit to inspection, both Washington and the Office of the US Military Governor in Germany were reasonably sure they faced a political challenge, not an effort to provoke a war. By the same token, when all ground access to Berlin was severed three months later, Truman could be reasonably certain that the city could be supplied by airlift without deliberate interference from Soviet air defenses. That confidence was no doubt shaky at first, but by winter the confrontation over Berlin was clearly a struggle of endurance that, barring accident, was not expected to escalate into war. Thus it was that, when the Dulles-Jackson-Correa Survey Group reported to the National Security Council, they singled out the actions of the ad hoc committee as "the most significant exception to a rather general failure...in national estimates.... This case illustrated that, when properly used, the existing interdepartmental arrangements can, under the leadership of the Central Intelligence Agency, provide the President and top policy-makers with an authoritative intelligence estimate."[54]

The key to the success of the ad hoc committee was CIA's ability to exert intellectual authority over a process that closely involved the departmental agencies. That Van Slyck was able to do so was less due to CIA's position inside the Washington national security hierarchy than to the circumstances under which he assumed chairmanship of the committee. The Berlin crisis was so obviously a *national* intelligence problem that it transcended the bureaucratic lines that had divided the Intelligence Community for the previous two years. It was at once a crisis that was developing daily—even hourly—and an enduring confrontation with profound implications for national security policy and the survival of the Western alliance. Understanding Soviet intentions meant anticipating their actions on a daily basis, while comprehending their behavior in the context of a long-term national strategy. The alternative to a "national" approach to the intelligence problems

[54] Harris, "March Crisis," p. 13.

presented by Berlin was, quite simply, paralysis. Even so, as the Dulles-Jackson-Correa survey noted, the event was "largely fortuitous," and quite dependent on the statesmanlike judgment of the Director of Naval Intelligence, Admiral Inglis; CIA just happened to be there.[55]

The fuller implications of the estimates prepared over 1948 did not become apparent until 1950. In moving to implement the recommendations of the Dulles-Jackson-Correa report, Hillenkoetter's successor, Lt. Gen. Walter Bedell Smith, adopted the workings of the ad hoc committee as an example to be replicated in the organization of CIA.[56] The 1950-51 "Smith reforms" dissolved ORE and replaced it with a Board of National Estimates, headed by William L. Langer and then Sherman Kent, both of whom brought to bear considerable authority from their experience in the Office of Strategic Services. The Board of National Estimates was given analytical support by an Office of National Estimates, with the intention that it would rely exclusively on the departmental agencies for research support, although, perhaps inevitably, it became a major research organization in its own right. In January 1952, both were made part of a newly established Directorate of Intelligence (DI).[57] CIA's own particular contribution derived from analyses performed by the Office of Scientific Intelligence (OSI), which produced intelligence on weapons research and long-term scientific developments, and the Office of Research and Reports (ORR), responsible for analysis of the Soviet economy. This latter responsibility was assumed from the State Department in exchange for acknowledging State's primacy in political analysis.

In theory, CIA assumed responsibility for the Soviet economy as one of those national topics for research and analysis "not being presently performed" by other departments. In fact, both ORR and OSI gave CIA considerable analytical depth, completely independent of the national intelligence process. Officers in ORR quickly demonstrated that they interpreted their mandate for economic intelligence in the broadest possible terms. As the founding head of ORR, MIT's Max Millikan, noted somewhat wryly, "The distinction between economic and military or political, or scientific intelligence is wholly arbitrary."[58] To Millikan, the degree to which a country was able to mobilize its economy for military purposes was a profound indicator of likely intentions. The first function of economic

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[55] Arthur B. Darling, *The Central Intelligence Agency: An Instrument of Government, to 1950* (University Park, PA: Pennsylvania State University Press, 1990), p. 338.

[56] DeForrest Van Slyck saw things rather differently. As he later reported to DCI Hillenkoetter, "It was 'virtually impossible'...to get a 'completely objective' estimate from the 'Service departments;' they were 'unable to free themselves from the influences of departmental policy and budget interests.' It was their tendency 'too readily to translate capabilities into intentions' without giving due weight to political, economic, and psychological considerations of wide range. These points [he wrote] were equally 'applicable to the State Department.'" D. Van Slyck to R.H. Hillenkoetter, 23 December 1948; quoted in Darling, *Instrument of Government*, pp. 339-340.

[57] Leary, *CIA*, p. 31.

[58] Max Millikan, "The Nature and Methods of Economic Intelligence," *Studies in Intelligence* (Spring 1956), p. 4. Although published in *Studies* in 1956, this article actually reprints a memorandum written by Millikan during his tenure as D/ORR.

intelligence was "to estimate the magnitude of possible present or future military or other threats to ourselves and our allies," a task that included estimating "the *character* and *location* of possible present or future military or other threats...[and]...the *intentions* of the USSR or any other potential enemy." "A potential enemy can undertake successfully only those military operations which its economy is capable of sustaining," he wrote in 1951. In the short run, operations might be determined by the manpower available and stocks of weapons and materiel, but in the long run, "the military potential for anything but the briefest campaign...[depends]...upon the total economic resources available to a nation, including those necessary to support the civilian economy as well as those necessary to produce and operate the instruments of war."[59]

With a mandate this broad, ORR was able to build a comprehensive picture of Soviet war potential that provided a constant, reliable check upon analyses prepared in the departmental agencies. In effect, ORR institutionalized and provided a sustainable intellectual base for the authority wielded by DeForrest Van Slyck in 1948.

Discussant Comments

A panel moderated by **Frederick P. Hitz,** Lecturer in Public and International Affairs at Princeton University and former Inspector General at CIA discussed Donald Steury's paper and provided views on CIA's early analytic efforts on the Soviet Union. The panelists were R.M. Huffstutler, Chief Operating Officer of the Aegis Corporation and former Executive Director and Director of the Office of Soviet Analysis at CIA; Dr. Melvyn Leffler, Edward Stettinius Professor of History at the University of Virginia; and former Dean of the College of Arts and Sciences at the University of Virginia; and Jack F. Matlock, former US Ambassador to Moscow and currently the George Kennan Professor at the Institute for Advanced Study at Princeton University.

Commentator **Rae Huffstutler** discussed the development of CIA's analytical capabilities in the late 1950s through the early 1980s. Huffstutler agreed with Steury that neither CIG nor CIA were capable, in the early Cold War period, of preventing another Pearl Harbor. He contrasted CIA's analysis in the 1950s with the far more detailed and sophisticated estimates of the 1970s. Huffstutler described four major developments that shaped CIA's analysis over that 20 year period: (1) the revolution in technical collection and analysis; (2) the change in Department of Defense force-planning guidelines in the early 1960s under Secretary of Defense Robert McNamara; (3) the emerging preeminence of the national estimates process; and (4) the growth of a cadre of analysts at CIA and elsewhere in the Intelligence Community.

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[59] *Ibid.*, p. 2.

According to Huffstutler, the development of an extraordinary national technical collection and processing capability allowed the CIA and other agencies to address key questions regarding Soviet strategic capabilities. Secretary of Defense McNamara's demand that the threat portion of force-planning documents be based on National Intelligence Estimates (NIEs), changed strategic military assessments from departmental edicts to debates chaired by CIA's Board of National Estimates. It also changed the scope and the depth of the strategic estimates, Huffstutler argued. The unconstrained "military requirements approach" to estimating prevalent during the 1950s, Huffstutler also claimed, gave way to a multidimensional and more integrated approach during the 1960s. Thus, CIA analysts were drawn into an area that was once the province of the military services. Huffstutler further argued that just as the Board of National Estimates was drawn into the strategic assessments process by McNamara's directive, it also emerged gradually as the arbiter of assessments on Soviet political behavior in the fields of foreign policy, domestic Soviet policy, and arms control.

Finally, Huffstutler briefly commented on the analytical skills of the CIA. Although in the 1950s, CIA had a diverse set of analytical experts in a wide range of fields, they were relatively small in number. Some 200 analysts worked Soviet issues in the 1960s according to Huffstutler. By the early 1980s, there were over 1,600 analysts in CIA's Directorate of Intelligence alone; half of them working on Soviet issues. In addition, the Agency sought expertise from industry and from American universities. Moreover, the turnover of CIA analysts was also extremely low, running less than 3 percent during the 1980s.

Looking at the overall performance of the CIA during the early Cold War, **Melvyn Leffler** argued convincingly that, despite shortcomings, the Agency built a comprehensive picture of the Soviet state and of the communist system and of the threats they posed to American society. Although the Agency did not predict the timing of the Soviet atomic bomb, the North Korean attack, or China's intervention in Korea, Leffler said that the Agency's analysis was far more nuanced, far shrewder than popular or even scholarly accounts currently suggest. According to Leffler, CIA defined security in terms of correlations of power, and power was defined in terms of control of energy resources, industrial capacity, and raw materials production. Thus, the rivalry between the United States and the Soviet Union was—for the CIA—not primarily military, but was a competition over aggregations of power potential.

According to Leffler, CIA saw three basic problems for American security: (1) to keep the still widely dispersed power resources of Europe and Asia from being drawn together into a single Soviet power structure with a uniformly communist social organization; (2) to persuade the people and political authorities of states in the intermediate regions that their political aspirations and security interests could be satisfactorily identified with the United

States; and (3) to maintain the social fabric and structure of the United States. Leffler asserted that CIA's analysis sought to establish a larger strategic framework for assessing Soviet intentions, Soviet threats, and more importantly, American security interests.

Agreeing with Steury's analysis, Leffler said that the intelligence assessments produced during the 1948 Berlin crisis were basically sound. The Soviet Union wanted to avoid war, because it was weaker than the United States and knew it could not win a protracted war. CIA analysts concluded that the Soviets would, nevertheless, try to exploit economic hardship and revolutionary nationalism. Hence, revolutionary nationalism in the Third World had to be dealt with effectively. According to Leffler, CIA grasped the virulence of revolutionary materialism, grasped its indigenous roots, and worried about the Kremlin's ability to harness it for its own ends. The CIA also perceived the roots of the Sino-Soviet split before most other observers, and it understood that the key to Soviet power was a strong economic base.

All of this, Leffler claimed, did not translate into clear policy choices. CIA's nuanced assessments created problems of their own for US policymakers. Leffler argued that since "reality is always messier, grayer, and blurrier, than we would like," we need to focus attention not only on intelligence assessments, but, on how policymakers have used intelligence.

The final commentator, **Jack Matlock** focused his remarks on the question of how policymakers have used intelligence. Speaking from his own experiences, he stated that usually one could discount the assessments from the military intelligence services because "they never make an assessment that would, in any way, undercut their service's requests for funds." Matlock went on to say that in making political decisions you wanted an unbiased analysis, so you looked to CIA or to the State Department, depending on the subject. The biggest advantage Ambassador Matlock saw in creating CIA was in moving the thrust of intelligence analysis out of the Defense Department into a more neutral body.

Referring to former Senator Patrick Moynihan's criticisms of the Agency's analysis, Matlock argued that the purpose of intelligence is not necessarily prediction. For Matlock, the only solid basis for prediction is what happened in the past, and this can lead to shaky assumptions because inevitably there comes a time when people react differently than in the past. Matlock, in general, agreed with Leffler's assessment that CIA's analysis of the Soviet Union, particularly from the late 1960s through the 1980s, was much more accurate than most critics are willing to admit.