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7 September 1982

MEMORANDUM FOR: National Intelligence Officer for Economics

FROM: Director of Central Intelligence

SUBJECT: The Basis of a Common Allied Policy on Economic Relations with the USSR

I think your paper on a common Allied policy on economic relations with the USSR represents a good start on a difficult task. It seemed to me that the conclusions in the first paragraph were to some extent contradicted by the subsequent content of the paper and the SOVA paper on the impact of Western oil and gas equipment and technology. It seemed to me that a misleading impression was left by your focusing the paper in the first two sentences on influencing Soviet policies which could be read to exclude impacting the development and capabilities and then by talking about forcing Moscow to modify its policies when perhaps all we are talking about is requiring them to make some choices. In any event, I think we will have to see the additional data called for before we can comprehensively turn to the whole scope of the paper which I agree should incorporate much of the SOVA paper. I attach a draft terms of reference for the SNIE which [redacted] 25X1 drafted for me. I would broaden the subject of the estimates to something like the relationship of restrictions on Western assistance to the enhancement of Soviet military threat, not confining assistance to the pipeline. One other question in my mind is I'm not sure whether you want to actually propose the framework of a deal between the Allies to cope with this problem or whether it would be better to confine ourselves to intelligence estimates of the attitude of the Allies to measures which would address dealing with the Soviet threat in this way and the impact of such measures on their security, trade and defense sharing posture.

William J. Casey

Attachments:
(1) Draft TOR
(2) Paper, "The Basis of a Common Allied Policy on Economic Relations with the USSR"
(3) Paper, "Implications for the Soviet Economy of Embargo on Oil and Gas Equipment and Technology"

[redacted] 25X1

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