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Approved For Release 2005/04/18 : CIA-RDP61-00357R000300210005-8 **30 JAN 1959**

BRIEFING FOR DEFENSE APPROPRIATIONS SUBCOMMITTEE

APPROPRIATIONS
OF HOUSE ~~(ARMED SERVICES COMMITTEE)~~

(Sub-Committee)

I. Several new tendencies on Soviet political scene since I last briefed your committee late in January last year.

A. Externally

1. Lines of conflict with West have been tightened.

2. "Reduction of tensions" no longer major Soviet foreign policy ~~theme~~. *objective (But 21 Party Congress indicating some changes)*

B. Internally

1. Attempt to stabilize and consolidate - check the pace of change *which rapid in 6 years since Stalin's death*

2. Return to a certain rigor in policy and ideology but no reversion to police state.

3. Khrushchev firmly in control, but maneuvering for succession may be underway. *Last Party Congress in Saturn*

II. Trends in Foreign Policy

~~A. Distinct hardening tone.~~

A, 1. New militancy and assertiveness in Soviet policy.

2. Examples: Berlin, Middle East crises (particularly Iraq) and apparent support of China at Quemoy.

B. Return to harder course deemed desirable by Soviets because of:

1. Danger to Soviet authority in Eastern Europe.

2. ~~opportunities~~ *opportunities* because of breakdown in democratic procedures in certain non-bloc countries.

CLASSIFICATION

Canceled

Changed to *Secret*

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3. Soviet feeling of enhanced military-economic position relative to West.
 - a) In their view, good prospects for increased Bloc economic strength--^{Still hopeful} ~~symptoms~~ of economic crisis in West.
 - b) In their view, growing Communist influence in Asia, Africa, Middle East - decline of Western influence.
- C. Despite more confident and militant attitude, still wish to avoid nuclear war with USA at present.
 1. Despite their progress in ballistic missiles, US retaliatory capability threatens Soviet survival in war.
 2. They believe in achievement of final victory through political struggle.
 3. Continuing possibility of limited war₁, especially indirect aggression, if they think it can be used without unacceptable risk--this might lead to miscalculation.

III. Trends in Soviet Economy

- A. Growth rate twice that of US over last decade and in last five years more than three times. Soviet rate expected to continue.

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1. US retains lead in GNP

1957 - Soviet GNP = 45% of US

1965 - Soviet GNP = estimated about 55% of US

2. 1957 total value of Soviet consumption (or what consumers receive) one third of US

3. Investment - equal to two-thirds of US investment

B. Soviet defense expenditures will expand gradually.

1. Value of expenditures for military purposes roughly same as US defense expenditures.

2. As Soviet economy expands military expenditures can increase by 45 percent over the next 4 years without imposing significantly heavier ^{relative} burden.

IV. Seven Year Plan goals announced by Mr. Khrushchev at Central Committee meeting last November ^{being} ~~will be~~ ratified by Party Congress now in session.

A. "Catching up with USA."

1. Soviet claim - by 1970 - USSR will be in first place in per capita output and absolute output.

2. Specific Seven Year Plan goals (1959-1965) show this claim far too optimistic - nevertheless ambitious expansion planned.

3. Continuing emphasis on heavy industry and large military programs.

B. Specific Seven Year Plan goals generally feasible except in agriculture.

1. Will strain economy and some programs may be curtailed.

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C. In addition to supporting development of military power, continuing rapid growth of Soviet economy challenges Western world by:

1. Political-economic impact in foreign countries (Finland). *Iran. (Even South America)*
2. Attracting underdeveloped countries who seek quick end to poverty.
3. Creating potentially disruptive influence on traditional western economic relationships.

V. Soviet Economic Offensive

A. Trade and aid is economic adjunct to Soviet campaign of penetration in underdeveloped areas

1. Total magnitude of program relatively small, imposing little burden on Soviet economy.
2. But concentrates on uncommitted countries, where comparatively small investment offers prospect of high political gains.

B. In 3½ years prior to mid-1958, grants and credits extended by Bloc to underdeveloped countries in Free World totalled more than 2 billion dollars.

1. Of this total, about \$1.2 billion extended by USSR itself, rest by other Bloc countries. (Comparable figures for USSR loans to Bloc countries: \$5 billion of which \$1.4 billion in new credits, remainder cancelled debts).
2. About \$740 million has actually been expended, the rest has not yet been drawn.

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- C. About three-fifths of total actually expended in non-Bloc world has been in the form of arms deliveries to Syria, Egypt, Yemen, Iraq, Afghanistan, and Indonesia, largely in the form of surplus equipment.
- D. These same countries, plus Ceylon, India, Burma, and Cambodia, have received the bulk of the economic aid.
- E. Number of Bloc technicians in underdeveloped countries increased by more than 50 percent in 1958 over 1957.
 - 1. In first half of 1958, there were at one time or another about 3,700 Bloc technicians in 17 underdeveloped countries.
 - 2. About one-third of this total were military specialists.

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VI. Soviet Subversive Offensive

A. Under Khrushchev USSR making continuing effort to build up international Communist apparatus, especially since November 1957 Communist meetings in Moscow.

This apparent in

1. Increased training in bloc countries by members Free World CP's; in 1957-58 trainees from more than 20 CP's went to USSR and in summer '58 five Latin American CP's sent trainees to Communist China. (Estimate several hundred in all.)

2. Control and support of Free World CP's being improved.

a. Augmentation of ~~Soviet CP~~ foreign section begun in 1957.

of Soviet CP

b. Increased contacts now taking place between Soviet embassies abroad and CP leaders, and emphasis being placed on regional coordination of CP activity -- e.g., secret sessions of Latin American Communists in Mexico City and Buenos Aires in 1958.

c. New ideological journal -- Problems of Peace and Socialism -- successor to Cominform journal began publication at Prague in 16 languages in September 1958.

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- B. According to International Communist balance sheet, (published in Kommunist) 1958 saw growing influence of CP's in Italy -- although to us this is questionable -- Finland, Japan, India, and Indonesia, and progress by number of Latin American parties -- Argentina, Brazil, Chile, Uruguay, Cuba, Venezuela, and Colombia.
1. According to Soviets themselves, Communist setbacks occurred in Western Europe, particularly France, Netherlands, and Denmark, and in CP of USA.
- C. In international Communist front field, reorganization and strengthening also taking place.
1. Big effort being made to "capture" leadership elites of Asia and Africa through Afro-Asian Solidarity movement.
 2. "Orthodox" front activities (e.g., WFTU) continuing, but subsidies ~~of front activities~~ ^{for} ~~pointing up~~ subsidiary activities such as scholarship programs, aid to refugees and "rebels" -- as to Algerians in Tunisia, -- ~~and medical facilities for non-bloc patients.~~
 3. Bloc also giving financial support to non-Communist "national liberation movements" such as Cameroon Democratic Union which instigated violence in French Cameroons.

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VII. Trends in Science and Technology

A. Great emphasis in support of aspirations to national power, animated by intense spirit of competition with West.

1. Achievements in critical military and industrial areas are impressive - Earth satellites, etc.
2. Absolute size of scientific effort smaller than in US - concentrated in fields related to national power.
3. Announced expenditures increasing yearly.
4. Significant scientific and technological advances likely in greater frequency than in past.
(Greater corps of trained personnel with better equipment.)

B. Reorganization of economic administration under way since 1957.

1. New scientific coordination bodies and centralized planning.
2. Scientists given greater planning role.
3. Continuing emphasis on applied research.
4. Encourage individual initiative.

C. In some fields, Soviet scientists excel -- for example, pure mathematics, theoretical physics.

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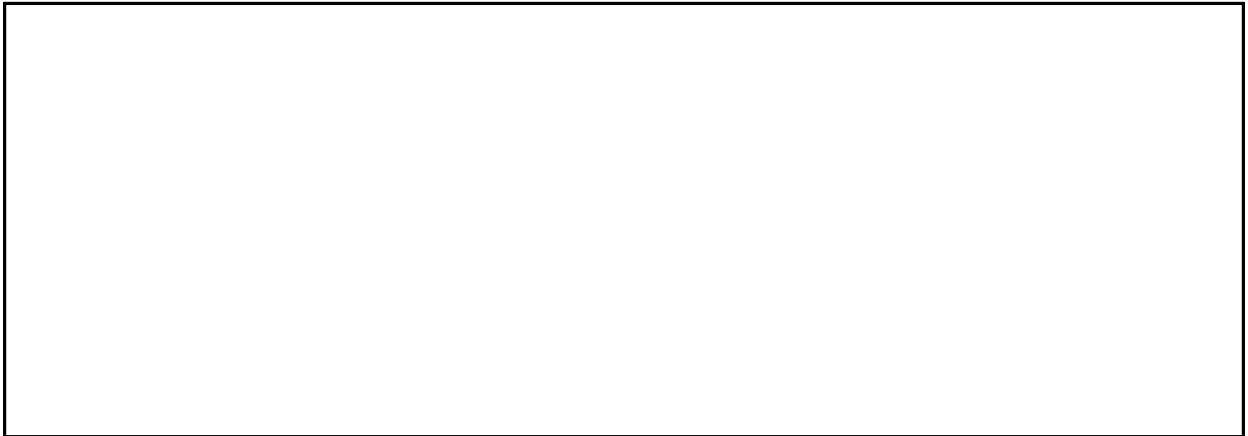
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VIII. Ballistic Missile Capability

A. Everyone in intelligence community seriously concerned about Soviet missile capability.

1. Expert views differ slightly on exact timing of threat.
2. Ballistic missiles up to 700 n.m. operational now; probably 1,100 n.m. also.
3. Estimates warn of possibility -- soon to be probability -- of operational ICBMs.
4. Think Soviets intend to build toward substantial ICBM force rapidly.

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C. Operational deployment of shorter-range missiles.

1. Ballistic missiles produced in several Soviet plants during past several years.
2. Operational capability may still be very limited, but could include as many as several hundred missiles of 700 n.m. and a few 1,100 n.m. range.

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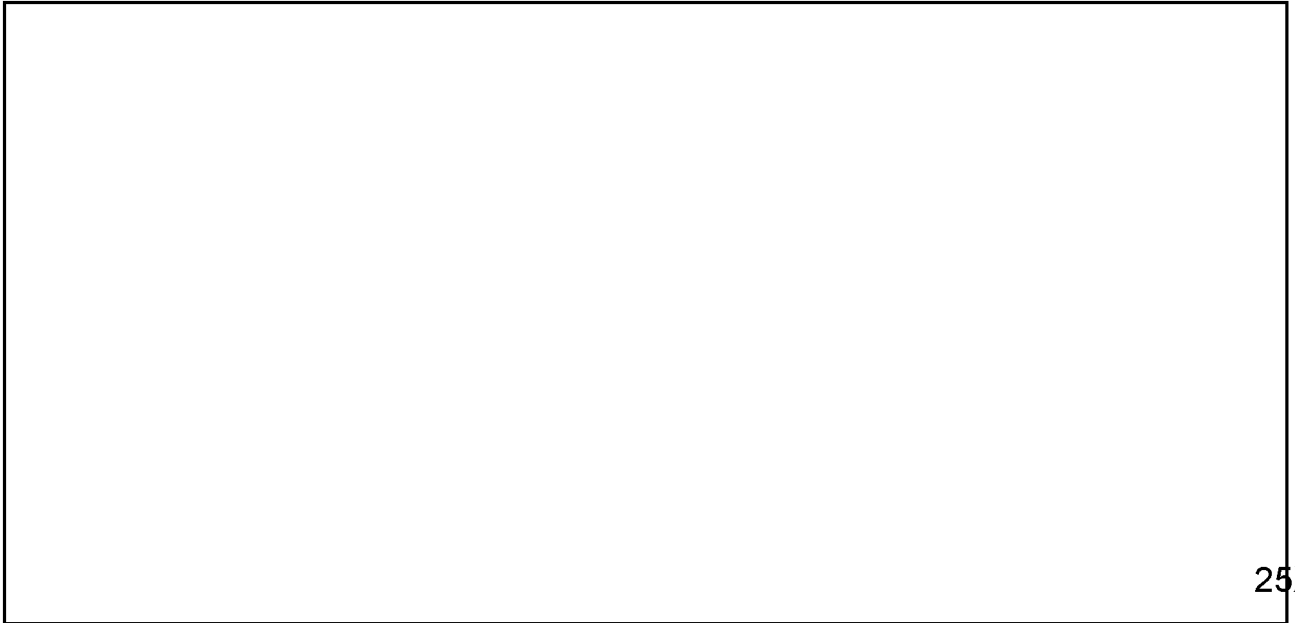
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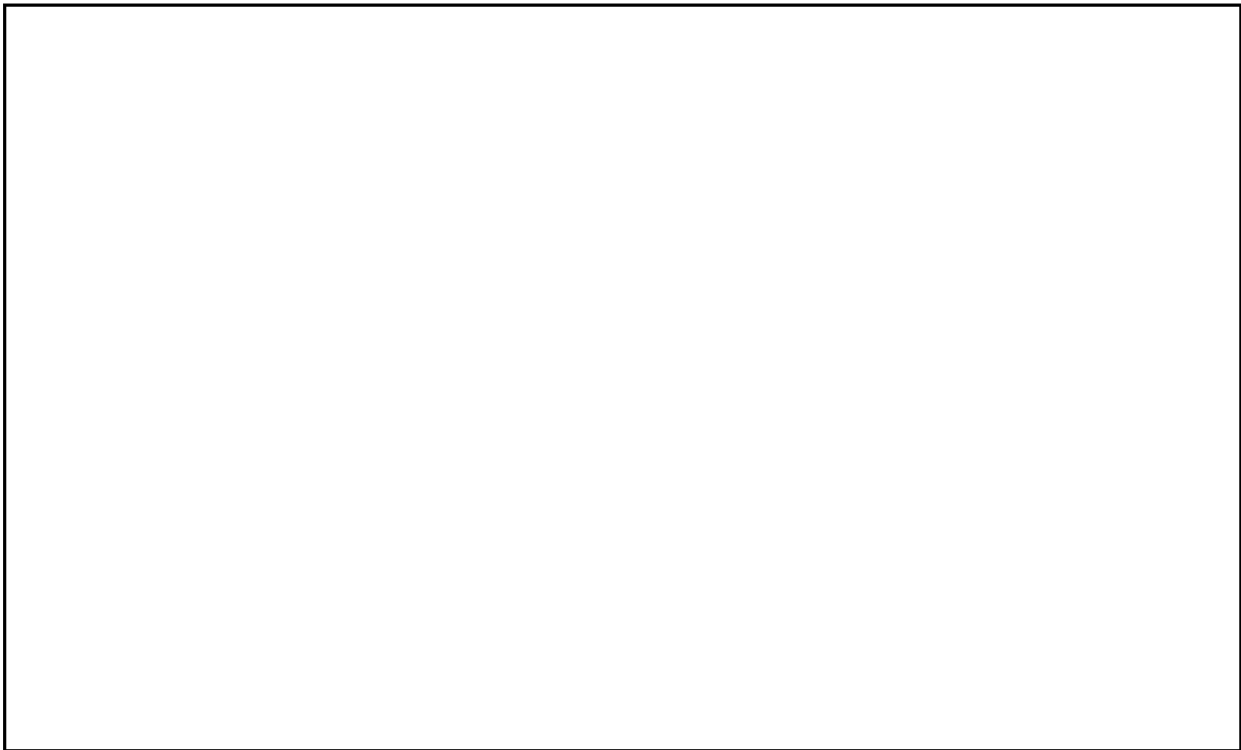
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IX. Long Range Bomber Force has approximately 1,450 bombers -
400 BULL (B-29 type) - 950 BADGER jet medium (B-47 type) -
100-125 BISON jet (B-52 type) and BEAR turboprop heavy.

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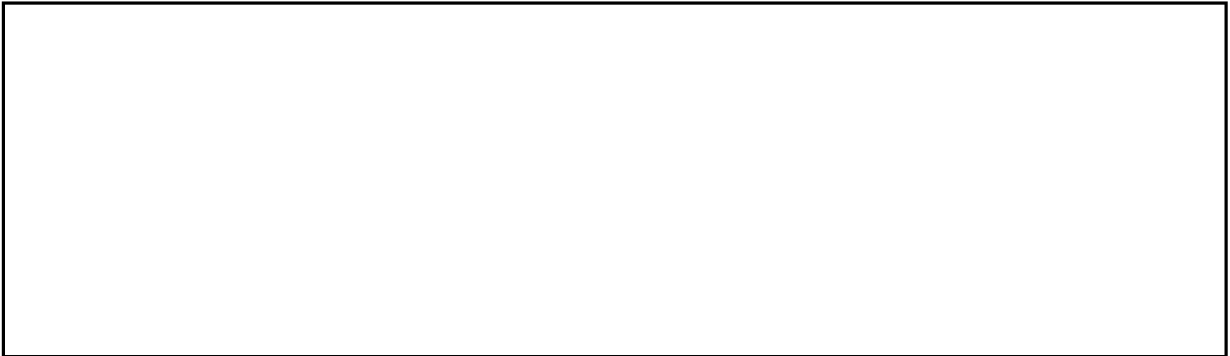
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COMMUNIST CHINA

- I. Peiping's domestic economy in 1958 largely dominated by the "giant leap forward".
 - A. "Giant leap" and associated programs produced marked increases in production, especially in industry.
 1. However, large portion of industrial increases came out of small, rural plants where quality low and uneven.
 2. Claim of doubling grain and cotton output not credible.
 - B. Party has called for production increases in 1959, which only half as large as those claimed this year but still fantastically ambitious.
 1. If 1959 output of foodgrains reached -- 525,000,000 tons -- would equal some 60 percent of the rest of the world's output in 1957.
 - a. This astounding level to be reached while acreage is cut in new "basic field" system

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under which some land taken out of cultivation and part of remainder farmed very intensively.

- b. They seem to believe that yields can be raised without limit, but we think this is fantastic and unreasonable.

II. Communes

1. Introduction of communes one of farthest reaching social experiments of modern times and Mao's greatest gamble to date.

III. Chinese Communist Scientific and Technical Progress

- A. Communist China acutely conscious of deficiencies in science and technology.

1. "Giant leap forward" will require better technology to support expansion of industry and agriculture.
2. Progress to be pushed through Chinese Academy of Sciences, establishment of new institutes and laboratories, increased budget.
3. Technical assistance from USSR and Bloc of paramount importance - at least 7,000 Chinese have been sent to USSR for training.

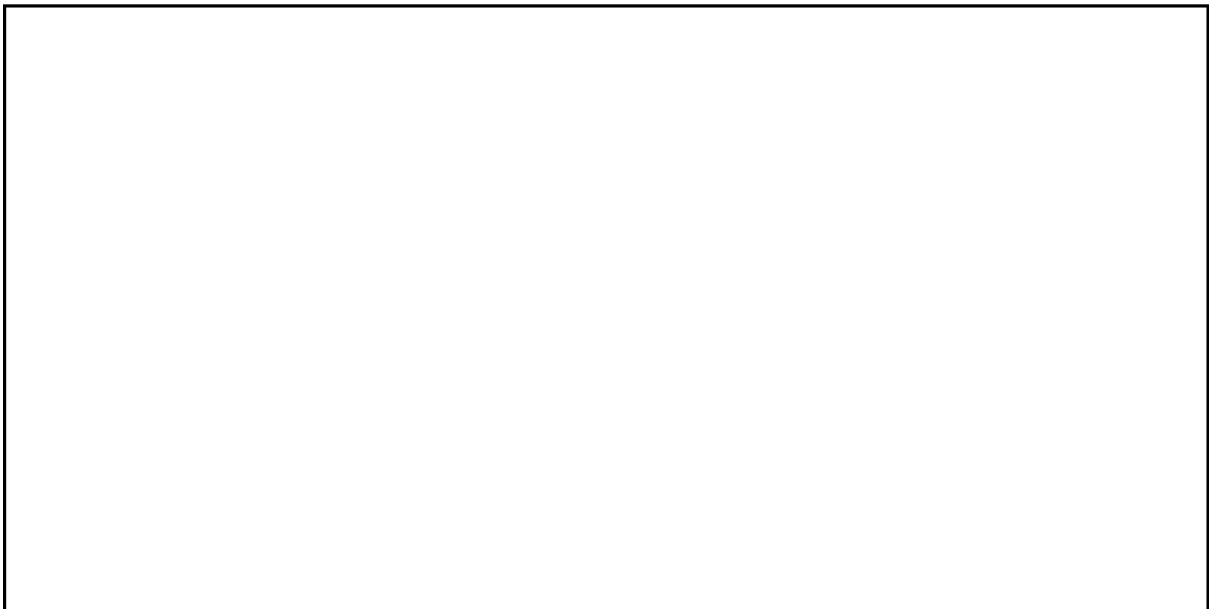
- B. Will continue to emphasize such critical fields of applied science as nuclear energy, electronics, metallurgy, power.

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1. Research reactor, built by USSR, now in operation (7-10 Megawatts).
2. Preparing to produce advanced communications equipment based on Soviet prototypes.
3. Claim steel production of 11 million tons in 1958 (double that of 1957, and hope nearly to double again in 1959).
 - a. About three-fourths of 1958 production was by modern methods.
 - b. Remainder "back-yard" production, of some use but admittedly low quality.
4. China moving rapidly toward self-sufficiency in conventional weapons manufacture.

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if Soviets decide to.

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- C. Considering level at which they started, Chinese Communists making good progress -
1. but buildup of native scientific capability will take some years.
 2. at present, dearth of facilities for training at higher levels.

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IV. Sino-Soviet alliance has continued firm, with Peiping remaining junior partner, but partner and not more satellite. However, many reports, and some evidence, of friction in 1958.

A. While Peiping followed Soviet lead in denouncing Tito last May, vehemence of Chinese attack apparently disconcerted Moscow.

B. Moscow seemed uneasy about Peiping's big talk during flurry in Taiwan Strait last summer, and may have counselled caution.

C. Moscow clearly displeased by recent Chinese claims that communes are best organization form for Communist society. Peiping has modified its claims, but Moscow still seems unhappy about fact of communes, which are not in Russian pattern.

D. While Khrushchev and Mao publicly praise each other, many recent reports that each regards other with misgivings.

V. We expect cohesive factors in Sino-Soviet alliance to remain stronger than divisive factors for some years to come. However, there may be continuing friction in coming years.

A. Peiping is going ahead with communes program, and Mao will probably write a doctrinal justification of it.

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- B. Peiping is now pressing Moscow to make available additional exports of machinery and equipment for Chinese industrialization. The USSR may believe China's demands are greater than it is easily able to supply.
 - 1. Mikoyan's statement that China paying for everything it gets is apparently correct.
- C. Peiping may also be asking for nuclear weapons which Soviets would almost certainly be reluctant to furnish.

CRITICAL AREAS

A. Berlin

- 1. Soviet initiative to convert Berlin into Free City probably designed to:
 - a. Force negotiations on future status of Germany on terms favorable to the Bloc.
 - b. At minimum to gain some degree of recognition of East German regime by West.
- 2. West German political parties agree that Soviet peace treaty proposal unacceptable.

B. Middle East

- 1. Nasir's major drive on Communists.
- 2. Nasir appears confident that USSR will not retaliate.
- 3. Soviet agreement to advance \$100,000,000 credit for Aswan Dam. (Signed 27 December)

C. Iraq

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- 1. Premier Qasim not preventing increase of Communist

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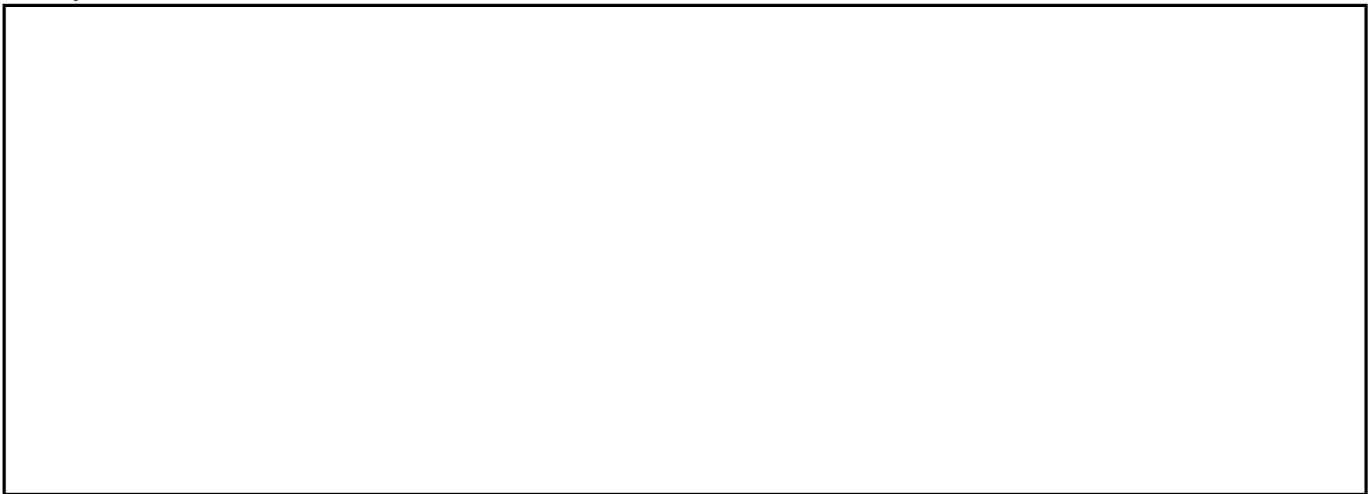
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influence.

2. Actually facilitating Communist buildup to counter influence of West and UAR.
3. Iraq has concluded \$170 million arms deal with USSR.
4. Soviet military mission and three shiploads of heavy arms have arrived.

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Iran —



E. Taiwan Straits

1. Periodic shelling rather than heavy barrages by Communists to maintain degree of tension.
2. Occasional heavy shelling to demonstrate continued Communist control.
3. Propaganda alleging US efforts to replace Chiang and create "third force".

F. Cambodia

1. Thailand and Viet Nam disturbed by growing friendship of Cambodian Premier Sihanouk with Chinese Communists, are plotting with Cambodian dissidents.

Laos
G. Cuba

1. Castro consolidating control.

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2. Too early to predict orientation of Castro government.
3. Communist party given legal status.
4. No firm indications on future status of Guantanamo
naval base.

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