

DCI STATEMENT
re
Worldwide Wrap-up

10 March 1982

I plan to give you an overview of the many levels of rivalry and of actual and potential conflict which concern us around the world. I plan to do this briefly, largely in the context of what has developed recently and what we see ahead.

What I have to tell you this morning is gleaned and backed up by some 60 intelligence estimates produced during the past year by the intelligence community through the National Foreign Intelligence Board.

The Soviets have achieved strategic nuclear capabilities at least equal to our own and continue to further improve the accuracy and striking power of their offensive forces, with deployment of additional MIRVed land based and submarine based intercontinental missiles and BACKFIRE bombers, plus some 300 SS-20 missiles aimed at Western Europe and the Far East.

We see no let-up in their drive to develop and deploy still further improvements in their strategic arsenal. We expect initial deployment of AWACs aircraft in 1983, of new MIRVed missiles for the Typhoon submarine in 1984, sea- and ground-launched cruise missiles as early as 1983 and an air-launched cruise missile in about 1985, solid propellant missiles for mobile deployment in 1985, and a new long range B-1 type bomber in 1986. Although there will always be uncertainties, it is our best estimate that, in a well-executed strike, they could destroy close to 80 percent of our Minuteman silos today, and over 90 percent by the mid-1980s.

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The Soviets are upgrading missile defenses at Moscow, constructing new large radars and developing new ABM systems and components. This will give them several options for widespread ABM deployment in the late 1980s. Even if such a missile defense could potentially be overcome by an attacking force, it would create major uncertainties about the effectiveness of a US retaliatory strike.

In strategic air defenses, we estimate that by the mid-1980s the Soviets will have deployed in large numbers a variety of systems--interceptors, SAMs, and AWACs--that will give them a much greater technical capability to engage low-altitude planes and cruise missiles.

The magnitude of Soviet space programs gives ominous indications of future military applications in space. They are working on antisatellite systems which can destroy or interfere with US satellites. We believe their objective to be the establishment of permanently manned space stations with weapon systems employing directed-energy technology.

Overriding these force development programs, the Soviets emphasize command, control, and communications (C3) as critical to nuclear warfighting. Their own command systems are highly survivable as the result of hardening, mobility, and redundancy. At the same time, we believe they have the capabilities to destroy or interfere with most major elements of the US tactical warning and attack assessment system, and may be able to severely degrade command and control of our nuclear forces.

All the evidence indicates that the Soviets are attempting to prepare their leaders and military forces for the possibility of having to fight a nuclear war, and are training to be able to maintain control over increasingly complex

-3-

conflict situations. They are well aware that the course of a nuclear conflict will probably not go according to plans. But they believe that preparations in force structure, doctrine and training to continue operations after a nuclear attack is the best way to deter one and will limit damage and raise the prospects for a favorable outcome if a nuclear conflict should develop.

In conventional forces, Warsaw Pact forces outnumber NATO by 2 to 1 in divisions and tanks and 2 1/2 to 1 in combat aircraft. The Warsaw Pact divisions are smaller, but they are more heavily armed. The past few years have widened the numerical disparity and eroded the qualitative edge NATO once had. Most of the recent improvements have been to Soviet forces. Moscow's East European allies, which account for about half of the initially available Pact forces, have equipment which is obsolete relative to the Soviets and NATO.

The Soviet Union would depend heavily on its Warsaw Pact allies at least in the early stages of a war with NATO. Poland provides 15 divisions, about 25% of the Pact's forces, and controls critical lines of communications between the Pact's forward based forces and Moscow's primary reinforcement base. The Soviets are likely to be reluctant to risk military encounter with NATO until their interests in Poland are fully assured.

In the technological race, there is the constant threat of a breakthrough which could tip the strategic balance against us. The Soviets have some 40 weapon design bureaus with a capacity to accommodate over 200 new or modified systems in a ten-year period. We have evidence of some 150 programs in development, of which about 40 are for space and 30 are associated with strategic weapons. We see a new modern tank, advanced countermeasures to our anti-tank weapons, and much the same thing in air attack and air defense weaponry and countermeasures.

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-4-

A community intelligence estimate just completed concludes that the Soviets have provided lethal chemical warfare agents including yellow rain to Laos, Kampuchea and Afghanistan, either directly or through the transfer of technical know-how. This demonstration of a will to use their chemical warfare arsenal through their own forces or those of their allies poses a serious threat to the US and its allies.

During this year we have established that the increasing sophistication, accuracy, power, impenetrability and countermeasure capability of Soviet weapons, against which we must defend ourselves, is based on our own expenditures in research and development to a far greater degree than we had ever dreamed. The Soviets conduct a massive far-flung and well organized effort to get technology from the West through trade, theft, illegal purchase, espionage, scientific exchanges and study programs. This has given them a huge free ride on our military R&D and on our civilian technology. We have paid for much of the vastly increased military threat which will now require us to increase our military spending by hundreds of billions of dollars over this decade.

This expanding Soviet military power will back up growing aggressiveness in seeking enhanced political and economic influence on a worldwide scale. In the military domain they continue to improve their ability to project power over considerable distances. This was seen in moving tanks and other heavy weapons to supply Cuban forces in Angola and Ethiopia.

We know the Soviets have examined exercise scenarios calling for the introduction of large Soviet forces into Iran, planning to occupy the country over a six-week period. In the military districts opposite Iran they maintain 23 divisions, with 13 additional divisions available in their strategic reserve. We estimate that within a month or so they could prepare a force of 10-20 divisions for operations in Iran.

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However, although the Soviets have the world's largest airborne force, Moscow's capability to project and support those forces beyond contiguous areas is currently constrained by a shortage of long-range transports and their inability to provide fighter cover for operations far from the USSR. They have only enough aircraft to move one airborne division at a time. We estimate the Soviets have the capability to airlift an airborne division of 7,000 men and their equipment to the Middle East in some 600 sorties over a period of several days. They could sealift a motorized rifle division with 12,000 men and 200 tanks to the region in two weeks. This would be beyond the range of Russian-based tactical airpower and without basing near the intended operational area, the Soviets could conduct military operations only against light opposition.

Beyond the direct reach of its military power, Moscow, with its proxies and clients, Cuba, Vietnam, East Germany, Libya and North Korea, seeks power and influence in the Third World through a sophisticated mix of tactics including traditional diplomacy, aid to revolutionary groups, active disinformation measures and extensive arms aid. All the problems and conflicts around the world do not originate in Moscow, but the Soviets and their associates are skillful and diligent in finding and exploiting opportunities to weaken the United States and separate it from its friends and allies.

The Soviets in 1980 sold about one-third more arms to the Third World than we did. They offer better terms and more speedy delivery. This is a drastic shift from the late 1970s when we sold twice as many arms as they did. Moscow's ability to quickly meet its clients' needs for arms was shown last year in Cuba, where Soviet arms deliveries more than tripled from about 20,000 to over 60,000 tons. The number of Soviet military advisors in the Third World

continues to grow, now numbering almost 16,000. This is four times as many as 1965 and double the number in 1975. Arms sales now account for over 16% of Soviet hard currency earnings, second only to oil and energy exports. Moscow also combines traditional diplomacy and subversion to undermine hostile government and to befriend leftist ones. Almost 8,000 Soviets are assigned to official Soviet installations in the Third World. About one quarter of those are KGB and GRU intelligence officers. At the same time, Moscow's involvement in the Third World is becoming increasingly costly and is generating its own counteraction. The USSR and its clients are now bogged down in five major counterinsurgency campaigns (Afghanistan, Ethiopia, Cambodia, Angola, Mozambique) which they are having a hard time winning and Soviet economic assistance to its clients becomes more and more burdensome.

Now let's look at specific areas starting with the Middle East.

For Egypt, failure to regain the Sinai from Israel in April would be a serious setback. There are misgivings in Israel but we expect that Begin will be able to meet his Sinai commitment, even though it is clear that Mubarak intends a gradual warming of relations with the Arab world. Mubarak has made it clear that he intends to re-establish economic and diplomatic relationships with the Soviet Union and open up arms supply relationships with France and probably other countries. In this, a primary objective will be to reduce the domestic cost of the perception of exclusive dependence on the United States, which he believes contributed to fundamentalist disenchantment with Sadat.

The prospect of bridging the gap between Egypt and Israel on Palestinian autonomy is not promising. Egypt wants an autonomy agreement that gives the West Bank Arabs sufficient power and responsibility to attract broad Palestinian support. The Israelis want an agreement that restricts the powers of the

Self Governing Authority to administrative matters and leaves control of the territory and all key security issues with Israel. If Israel does go through with the Sinai withdrawal, Begin may follow up by establishing stronger control over the West Bank. This is a delicately balanced situation which can be upset by changes in mood and as yet unseen circumstances particularly in Lebanon where the Israelis consider the continued presence of increasingly well armed Fedayeen a threat to their security. They are poised to eliminate this threat, and to assist their Lebanese Christian allies with a massive strike into southern and central Lebanon if there is significant provocation. Such a strike could involve combat with Syrian forces as well. The likelihood of a Soviet intervention in support of Syria is slim--especially if conflict is confined to Lebanon--but as time goes by the Syrians will continue to strengthen their military and political ties with the USSR.

With the exception of continued leftist insurgency in North Yemen supported by Soviet-supported South Yemen, the prospects for stability in the Arabian Peninsula remain good over the next year. There is no detectable organized opposition to the Saudi regime. Should Iran predominate in its conflict with Iraq, we are likely to see renewed political agitation in the Shia areas of the Persian Gulf. We have already seen support from the the Iranian regime for a coup in Bahrain with its predominantly Shia population. The end game of the Iran-Iraq war might also lead to further attacks on oil-related targets in both countries and possibly on the Arab side of the Gulf.

In Iran, the clerical regime has significantly consolidated its control during the past six months, and appears to have broken the main strength of the principal opposition group, the leftist Mujahedin. The standing and power of the Revolutionary Guards has been enhanced. Also, there appears to be

increasingly frequent collaboration between the Soviets and the Islamic Republican Party--particularly in arms procurement and probably security matters. What we may be contending with in a year's time is not a power vacuum, as we had feared, but a strengthened fundamentalist central regime with increasingly closer Soviet ties. Iran looks increasingly like Libya and other pro-Soviet Third World countries.

In Afghanistan, things are going badly for the Soviets. Soviet soldiers in the cities do not leave their barracks at night and the Soviet road convoys are confined to the main roads and sometimes required to stay off them for days at a time. The insurgents control 60% of the country. Recently, the Soviets increased their military strength there by 5,000-10,000 men. For the Soviets to crush the insurgency and more effectively limit insurgent support across the borders, the Soviets would probably need at least 300,000 additional men.

Pakistan, while nervous about pressure from Russia and potential pressure from India, remains firm in quiet support of the Afghan resistance.

India has a decisive military superiority over Pakistan in virtually all areas. The planned US delivery of 40 F-16s to Pakistan over the next five years will not significantly alter India's overwhelming air superiority.

In Libya, an apparent assassination attempt on Qadhafi last December highlights his vulnerability to an unpredictable act of this nature. During the fall, Libya, Ethiopia, and South Yemen entered into a pact to threaten Sudan, Somalia, and North Yemen, all of them friendly to the US and economically and militarily very wobbly. This, in turn, could in time constitute a threat to Saudi Arabia and possibly Oman. Sudan is particularly vulnerable to Libyan

subversion. Libya's withdrawal from Chad last November is probably only temporary. The withdrawal was motivated by Qadhafi's desire to ensure the success of his role as chairman of the Organization of African Unity that he will assume next July.

There are not many states in Africa which do not find themselves threatened or heavily influenced by some combination of Eastern Bloc arms, Libyan money or Cuban troops. We see Libya moving in West Africa threatening Niger, Mali, and Togo, seeking influence with the new military government in Ghana, developing Benin as a base from which to spread subversion in West Africa by using dissidents brought from other West and Central African states and trained in Libya. Morocco faces severe pressure with economic problems arising from poor harvests and heavy unemployment in Casablanca, and desert nomads in the Western Sahara, known as Polisarios, knocking its planes out of the air with Soviet SAMs funded by Libyan money.

There are 13,000 Cuban troops and 1,700 Soviet military advisors in Ethiopia. Most of the Cubans are in the Ogaden region near Somalia. Libya trains and assists Somali dissidents for use against the Somali government.

In Angola, there is a weak economy and 25,000-30,000 Cubans, 75% of whom are military, together with 2,000-3,000 Soviet and East German advisors.

The struggle for Southern Africa is being played out mainly in northern Namibia and southern Angola, where South African military forces are arrayed against the Soviet- and Cuban-backed guerrillas of SWAPO, which operate out of Angola. South Africa has constrained SWAPO's ability to operate in Namibia by conducting aggressive cross-border operations into Angola during the past year and a half. There is increasing evidence that the Soviets are making efforts to impede the progress of negotiations for a Namibia settlement.

In Zaire, there is general agreement that the danger of an outbreak of hostilities in Shaba is greater than at any time over the past three years. The Soviets are ready to exploit signs of instability in Shaba and elsewhere in mineral-rich Zaire.

In Central America violence reigns. Managua has become an international city as Cubans, Soviets, East Germans, Bulgarians, North Vietnamese, North Koreans and radical Arabs support insurgency in El Salvador, Guatemala and Honduras and develop Nicaragua into a superpower on a Central American scale.

[redacted] Nicaragua with a population of 2 1/2 million is on the way to military power which will dominate surrounding countries with a population of 18 million. Somoza had a national guard of 11,000 at the height of the Sandinista insurgency. The country is now divided into seven military districts and [redacted] built on a model seen in Cuba, for each of these seven military districts. We see an army of 20,000 and a militia of 20,000 being steadily increased, with an announced goal of 50,000 in the army and 200,000 in the militia. [redacted] Soviet tanks and armored personnel carriers and 152 mm. artillery. [redacted] T-55 tanks and runways at three airports being extended to handle MIG aircraft which we expect when pilots sent to Bulgaria and to Cuba for training return to Nicaragua. The dominant Cuban influence in Nicaragua is reflected in Havana's nearly 6,000 advisers, some 1,800 of whom are military/security personnel. With guidance from Cuban and East German security personnel, a block by block organization just like in Cuba is being imposed along with increasing repression of the leading moderates, intellectuals, opposition politicians, businessmen and independent media.

All this is generating a growing number of dissidents within Nicaragua. Nicaraguans who have exiled themselves in Honduras and Costa Rica are now close to 30,000. Indians on the isolated east coast have been attacked and their villages razed. As a result, thousands have crossed into Honduras to join the exiles. The Sandinistas' mounting concern about raids by anti-regime bands operating largely from Honduras increases the likelihood that Managua will move decisively against anti-Sandinista camps in that country.

In El Salvador, some 5,000 armed insurgents are locked in a war of attrition against government forces numbering 24,000. The insurgents are supplied with arms and trained leaders by air and sea from Nicaragua, smuggled by land through Honduras, and controlled through a communications network operated from Nicaragua. The El Salvador government's land reform and other economic measures are being implemented but are seriously impeded by the civil war. Real and threatened attacks on economic targets reduce investment faster than economic assistance can be provided. The failure of last year's final offensive to spark a popular uprising forced the guerrillas to adopt more modest short-term goals, while counting on economic sabotage, mounting armed forces' casualties, and international condemnation of the government to tip the balance in their favor over the longer term. The guerrillas' current priority is to disrupt the 28 March elections. They got a big lift from the recent night time sabotage job which destroyed a large portion of the government's air force at a major airport near San Salvador. This is likely to provide additional steam to the insurgents' plan to escalate small unit attacks on power, transportation and other economic targets to damage the economy and intimidate voters away from the polls.

Guerrilla activity in Guatemala has increased sharply since last fall, reflecting a major growth in the strength of the insurgents, whom we now estimate to number some 4,500. The Cubans and Nicaraguans are also laying the groundwork for an eventual insurgency in Honduras and are accelerating guerrilla training. The force of these insurgencies, the concerted nature of their external support, and the magnitude of the Nicaraguan military buildup is creating increasing concern throughout Latin America as witnessed by the recent vote in the Organization of American States overwhelmingly supporting the election plan of the government in El Salvador, by the opposition voiced by the South American states to Mexican and French expressions of support for the insurgents in El Salvador, and by the more recent call by Costa Rica, Honduras and El Salvador for assistance from Colombia, Venezuela and the United States against the threat they perceive from their joint neighbor, Nicaragua.

Going to the Orient, the Chinese leadership continues to plan for its own succession. Although the aging Deng Xiaoping remains preeminent, his economic development policies favoring agriculture and light industry are producing modest results at best. Moreover, Deng and his allies must still restore institutions damaged during the Mao era and build support for a reform program that minimizes the role of ideology. Some military leaders and many middle-level bureaucrats have reservations about these policies. If a smooth succession to Deng is implemented, Soviet capabilities to expand their influence at China's expense will be minimized; a failed succession, on the other hand, would present the Soviets with tempting opportunities. China-US relations remain heavily influenced by Taiwan. As a result, mutually acceptable management of the Taiwan arms sale issue tops the Chinese-US agenda for 1982.

The military stalemate in Kampuchea has led to increased political maneuvering among Communist and non-Communist resistance forces and their supporters outside Kampuchea. Although the military balance still favors Vietnam (180,000) and their Kampuchean puppets (15-20,000), they are unable to consolidate control. Singapore and Thailand are pressing for a loose coalition of Communist and non-Communist resistance forces with the objective of forcing Hanoi to seek a political solution. Both the Soviets and the Chinese also have equities in Vietnam and Indochina. The Soviets keep Vietnam afloat economically by contributing \$2-3 million per day and gain the use of facilities in Cam Ranh Bay. The Chinese, for their part, continue to support the resistance forces while occasionally threatening to "teach Vietnam a second lesson" along their common border. These measures are designed to force the Vietnamese out of Kampuchea and the Soviets out of Vietnam, but they are unlikely to succeed soon.

Of all these arenas of rivalry, in the long run the relative economic and political performance of the free societies and the command societies may be the most relevant and critical. Third World countries are finding that military aid from the Soviet Union does not solve their pressing economic problems. Moscow's proxies--Cuba, Vietnam, North Korea, Angola, and Nicaragua--have become economic basket cases. The world has witnessed the failure of the Communist system in Poland. The prospect is that the Polish military will find it more difficult to govern than it was to decapitate the Solidarity movement which is likely to continue as a powerful force if only in passive resistance.

A Soviet Union running out of hard currency will face growing financial demands to keep things going not only in Poland, but in Cuba, Vietnam, and

-14-

other satellites. Within Russia, for three years in a row, overall economic growth was 1% to 2% and the harvest failure got worse each year. Growth is slowing in the labor force, in investment, in labor productivity, in primary energy production, and in overall industrial output. Economic problems have brought a growing social malaise, with rising alcoholism, higher labor turnover, more corruption and black market activities, and growing resentment among the increasing Moslem and non-Russian population against Moscow's domination. A continuation of a 4% annual increase in Soviet military outlays while economic growth remains in the 2% range can only squeeze consumption, worker productivity and investment still harder. What we have been witnessing in Poland during the last three months may well symbolize the ultimate failure of the command economy, proof that it cannot work without brutality and repression.

On the other side of the curtain, in Western Europe, unemployment, social dissidence and political tension will run high. The political turn to the left in France and Greece seems likely to compound and further complicate these tensions. The way Europe balances its commitment to security against the Soviet military threat and its temptation to ease growing unemployment by credits to a Soviet Union running out of hard currency seems likely to be at the heart of the East-West relationship. As we look around the world, it appears that only the market economies of East Asia, Japan, South Korea, Taiwan, Hong Kong and Singapore are doing well. In addressing the concerns I have outlined, we have a heavy stake in how well the nations of the Atlantic Alliance and East Asia mesh their economic and political gears and outperform the command economies in the economic and political arena.

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