



Directorate of Intelligence

~~Secret~~

23483

23483

CIA SOV | 89-10012 X

Moscow's 1989 Agenda for US-Soviet Relations

An Intelligence Assessment

CIA SPECIAL COLLECTIONS
RELEASE AS SANITIZED
2000

~~Secret~~

SOV 89-10012X
February 1989

1989

29

3 0 7 0

Warning Notice

Intelligence Sources
or Methods Involved
(WNINTEL)

National Security
Information

Unauthorized Disclosure
Subject to Criminal Sanctions

Dissemination Control Abbreviations	NOFORN (NF)	Not releasable to foreign nationals
	NOCONTRACT (NC)	Not releasable to contractors or contractor/consultants
	PROPIN (PR)	Caution—proprietary information involved
	ORCON (OC)	Dissemination and extraction of information controlled by originator
	REL...	This information has been authorized for release to...
	FGI	Foreign government information
	WN	WNINTEL—Intelligence sources or methods involved
	A microfiche copy of this document is available: from OCR/DLB (351-7177); printed copies from CPAS/IMC (351-5203). Regular receipt of DDI reports in either microfiche or printed form can also be arranged through CPAS/IMC.	

Classified b,
Declassify: OADR
Derived from multiple sources

All material on this page
is Unclassified.





Directorate of
Intelligence

~~Secret~~

Moscow's 1989 Agenda for US-Soviet Relations

An Intelligence Assessment

This paper was prepared by the Office of Soviet
Analysis. The principal drafter was:

Comments and queries are welcome and may be
directed to the Chief
SOV/

Reverse Blank

~~Secret~~
SOI 89-10012A
February 1989

3 0 7 2

~~Secret~~

**Moscow's 1989 Agenda for
US-Soviet Relations**

Scope Note

It has been four years since the Intelligence Community produced an assessment of Soviet policy toward the United States. Since that time, Mikhail Gorbachev has become General Secretary of the Communist Party as well as head of state, and Soviet foreign policy in general and toward the United States in particular has changed considerably. This Intelligence Assessment examines Soviet positions on all issues currently under discussion with the United States and explores some of the tactical moves Moscow is likely to make in upcoming talks on arms control, regional issues, and bilateral concerns. In addition, this paper provides the domestic political, economic, and military motivations as well as the ideological framework for Soviet policy toward the United States in the coming year

Reverse Blank

iii

~~Secret~~
SOV 89-10012X
February 1989

3 0 7 5

~~Secret~~

Moscow's 1989 Agenda for US-Soviet Relations

Key Judgments
Information available as of 3 February 1989 was used in this report.

Gorbachev's foreign policy is a direct outflow from his domestic agenda. One of his main priorities as General Secretary has been to obtain relief from the arms competition with the United States and its allies as well as with China in order to focus on economic, political, and social recovery from the devastating legacies of Stalinism. In 1989 Gorbachev's incentives for pursuing this course will, in our view, be even greater. For the second straight year economic performance has been in decline—because of the turmoil generated by his restructuring policies—and he faces growing budget deficits.

Gorbachev's ability to focus on his US agenda may be constrained by the plethora of domestic issues requiring attention in 1989. He will most likely be distracted by urgent problems, such as continued ethnic turmoil, consumer unrest, and the need to protect his political flanks. His foreign policy could appear episodic if the timing of his initiatives and responses are affected by such domestic demands.

Moreover, the Soviets are reaching a critical juncture in the preparation of the 13th Five-Year Plan for the 1991-95 period. Soviet political authorities have admitted that restructuring the economy will require moving some resources away from the defense sector, and military officials have stated publicly that defense spending is to be reduced. Although the need to meet key planning deadlines will not, by itself, make the Soviets more accommodating in arms control negotiations or other forums, we think it will increase their interest in reducing the uncertainties vis-a-vis the United States that would affect their defense planning.

A key goal for Moscow is concluding a START agreement in 1989. Soviet statements and positions taken in Geneva lead us to believe that the Soviets' concerns about a near-term deployment of the Strategic Defense Initiative (SDI) have lessened, which may make it possible for them to accept less explicit linkage between a START accord and SDI limits than they have previously. Soviet officials also appear to be probing for ways to resolve the issue of sea-launched cruise missiles, which they see as the other major substantive obstacle to the conclusion of a START treaty.

Conventional arms control clearly has moved to a high position on Moscow's East-West agenda. Reductions of conventional forces offer potential benefits to Gorbachev's economic program in terms of labor, materials, and industrial capacity that could be redirected to the

~~Secret~~

3 0 7 4

~~Secret~~

production of civilian goods. Gorbachev's announcement of unilateral cuts is consistent with the reports that the Soviet leadership intends to trim the share of resources going to defense. It also indicates, we believe, that Gorbachev feels he cannot afford to allow decisions on resource priorities to be dependent on the outcome of what promises to be complex and protracted multinational negotiations.

This likelihood of extended negotiations probably has reduced pressure on the Soviets for rapid movement in the upcoming Vienna negotiations on Conventional Armed Forces in Europe. At a minimum, they are likely to seek to bolster what they see as the high ground they gained from their announcement of unilateral cuts by making a major, sweeping proposal at the outset of the new talks. They may also adopt a tough—perhaps even rigid—stance on the inclusion of NATO attack aircraft in the forces to be considered for reduction.

Gorbachev's move on conventional forces is perhaps the most vivid illustration to date of his strategy of employing political leverage instead of military strength to promote the USSR's security. Although the cuts he announced will reduce the immediacy of the Warsaw Pact offensive threat, the remaining forces will leave the Soviets secure against any plausible military initiative by NATO. Meanwhile, the resulting dampening of public and parliamentary support for NATO defense modernization could well result in an overall net gain for Soviet security in Europe. Gorbachev could take a similar tack in the strategic arena if he believes the START talks are bogged down; there are a number of moves he could make that, in practical terms, would do little to change the USSR's strategic nuclear posture but which would have a potent impact on Western public perceptions and undercut support for US modernization programs.

In other arms control arenas, we think that in the coming year the Soviets are likely to:

- Seek to complete the verification protocol to the Threshold Test Ban Treaty so that both it and the Peaceful Nuclear Explosions Treaty may be submitted for ratification and work can begin on further reducing the limits for nuclear testing, in support of Moscow's stated goal of a comprehensive test ban.
- Pursue a flexible new policy on verification in all negotiations, attempting to meet demands of the West for the information and access it considers necessary to monitor compliance.
- Attempt to capitalize on the Paris conference by spurring the talks on a chemical weapons ban in the Conference on Disarmament negotiations, to move closer to their goal of a verifiable global ban on chemical weapons.

~~Secret~~

~~Secret~~

Regional conflicts, human rights, and economic and other bilateral issues also will continue to receive high-level attention in 1989. Progress on these issues enhances the USSR's image abroad, provides a calmer environment for achieving arms control agreements, and moderates Soviet obligations for military and economic assistance to client states. Specifically, the Soviets are likely to:

- Continue intensive talks with the United States on ways to resolve and mutually guarantee settlement of regional conflicts. In this connection, we expect the Soviets to meet their 15 February deadline for withdrawing all their troops from Afghanistan.
- Maintain an active dialogue on human rights in an effort to project a better image of the Soviet Union abroad and help "legitimize" legal, social, and political reforms inside the USSR.
- Attempt to enhance bilateral economic relations by pressing for elimination of US trade restrictions, seeking most-favored-nation status, and courting American firms to establish joint ventures with Soviet companies. The latter would help integrate the USSR into the world economy, allow it to acquire state-of-the-art technology and managerial and marketing skills, and boost exports to the United States.

To improve the general political atmosphere, Gorbachev has put considerable energy into "normalizing" Moscow's relations with Washington. He views such relations as critical to creating a calmer international environment that will allow the USSR to focus on the rejuvenation of its economy and society. He is likely, therefore, to continue to place great value on developing a personal dialogue with the US President and between Foreign Minister Shevardnadze and the US Secretary of State as a means for providing impetus to negotiations and for sustaining continuity in a key bilateral relationship.

Gorbachev has found significant advantage in surprising the United States with bold proposals or unilateral moves and is likely to continue to do so as he seeks the room for maneuver that he believes his policy of *perestroika* demands. The surprise tactic puts the onus for reciprocal actions on the United States or puts the United States on the defensive.

Reverse Blank

vii

~~Secret~~

3 0 7 6

~~Secret~~

Contents

	<i>Page</i>
Scope Note	iii
Key Judgments	v
Changing Soviet Views of the United States	1
Moscow's Policy Agenda for 1989	3
Arms Control	3
START and Defense and Space	3
Compliance Issues	4
Conventional Force Reductions	4
Chemical Weapons	5
Nuclear Testing	6
Verification	6
Regional Issues	7
Human Rights	9
Economic Relations	10
Bilateral Issues	11
Prospects and Implications	12
Moscow's Assessment of the Bush Administration	12
The Importance of Summits and Ministerials	12
Possible Surprises	13
Appendix	
The Views of Key Players in Soviet Foreign Policy Toward the United States	15

Reverse Blank

~~Secret~~

3 0 7 1

~~Secret~~

Moscow's 1989 Agenda for US-Soviet Relations (C NF)

Gorbachev appears convinced that economic modernization—including improving consumer welfare—is the most fundamental means for ensuring Soviet security, and pressing ahead with this plan remains his top priority. Soviet leaders have labeled their economy as being in a "precrisis" state. *Perestroika* has demonstrated few tangible results, and the economy continues to perform poorly. In 1989, for example, the USSR is likely to run a budget deficit of 125 billion rubles—some 13 percent of Soviet GNP. Compounding this problem is the need for billions of rubles to rebuild in Armenia and the Tajik Republic after the earthquakes. Authorities have admitted that a restructuring will require moving some resources away from the defense sector, and, from Gorbachev's perspective, conventional arms control provides the greatest potential for long-term reductions in military spending.

In January, the leadership is expected to approve a 15-year prospectus that includes "tasks . . . for maintaining defense capability." In addition, the General Staff will prepare a draft Five-Year Defense Plan (FYDP) in the first half of 1989, which could be greatly affected by its expectations for arms control.¹ Decisions on the pace of modernization and, in turn, plans for strategic weapons procurement could be greatly affected by expectations for concluding a START agreement.

Changing Soviet Views of the United States

Since 1985 Gorbachev has gradually sought to redefine the nature of the threat confronting the USSR, linking security with successful long-term modernization of the Soviet industrial base and playing down the danger of premeditated attack by the West. In his

¹ See DI Research Paper SOV 88-100755, *Preparing the Soviet Five-Year Defense Plan: Process, Participants, and Milestones*.

1987 speech on the 70th anniversary of the Bolshevik Revolution, he argued tentatively that advances in science and technology made it possible, at least in principle, for capitalist economies not to be dependent on "militarization" to sustain themselves. At the 19th All-Union Party Conference in June 1988 he stated that the threat of war was receding. And at the United Nations in December 1988 he asserted that the world was entering a "period of peace."

Following Gorbachev's lead, "new thinking" reformers in the foreign policy establishment have gone on the ideological attack, challenging key precepts of orthodox Marxist-Leninist dogma that highlight the Western military threat, minimize economic and social progress in the West, and obscure the scientific-industrial backwardness of the USSR. This attack is neutralizing opposition within the Soviet elite to accelerated detente with the West, a more pragmatic course in relations with the Third World, further military cuts, lower military expenditures, and internal political change. The longer "new thinking" ideas are disseminated, the more they are likely to erode the "zero-sum" values on which opposition to Gorbachev's policy line is based.

Gorbachev and his top foreign policy advisers, notably Aleksandr Yakovlev and Eduard Shevardnadze, have stressed the need to build into policymaking an appreciation of the interactive effects of Soviet behavior toward different regions of the world. Accordingly, they have activated Soviet diplomacy toward all areas of the globe and, in engaging the United States, such as in the case of INF, have considered the impact such behavior might have elsewhere—especially in Western Europe. Gorbachev might well repeat this pattern by seeking bilateral exchanges with Washington on conventional arms issues in order to stimulate West European anxieties and readiness to make concessions.

~~Secret~~

3 0 7 8

~~Secret~~

The Agenda in Brief

Arms Control

START and Defense and Space. Gorbachev is likely to offer a number of proposals to resolve outstanding issues and to demonstrate Soviet flexibility in negotiations.

Compliance issues. Moscow does not want compliance disputes to obstruct arms control talks and will seek face-saving means to resolve disagreements.

Conventional force reductions. In conventional arms negotiations that involve the United States, the Soviet objective is substantial reductions in the size of Warsaw Pact and NATO conventional forces. Moscow probably will use summits, military-to-military talks, and even additional unilateral action to facilitate negotiations.

Chemical weapons. The Soviet Union gives a high priority to completing a global convention banning chemical weapons as soon as possible. Moscow recognizes that verification issues will be difficult to resolve and is likely to continue to display some flexibility in this area.

Nuclear testing. The Soviets will seek to complete the verification protocol to the 1974 Threshold Test Ban Treaty so that both it and the 1976 Peaceful Nuclear Explosions Treaty may be submitted for ratification. They have indicated they will then press for further reductions of the limits for nuclear testing, which would support their ultimate goal of achieving a comprehensive test ban.

Verification. The Soviets have dramatically changed their approach to verification of arms control agreements and probably would be willing to go beyond measures negotiated in the INF Treaty and the Stockholm Document in the Conference on Disarmament in Europe.

Regional Issues

The Soviet Union hopes to reap political benefits and financial savings from its withdrawal from Afghanistan. Moscow almost certainly will urge its other clients to be more flexible in settlement talks while stressing to all of its clients that it cannot sustain its military aid at ever-increasing levels.

Human Rights

Moscow intends to continue its dialogue with Washington on human rights to improve the image of the USSR abroad. At the same time, improving human rights is a key element of perestroika, because it serves to legitimize legal and social reform at home.

Economic Relations

Moscow will try to enhance bilateral economic relations by seeking to eliminate US trade restrictions and acquire most-favored-nation status and by courting American firms to establish joint ventures with Soviet companies. Such ventures would help integrate the USSR into the world economy, allow it to acquire state-of-the-art technology and managerial and marketing skills, and boost exports to the United States. Moreover, Moscow probably expects that US acceptance of normalized economic relations will help the Soviet Union expand its commercial ties to Western Europe and Japan.

Bilateral Issues

Moscow views its engagement of other bilateral issues in the overall context of supporting its reforms at home and improving its image abroad. Therefore, greater receptivity to cooperation and contacts is likely to characterize its policy in 1989.

~~Secret~~

~~Secret~~

Moscow's Policy Agenda for 1989

Gorbachev began implementing his 1989 agenda during his December meeting with President Reagan and Vice President Bush in New York. He conveyed his desire for a continuation of a constructive US-Soviet dialogue, and, as evidenced by his UN speech, he attempted to convince the incoming administration that he is prepared to address Washington's concerns seriously. To this end, Gorbachev probably expects his declaration to unilaterally reduce Soviet conventional forces to provide a necessary impetus to both conventional and strategic arms talks by improving the political atmosphere and putting substance behind the words "reasonable sufficiency." He also expects to reap political benefits from the Soviet withdrawal from Afghanistan and the resolution of the conflict in Angola and Southwest Africa, both of which will remove irritants and diminish public perceptions that the USSR is threatening US interests in the Third World. Bold initiatives and assertiveness are likely to continue to characterize his agenda in these and other issues in the coming months as long as his domestic agenda and political strength remain intact.

Arms Control

START and Defense and Space. Gorbachev is likely to offer a number of proposals to resolve outstanding issues and to demonstrate Soviet flexibility in negotiations. Soviet officials have made it clear that, while they understand the new administration's need to review its strategic options, they are hoping for a rapid resumption of the START negotiations and resolution of outstanding issues. Moscow has signaled that it plans to move ahead rapidly with its own arms control proposals, in large part to avoid a loss of momentum in dealing with the new administration. Soviet commentary on the latest round of Nuclear and Space Talks, concluded in mid-November, reflected cautious optimism coupled with some concern—expressed by chief arms negotiator Viktor Karpov—that the transition to a new administration may result in delays.

The Soviets probably believe that a START agreement that includes a nine- to 10-year ban on the deployment of space-based defenses would yield important military benefits. It would sharply reduce the

size of the US strategic arsenal and place some limits on the deployment of Trident D-5 SLBMs and air- and sea-launched cruise missiles (ALCMs and SLCMs). A ban on SDI-type weapons would allow the Soviets to forgo a costly competition in strategic defenses, an area in which they feel the United States enjoys considerable technological advantages. Moreover, our understanding of Soviet targeting requirements and the analytical models the Soviets use to evaluate their strategic forces suggests that their forces could achieve most of their important retaliation objectives under a START agreement that also banned space-based defenses. Because the Soviets expect continuity from the Bush administration, Moscow is probably reexamining how best to influence US decisions on two main obstacles in START—constraining SDI and limiting SLCMs.

Soviet statements and positions taken in Geneva lead us to believe that the Soviets' concerns about a near-term SDI deployment have lessened, which may make it possible for them to accept less explicit linkage between a START accord and SDI limits than they have previously. Some Soviet experts advocate presenting a low-key opposition to SDI and downplaying its capabilities as a more effective policy than presenting strenuous opposition, which they believe tends to energize SDI supporters in the United States. Despite Moscow's incentive to prolong resolution of the SDI issue in the hope that US Congressional pressure will bring about the limits Moscow seeks, a desire to get a START treaty in 1989 could push the Soviets to accept some compromise—perhaps setting mutually agreeable parameters on testing. In any event, Moscow is likely to continue to focus on obtaining a reaffirmation of the 1972 Anti-Ballistic Missile (ABM) Treaty, preferably according to the "narrow" interpretation, but probably will continue to find the vague language of the Washington Summit Joint Statement acceptable.

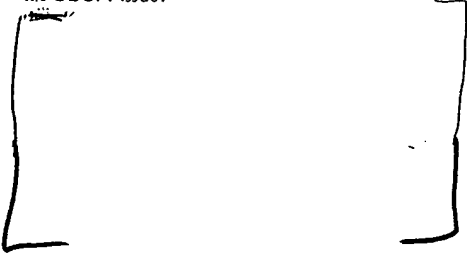
Some Soviets have hinted at flexibility on SLCMs. In September, Director of the USA and Canada Institute Georgiy Arbatov said the two sides may not want to disrupt

~~Secret~~

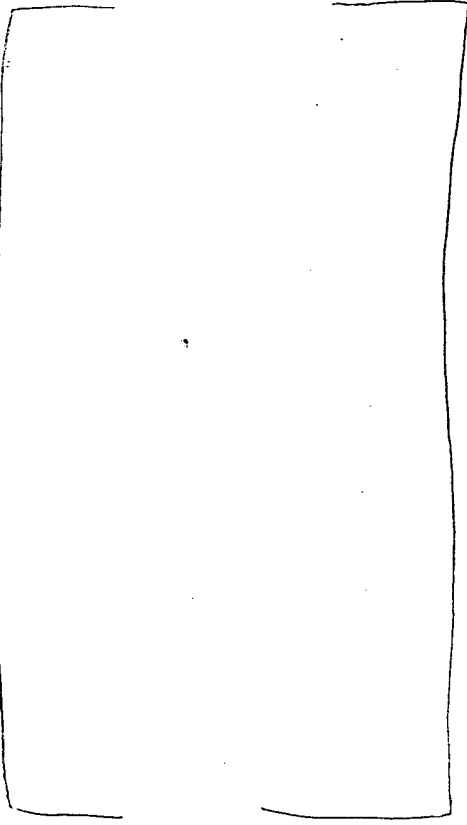
3 0 8 0

~~Secret~~

the START process because of an inability to resolve the SLCM issue



Conventional Force Reductions. In conventional arms negotiations that involve the United States, the Soviet objective is substantial reductions in the size of Warsaw Pact and NATO conventional forces. Moscow probably will use summits, military-to-military talks, and even additional unilateral action to facilitate negotiations. The Soviets obviously believe they will hold the "moral" and negotiating high ground when the negotiations on Conventional Forces in Europe (CFE) begin on 9 March. Gorbachev's announcement at the United Nations about unilateral reductions and withdrawals and subsequent comments he and other Soviet spokesmen have made indicate that the Soviets want to set the agenda for the new talks. In particular, Gorbachev's announcement that the Soviets will reduce 800 aircraft from their forces probably was designed to make it very difficult for NATO to justify its position that aircraft reductions should not be discussed in the initial phase of the CFE talks.



We believe that, when formal negotiations on reducing NATO and Warsaw Pact forces begin in March, the Pact will introduce proposals for asymmetrical reductions while continuing to insist on including NATO dual-capable aircraft. Moscow will argue that the unilateral reductions announced by Gorbachev and the cuts announced by East European states² will significantly reduce the asymmetries of concern to the West. Moscow reportedly is also continuing to examine a range of other ideas, including full or partial demilitarized zones along West Germany's border with the East. A Soviet academic has said that

²Since early January the GDR, Poland, Czechoslovakia, Hungary, and Bulgaria have announced substantial cuts in their defense spending and in their armed forces.

~~Secret~~

3 0 8

Moscow would view NATO's acceptance of its standing proposal for a thinout or pullback zone as a signal that the West, like the Warsaw Pact, is moving to a defensive posture. He added that such zones could be asymmetric in depth.

The Soviets would prefer an arms control agreement with NATO that achieves mutual reductions of conventional forces, but Moscow presumably realizes that negotiating an agreement acceptable to the USSR could take years—and might not even be possible. The Soviets are almost certain to argue that the East's recent release of unprecedentedly detailed data on NATO and Warsaw Pact conventional forces in Europe demonstrates the existence of overall parity. They hope to undercut NATO's claims of Pact numerical superiority and to obtain the inclusion of air forces in the negotiations. Given their belief that they hold the public high ground, the Soviets probably will not feel pressured to achieve rapid movement and they might take a tough—perhaps even rigid—stance on the inclusion of aircraft.

Foreign Minister Shevardnadze's speech at the conclusion of the Vienna followup meeting of the Conference on Security and Cooperation in Europe (CSCE) on 19 January is another indication that the Soviets have not given up their position of negotiating on short-range nuclear forces, either as part of the CFE talks or in a separate forum. Shevardnadze said that the USSR is "not modernizing its tactical nuclear missiles" and that Western actions will determine how modernization will stand in the future. He also repeated earlier Soviet offers to negotiate on tactical nuclear weapons. These comments were aimed directly at the West Germans, who are debating whether to accept a modernization of the US Lance system, but they also show that the Soviets will negotiate on short-range nuclear forces as long as NATO accepts their definition of them—which includes aircraft as well as nuclear-capable artillery and missile systems.

Chemical Weapons. The Soviet Union gives a high priority to completing a global convention banning chemical weapons (CW) as soon as possible. Moscow recognizes that verification issues will be difficult to resolve and is likely to continue to display some flexibility in this area. The importance of the issue to

Moscow was reflected in a speech by Shevardnadze to the Foreign Ministry last July. He charged that geographic considerations made chemical weapons a much greater threat to the USSR than to NATO countries; that the Soviet policy of continuing to stockpile chemical weapons was "barbaric" and harmed the USSR's reputation abroad; and that the cost of producing (and then of destroying) them was a colossal waste of rubles. In addition, the Soviet approach to bilateral and multilateral negotiations on these weapons probably reflects concern over proliferation and the use of chemical agents in the Iran-Iraq war and a belief that prospects for an agreement are good in light of the statements made by Vice President Bush on the issue. The final declaration adopted by the recent Paris conference on chemical weapons adds pressure for early conclusion of an agreement.



Soviet arms control officials have praised publicly a recent narrowing of remaining differences, but some have expressed [] that momentum in the negotiations slowed as a result of the US Presidential campaign. Soviet arms control officials said last July that, despite some doubts about US sincerity, Moscow decided in early 1988 that it had missed many opportunities for making progress on disarmament issues in the past by too quickly rejecting potentially useful Western initiatives—including those on chemical weapons. Since then the Soviets have been less publicly critical of US "obstructionism" in the CW talks. The Soviets probably expect the January declaration that they will begin destroying their CW stockpiles in 1989 to maintain momentum in the CW talks, to pressure the United States for some concessions, and to curry more favor in Western public opinion.

Over the next 12 months the Soviets could take the following steps in an effort to encourage movement from the United States:

- Propose more stringent measures to prevent CW proliferation.

~~Secret~~

- Accept the US proposal that an exchange of CW data be carried out before the signing of a convention, provided the exchange were to occur just before the signing.
- Declare the locations of their stockpiles if the United States indicated where its chemical weapons are stored—

Nuclear Testing. The Soviets will seek to complete the verification protocol to the 1974 Threshold Test Ban Treaty (TTBT) so that both it and the 1976 Peaceful Nuclear Explosions Treaty (PNET) may be submitted for ratification. They have indicated they will then press for further reductions of the limits for nuclear testing, which would support their ultimate goal of achieving a comprehensive test ban. With the major issues in the PNET verification protocol resolved in mid-November 1988, in 1989 the Soviets hope to conclude the TTBT protocol, which has been dependent on the completion of a joint verification experiment (JVE) agreed to at the Moscow summit and conducted last August and September. They may then push for discussions on further reductions in the number and yield of nuclear tests. Moscow has repeatedly stated that it wants these talks to begin immediately after the protocols are completed, without "artificial breaks or delays"—such as waiting for Senate ratification of PNET and TTBT

The Soviets will also continue to call publicly for multilateral negotiations on a comprehensive test ban, which they have done throughout the course of the Nuclear Testing Talks. Soviet spokesmen have asserted that parallel multilateral negotiations, held at the Conference on Disarmament, could give valuable impetus to the bilateral talks. They will probably press for creation of a test ban working group at the spring 1989 Conference on Disarmament session.

Verification. The Soviets have dramatically changed their approach to verification of arms control agreements and probably would be willing to go beyond measures negotiated in the INF Treaty and the Stockholm Document in the Conference on Disarmament in Europe. Under Gorbachev, a revolution has occurred in Soviet policies and approaches to arms control verification. The Soviets have cast away policies that had posed major obstacles to monitoring limits on weapons and have accepted the importance of verification to the successful conclusion of arms control agreements with the United States. Their acceptance of on-site inspection has been broad and far reaching. It includes mandatory short-notice inspections of facilities subject to the terms of a treaty, long-term monitoring of a limited number of production facilities, and inspections of military facilities they previously considered to be sensitive.

The Soviets are pursuing this new approach to verification to advance a national security policy that places high priority on achieving arms control agreements with the West. To achieve such agreements, the Soviets have accepted the cost of making concessions on verification. They also realize that their new flexibility on verification gives them additional negotiating leverage with the West.

~~Secret~~

~~Secret~~

These changes in the Soviet approach to verification have substantial implications for ongoing arms control negotiations. Moscow is probably willing to accept combinations of the verification measures already being implemented or agreed to in principle—alone, in combination, or in conjunction with other methods—to verify agreements now being negotiated or discussed:

Regional Issues

The USSR hopes to reap political benefits and financial savings from its withdrawal from Afghanistan. Moscow almost certainly will urge its other clients to be more flexible in settlement talks while stressing to all of its clients that it cannot sustain its military aid at ever-increasing levels. Under the Gorbachev leadership the Soviets have increasingly attempted to portray themselves as seeking to cooperate with the United States in their approach to Third World problems. They are now eager to participate in bilateral discussions of regional issues and are likely to continue to endorse routine talks. Over the past year, Moscow's traditional approach to regional conflicts has been sharply criticized in Soviet media. Recently, the Foreign Ministry's journal, *Mezhdunarodnaya zhizn*, published an article which charged that Soviet involvement in regional conflicts had led to "colossal losses by increasing international tensions, justifying the arms race, and hindering the establishment of mutually advantageous ties to the West." This article also noted that capitalism was successful in developing the economics of Third World countries with established financial ties to the West. An academician of the Institute of World Economy and International Relations wrote last September that the Soviets made a theoretical blunder in the 1970s by looking with excessive optimism on the socialist model of development for the Third World. In addition, Gorbachev and Shevardnadze have cited the right of all countries to "freedom of choice" in determining their political and economic systems, perhaps implying that the "inevitability of socialism" in the Third World could not be nudged along with Soviet military assistance.

Although detailed procedures for carrying out on-site inspections have not been worked out, for now there are no differences over basic verification principles standing in the way of progress in any of the arms control negotiations currently under way. The Soviets are particularly concerned about procedures that interfere with operational practices and force readiness. They are also concerned about measures that are very costly, such as the permanent monitoring of production facilities and CORTEX measurement of nuclear tests. Nonetheless, we expect the Soviets to be serious in their verification proposals and not to use verification as an excuse to delay negotiations

Soviet policy toward regional conflicts involving Marxist-Leninist client states has changed markedly under Gorbachev as well. The USSR has intensified its diplomatic and rhetorical support for several regional settlement processes, called for the United Nations to mediate and monitor settlements, and urged the United States to play a "constructive" role by curtailing its backing of insurgents and by acting as a guarantor of agreements ending regional conflicts. More important, the Soviets have tried to convince their clients of the desirability of negotiated

~~Secret~~

3 0 8 4

~~Secret~~

solutions, have themselves participated in UN-sponsored negotiations on Afghanistan, have been observers at the US-mediated talks on Angola, and have facilitated the dialogue among the Cambodian Government and various resistance factions. Their withdrawal from Afghanistan will be the first such withdrawal since Soviet forces left Austria in 1955.

The primary aim of the USSR's diplomacy on regional conflicts is, in our view, to lower the political, economic, and military costs of sustaining unpopular Marxist-Leninist client regimes that have cost the Soviets much in terms of their relations with the West and have done little to enhance the image of socialism. Toward that end, the Soviets are encouraging all their client states to compromise with their domestic opponents:

- In Afghanistan, the international and domestic political opportunity costs of a continued Soviet military presence were very high and the military prognosis was poor. Efforts to devise a political formula for national reconciliation and power sharing that would split rebel ranks and give the Kabul regime a measure of legitimacy failed. Moscow ultimately agreed to withdraw its troops from Afghanistan and accepted the strong possibility that its client regime would fall. We believe the Soviets will meet their 15 February deadline.
- The Soviets also want a political solution in Cambodia, given the obstacles Cambodia raises in Soviet relations with China, the economic costs of Soviet military support for Vietnam, and Cambodia's relative insignificance in Soviet policy in the region. Soviet diplomacy has encouraged Vietnam to be more flexible, supported Cambodian proposals for national reconciliation and the Cambodian regional dialogues, and urged China to rein in the Khmer Rouge. The Soviets also have pressed the Vietnamese to speed their withdrawal, citing the economic and political costs of the conflict, according to a variety of sources. Although Vietnam's interest in a settlement results primarily from its own changing priorities, especially for economic recovery, Soviet pressure has played an important role in Vietnam's calculations. A political settlement of the Cambodian conflict seems increasingly likely in 1989.
- Soviet press commentary on the negotiations in Angola suggests that Moscow is quite pleased with the course of events there. The military balance is more favorable to the MPLA regime than it has been for several years, and the provisions of the US-sponsored agreement do not limit Soviet assistance to the Angolans or specify change in the political arrangements in Luanda. As a result, Moscow probably sees good prospects that the outcome of the settlement will wind up reasonably close to its objectives, even after the withdrawal of Cuban troops from Angola. This probably explains Soviet diplomatic efforts to keep Angola and Cuba fully engaged in the talks.
- In Nicaragua, the military position of the Sandinista regime has improved over the past several months. Meanwhile, the regional peace process is offering terms that the Soviets probably see as favorable; the Guatemala accord provides for an end to outside aid to Nicaraguan rebel forces while not restricting Soviet aid to the Sandinistas. Soviet public diplomacy has championed the Guatemala accord, and [redacted] reported in September 1987 that the USSR urged Nicaragua to comply with its provisions. In our judgment, Moscow is unlikely to lean on Managua to make significant political concessions to the rebels and is likely to continue its aid program.
- In the Arab-Israeli dispute, the Soviets are likely to encourage the United States to persuade Israel to participate in an international conference, arguing that prospects for a fair settlement have never been better. The Soviets are likely to continue the process of normalizing relations with Israel, but probably will stop short of fully restoring diplomatic ties unless Israel agrees to attend an international conference.
- On the Korean question, the Soviets are likely to encourage the United States to expand its contacts with North Korea and to encourage Seoul to respond positively to P'yongyang's peace initiatives in an attempt to establish the USSR's bona fides as a

~~Secret~~

3 0 8 5

"good neighbor" in Asia. The Soviets will also try to create a climate that would facilitate a further expansion of Soviet-South Korean ties

Human Rights

Moscow intends to continue its dialogue with Washington on human rights to improve the image of the USSR abroad. At the same time, improving human rights is a key element of perestroika because it legitimizes legal and social reform at home. The steps the USSR took in 1986 to begin an extensive dialogue on human rights with the United States and other Western countries reflect its realization that its overall image in those countries is inextricably linked to the way Western publics and governments view its human rights performance. The Soviet leadership is now motivated to a considerable degree by a desire to be considered a civilized member of the "European House" with whom the West "can do business." Gorbachev apparently believes that, in addition to foreign policy gains, a narrower definition of dissent is crucial to his domestic program and to reversing economic and social stagnation.

In the spring of 1986, Foreign Ministry officials from a new Department for Human Rights and Humanitarian Affairs began to discuss with the US Embassy in Moscow individual cases of refuseniks and dissidents. Since the department's creation, discussions have become increasingly businesslike and absent of the type of polemics that characterized bilateral discussions under Andrey Gromyko.⁴ During such

⁴ Beginning in 1986, Gorbachev took several steps to liberalize human rights performance, including releasing hundreds of political prisoners, issuing a new law intended to curb psychiatric abuse, considering the reform of the criminal code, and permitting large increases in emigration and overseas tourism. Gorbachev's human rights reforms represent a signal to critically thinking elements of the public that he welcomes their involvement in his reform program of "democratization" and *perestroika* and is willing to broaden the spectrum of tolerable dissent. Moreover, in recent weeks the USSR has stopped jamming three Western radio broadcasts.

⁵ However, the Soviets occasionally attack US Government "representational lists" of individual cases—specifically, the proliferation of lists, occasional overlap, and inaccuracies.

discussions and other high-level bilateral meetings, the USSR's priority has been to appear as a co-equal—a country intent on putting its house in order for its own reasons, not because of Western pressure. The Kremlin has also acted to advance its agenda on global human rights problems—in which it stresses socioeconomic guarantees it says are absent in the West. Thus, Shevardnadze proposed in 1986 that Moscow host a human rights meeting as part of the CSCE, and Gorbachev has proposed that members of the US Congress and deputies of the USSR Supreme Soviet discuss human rights jointly. Now that Washington has endorsed the Moscow human rights meeting in 1991, the Soviets probably expect that the meeting will further improve their human rights image.

Moscow had hoped that most of the human rights irritants would be eliminated from the bilateral agenda by the time the Bush administration took office, but recognized that a continuation of the dialogue will continue. Indeed, the Soviets may believe that progress in economic relations with the United States could spring from these talks. In addition, the regime probably believes that these regular channels (which are used to discuss human rights cases with the West Germans as well as with the Americans) are useful in showing that the USSR is no longer a Stalinist or repressive system. To a lesser extent, the regime has also used these bilateral mechanisms in its domestic propaganda—as an example of its commitment to a state ruled by law. Gorbachev also can use US human rights concerns to gain leverage in debates with the more orthodox Politburo members who question where his reforms are leading. For example, hosting a human rights conference in Moscow in 1991 could be part of this strategy, because it would necessitate significant forward movement in institutionalizing his call for a "socialist state of law."

While willing to discuss sensitive human rights issues, Gorbachev will do everything possible to prevent Washington from setting the agenda. As long as the dialogue remains businesslike and sticks to specific cases and problems, the Soviets probably will not use

~~Secret~~

these meetings for the kind of crude attacks (such as against American racism, unemployment, and homelessness) that characterized discussions during Gromyko's tenure. (This may not be the case outside diplomatic meetings, however. The Soviet domestic media are almost certain to continue carrying such charges from time to time.) However, Foreign Ministry officials engaged in the dialogue will continue to harp on specific US "human rights abuses" in order to maintain their contention that the dialogue is a two-way street and Washington cannot be the *demandeur* on these issues. On the other hand, the Soviets may begin to expect that their improvement in human rights should precipitate the repeal of US trade and credit restrictions required by the Jackson-Vanik and Stevenson Amendments.

Economic Relations

Moscow will try to enhance bilateral economic relations by seeking to eliminate US trade restrictions and acquire most-favored-nation status and by courting American firms to establish joint ventures with Soviet companies. Such ventures would help integrate the USSR into the world economy, allow it to acquire state-of-the-art technology and managerial and marketing skills, and boost exports to the United States. Moreover, Moscow expects that US acceptance of normalized economic relations will help expand Soviet commercial ties to Western Europe and Japan. The Soviet leadership is intent on gradually opening up at least selected areas of the economy to a more market-oriented economic system. It has belatedly recognized that the use of economic power is an increasingly effective means of influencing international affairs. Over the long term, the Soviets seem to hope that such exposure will also help achieve two of *perestroika's* main objectives: modernization of the country's industrial capacity and improvement of the quality of its output.

Soviet motives to expand commercial relations with the United States are as much symbolic and political as they are economic. The current leadership believes—as did the Brezhnev regime—that improved

economic ties contribute to warmer political relationships and lessen international tensions. In addition, Moscow sees "normalized" trade relations with Washington—the removal of US trade restrictions and the granting of most-favored-nation status—as one of its major goals, and will use movement in this area to help gauge the status of US-Soviet relations. Moscow recognizes that superpower status, in part, depends on a much larger role for the USSR in the world economy. Nondiscriminatory economic treatment by the United States is needed, in Moscow's eyes, to achieve that role. The USSR also knows that the participation it seeks in such world forums as GATT, the International Monetary Fund (IMF), and the World Bank as well as access to COCOM-restricted commodities is unlikely without a nod from Washington.

At the same time, the Soviets are concerned about the extent to which they and their allies are becoming more indebted to the West and dependent on Western imports. Over the next few years, Soviet officials anticipate little increase in real trade with Western countries because of the USSR's difficulty in increasing hard currency earnings—mainly because the prices for Soviet exports of oil and raw materials are low—and its unwillingness to run up substantial debt. The recent priority accorded to improving consumer welfare probably will lead to increased Soviet imports of consumer goods production equipment and, possibly, of consumer goods themselves. Most Soviet officials do not anticipate early movement on GATT or IMF membership, nor especially on full ruble convertibility, and so recognize that the USSR's integration into the world economy will be at best a slow process.

The Soviet short- to medium-term bilateral economic agenda with the United States could include these objectives:

- An investment protection agreement, which would facilitate US joint-venture investments in the USSR. The USSR sees joint ventures as an inexpensive way to acquire and assimilate state-of-the-art Western technology, managerial expertise, and marketing skills.

~~Secret~~

- Revision of the US-Soviet tax treaty to allow US firms and Soviet-American joint ventures to benefit from tax privileges soon to be introduced but which will be available only on a reciprocal basis.
- Access for Soviet firms to the US stock and financial markets both as traders and to raise capital.
- Repeal of the Stevenson Amendment provisions barring Export-Import Bank credits to finance US exports to the USSR.
- Access to some COCOM-restricted commodities, such as computer-controlled machine tools.

The efforts to obtain relaxation of US trade restrictions would be tied to Soviet perceptions that Moscow is satisfying Washington's concern about Soviet human rights problems and, in particular, about the emigration of Soviet Jews

Bilateral Issues

Moscow views its engagement of other bilateral issues in the overall context of supporting its reforms at home and improving its image abroad. Therefore, greater receptivity to cooperation and contacts is likely to characterize its policy in 1989. Over the past three years the Soviets have actively sought to enhance bilateral relations with the United States, in part to help create a more favorable environment for pursuing arms control agreements. President Gorbachev is sensitive to the role public opinion plays in shaping US policy and probably hopes that a more cooperative relationship will help dismantle the "enemy image" of the USSR in the United States. He evidently believes that increased contacts and flow of information from the United States could help spur Soviet technological advancement. Improving bilateral relations also is consistent with and lends credence to Gorbachev's "new thinking" in foreign policy, which calls upon the superpowers to look for common interests and to consider the other's interests when planning foreign policy actions. He is likely, therefore, to continue a more open approach to bilateral issues.

The easing of bilateral relations has given the United States greater access to the USSR through personal contacts and Soviet media. During two rounds of

official talks on US-Soviet information exchanges in the past year, Politburo member Aleksandr Yakovlev and United States Information Agency Director Charles Wick agreed on the need to regularly address bilateral concerns in the media and information fields and ways of improving each country's understanding of the other. These meetings and other talks with Soviet media officials have resulted in Soviet agreement to open a Voice of America office in Moscow, to cease jamming certain US broadcasts to the USSR, to exchange cultural centers, to open an American bookstore in Moscow, and to exchange television broadcasts. The Soviets almost certainly will want to continue the US-Soviet dialogue on information and to broaden people-to-people contacts.

The Soviets have also sought to expand military-to-military contacts as part of their overall effort to foster a more peaceful image of the USSR in the West, to increase mutual trust, and to try to demonstrate a change in the nature of Soviet military doctrine—in part to achieve progress in arms control. Since the Washington summit in 1987, when Gorbachev agreed in principle to expand military contacts, there has been a series of high-level military-to-military meetings. During 1988 the Soviet Defense Minister met with the US Secretary of Defense twice, the Soviet Chief of the General Staff came to the United States to meet with the US Chairman of the Joint Chiefs of Staff, and the Secretary of the Air Force visited the Soviet Union. The two sides established a mechanism, based on the model of the incidents-at-sea talks, for addressing potential dangerous military incidents. Some evidence also indicates these contacts have been important in shaping the views of the Soviet military hierarchy toward the United States. Over the next year the Soviets probably will want to pursue symbolic gestures, similar to their recent agreement to conduct reciprocal port calls, that could help demonstrate a cooperative approach to military relations with the United States. Other steps they might take include continued loosening of the restrictions placed on US defense attaches in the USSR, allowing officers of the US Embassy in Moscow greater access to the Soviet military—which

3 0 8 8

~~Secret~~

would be an important harbinger for monitoring an agreement on conventional forces—and promoting military exchanges at lower levels.

Prospects and Implications

In general, the Soviets are optimistic that the process of "normalizing" relations with Washington will continue on track, although they expect the pace to be fairly measured. They recognize that ideological differences, while narrowing somewhat under Soviet restructuring, will remain a major obstacle to closer relations. In addition, most Soviet leaders are keenly aware that domestic political factors in both countries, but especially in the USSR, could have the biggest impact on trends in US-Soviet relations.

Gorbachev's ability to focus on his US agenda, however, may be constrained by the plethora of domestic issues requiring attention in 1989. He will most likely be distracted by urgent problems, such as continued ethnic turmoil, consumer unrest, and the need to protect his political flanks. His foreign policy could appear episodic if the timing of his initiatives and responses are affected by these domestic demands.

Moscow's Assessment of the Bush Administration
Moscow expects President Bush to continue President Reagan's policies of the last three years toward the USSR. Specifically, the Soviets expect the Bush administration to:

- Seek to keep US-Soviet relations on an even keel, conduct relations in a businesslike manner, and maintain an open dialogue through a series of summits, ministerials, and working-level meetings.
- Adhere to the principle of reducing strategic offensive forces by 50 percent as well as to areas of agreement already reached with the Reagan administration on specific issues in the START negotiations.
- Lose little time in setting a course in relations with the USSR and positions on arms control talks

The Soviets have high hopes that President Bush will not seek major increases in defense spending and may even be forced to freeze or reduce it because of Congressional pressure to reduce the federal budget deficit. They may also hope he will have an incentive to add impetus to trade relations with the USSR. But Moscow will remain cautious of his commitment to SDI, to the modernization of conventional forces, and to the "freedom fighters" in Nicaragua and Afghanistan, and of how his advocacy of dealing with the USSR from a "position of strength" will translate into policy.

The present Soviet leadership has a far more sophisticated understanding of the American political system than was the case in the 1970s or early 1980s. They have learned the importance that their image abroad can have in relations with democratic governments. They appreciate the role of the Congress, particularly its interest in human rights and in verification of arms control agreements, and the influence of domestic public opinion on foreign policy. In particular, Soviet media have pondered the implications for the Bush administration of having to deal with a Democrat-controlled Congress, although privately many Soviets feel that, as a Republican, President Bush will have less difficulty navigating a START treaty through the ratification process.

The Importance of Summits and Ministerials
Gorbachev uses summits as a means to establish personal relationships with foreign leaders. He values summits with the United States as critical for generating momentum in arms control talks and circumventing bureaucratic redtape at the working level of negotiations. Summits also provide a stage for asserting his role as a statesman to both foreign and domestic audiences and are an important tool for reading Washington. Gorbachev probably will continue to use Foreign Minister Shevardnadze's meetings with the US Secretary of State as an important channel for high-level dialogue, both to provide impetus for resolving impasses in arms control talks and to keep relations in general on track. Gorbachev recognizes

~~Secret~~

3 0 8 9

that some summits—such as Geneva and Moscow—primarily serve as opportunities for dialogue, while others—such as Reykjavik and Washington—can produce more tangible results.

Possible Surprises

Gorbachev has given the West a number of surprises over the last four years, including the elimination of the SS-20 force, acceptance of on-site inspection for confidence building and arms control verification, withdrawal from Afghanistan, the announced unilateral cuts in Soviet conventional forces, and the declaration that the Soviet Union will begin to destroy its chemical weapons stockpiles in 1989. These moves have demonstrated a willingness to subordinate Moscow's traditionally enduring military security factors in foreign policy pursuits to Gorbachev's broader, policy calculations, which bank heavily on the positive political impact of surprise announcements. This trend is likely to continue as the Soviet leader continues to seek the room for maneuver that he believes his policy of *perestroika* demands.

Each of Gorbachev's bold moves to date has been designed to foster a more benign international environment, which he believes is necessary to his principal goal—the rehabilitation of the USSR's political, economic, and social structure. Many traditional Soviet foreign policy tenets are being reexamined as Moscow shifts its focus toward domestic restructuring to the detriment of promoting socialism abroad and maintaining an intimidating stance toward potential adversaries. Gorbachev himself has conceded that he is making policy "on the march," which adds to the air of unpredictability surrounding his policies. Nevertheless, in foreign policy, at a minimum, he will carefully calculate what shifts in Soviet policy are necessary to achieve arms control or other objectives that serve his domestic objectives.

At the same time, there are likely to be limits to his willingness to achieve his domestic agenda by accommodating US, Western, or Chinese concerns in bilateral negotiations. Under such circumstances, he would be more likely to consider unilateral options—themselves an unconventional Soviet tack—rather than seek some form of contractual bilateral arrangement.

The following are some possible (though not necessarily likely) proposals or unilateral moves we could see in 1989:

- *Dismantle the Krasnoyarsk radar.* Gorbachev might agree to dismantle the radar in an effort to cement his relationship with the Bush administration. He would expect such a move to remove a major obstacle to progress on a START treaty and the Defense and Space talks, in which Moscow is seeking to use the 1972 ABM Treaty to limit SDI. He would probably press very hard to secure from the United States a nine- to 10-year commitment of nonwithdrawal from the ABM Treaty.
- *Delink START from Defense and Space.* Gorbachev may be willing to separate the two negotiations—provided there was a mutual reaffirmation of the ABM Treaty—in order to attain the conclusion of a START treaty in time to make important force deployment and economic planning decisions.
- *Reduce the size of the SS-18 force.* To add impetus to the START talks, Gorbachev could announce that he intends to deploy fewer strategic systems than originally planned in order to stay within already agreed on START ceilings. This could include halving the deployment of the SS-18 Mod 5, which would address a key US concern, much as the December announcement on conventional cuts addressed NATO concerns about Soviet short-warning attack capabilities in Europe.
- *Reduce short-range ballistic missiles in Europe.* Additional unilateral cuts in Soviet conventional forces could be an option for 1989, primarily for domestic reasons, but also to improve the political climate in East-West relations. The most likely move would be a unilateral cut in short-range ballistic missiles, which would address a major NATO—especially West German—concern in an area in which the Soviets have a significant advantage. It also would be consistent with announced cuts in nuclear systems.

~~Secret~~

- *Return the Northern Territories to Japan.* The most significant shift in Soviet regional policy Gorbachev could now make would be a major gesture toward Japan, such as returning the Northern Territories. Gorbachev would hope such a move would improve the USSR's prospects for access to Japanese trade and technology, encourage the Japanese to scale down their defense programs and security ties to the United States, and help the Soviets cultivate a more positive image throughout the Asia-Pacific region. At the same time, he would risk making an unprecedented retreat (the Soviet withdrawal from northern Iran in 1946 was not a retreat from territory that had been incorporated into the Soviet Union) that offered no absolute guarantees of trade and technology or any other political gains.
- *Withdraw the Soviet brigade from Cuba.* Gorbachev could take such a step, either unilaterally or in exchange for a US withdrawal from Guantanamo Base, without eliminating Soviet intelligence collection capabilities, air and naval access, or the 2,500- to 2,800-member military advisory group. It would remove an irritant in US-Soviet relations and give substance to Moscow's proposals for the elimination of overseas bases and force deployments.
- *Seek repeal of the Jackson-Vanik and Stevenson Amendments.* Moscow could make private approaches to the US Congress—perhaps through American Jewish organizations with which it has established contact—seeking the repeal of the Jackson-Vanik and Stevenson Amendments in light of the USSR's resolution of most refusnik cases and the increase in Jewish emigration to over 20,000 in 1988. Should the United States continue to impose restrictions on credit and most-favored-nation status, the Soviets are likely to focus even more effort on trade with Western Europe and Japan.
- *Offer on-site inspection for COCOM purchases.* In an effort to get access to COCOM-restricted commodities, such as computer-controlled machine tools, Gorbachev could offer to allow on-site inspection of facilities that were allowed to purchase the items.

Gorbachev has found significant advantage in making surprise moves: he gains political credit that he does not have to share with Washington, and he puts the onus for reciprocal actions on the United States or puts the United States on the defensive. Most important, such steps have moved him closer to his objective—reducing the level of tension in East-West relations

~~Secret~~

3 0 9 1

~~Secret~~

Appendix

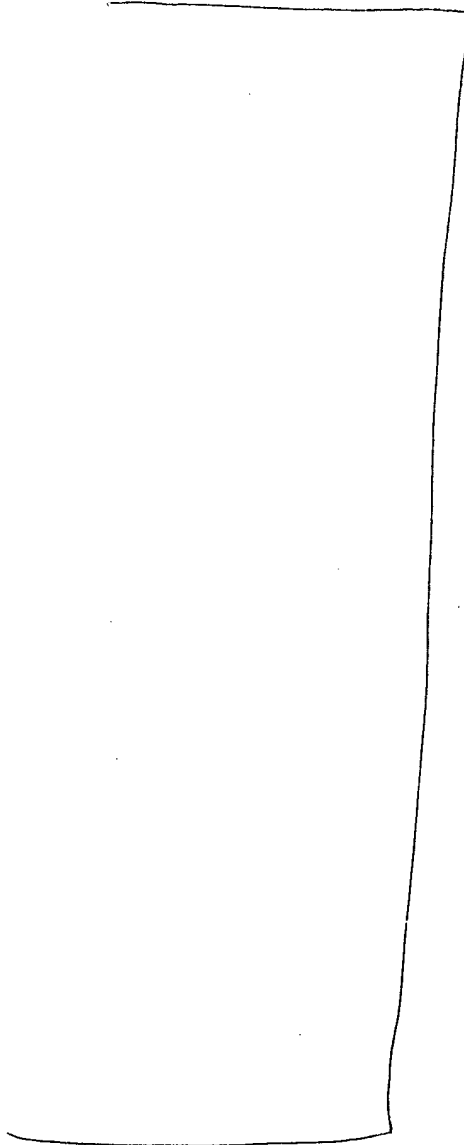
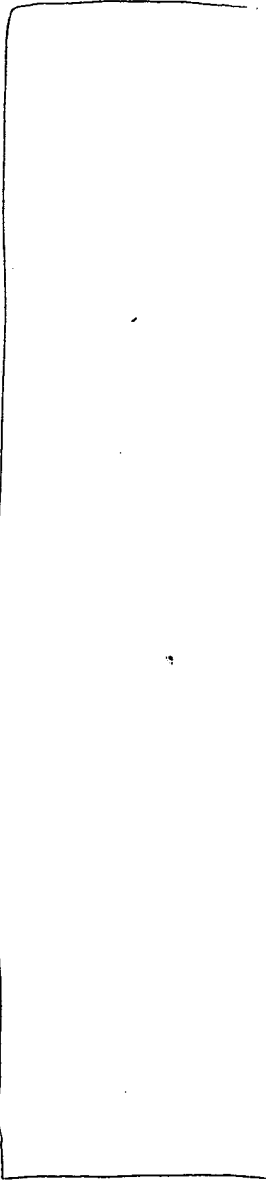
The Views of Key Players in
Soviet Foreign Policy Toward the
United States

~~Secret~~

3 0 9 2

~~Secret~~

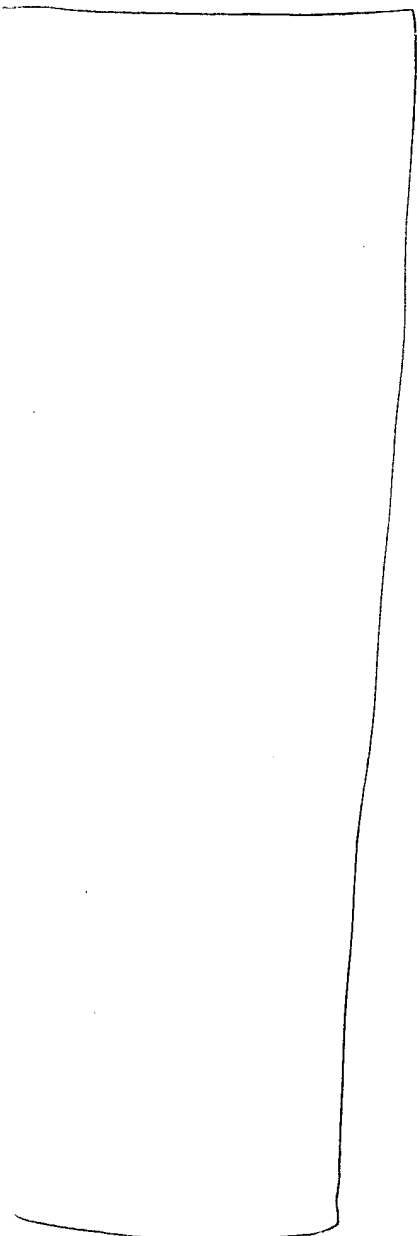
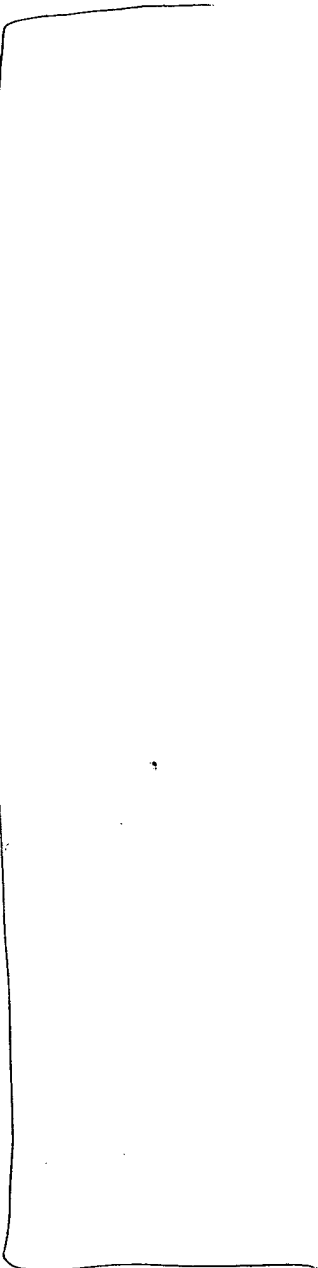
Politburo Members



~~Secret~~

3 0 9 3

~~Secret~~



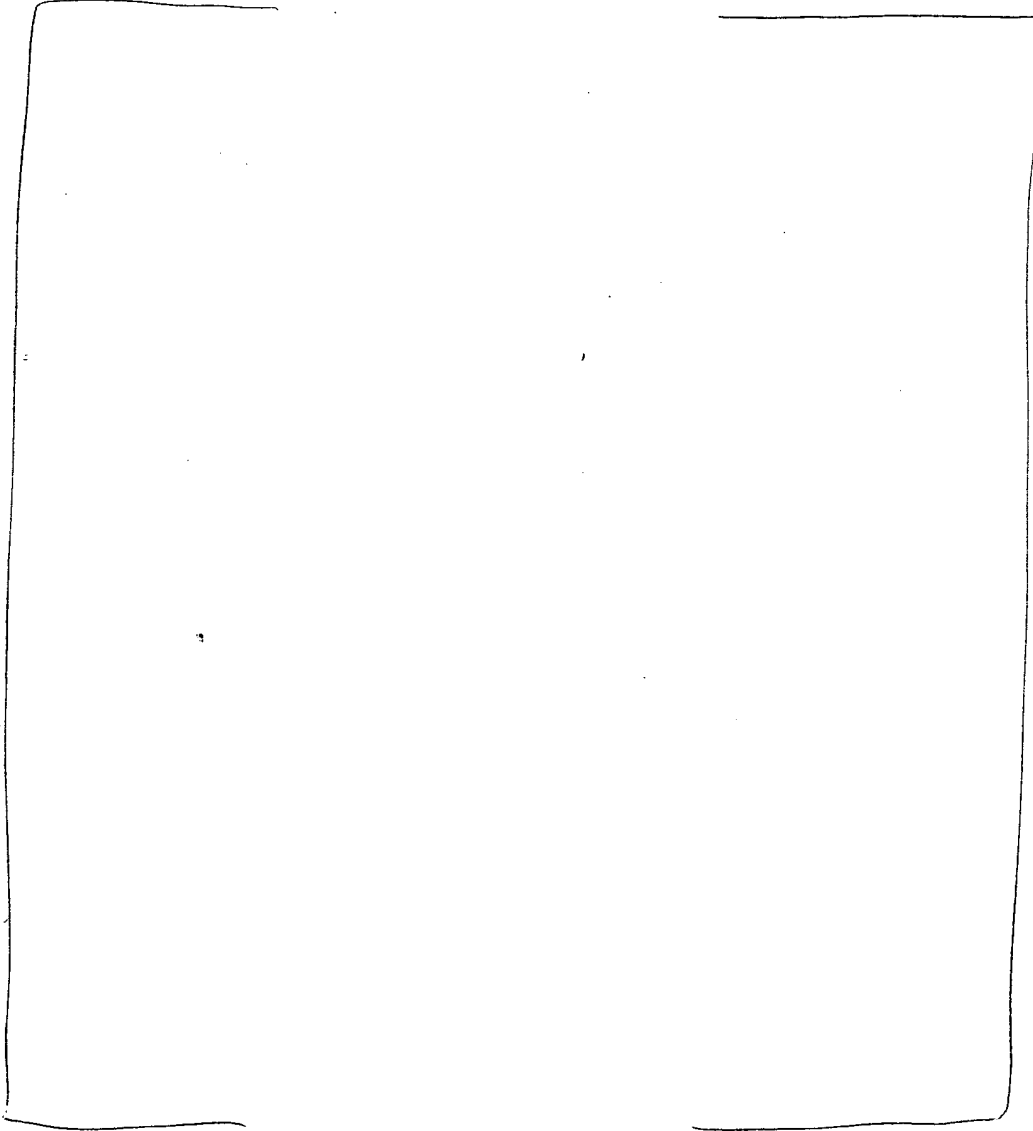
~~Secret~~

3 0 9 4



~~Secret~~

Foreign Ministry

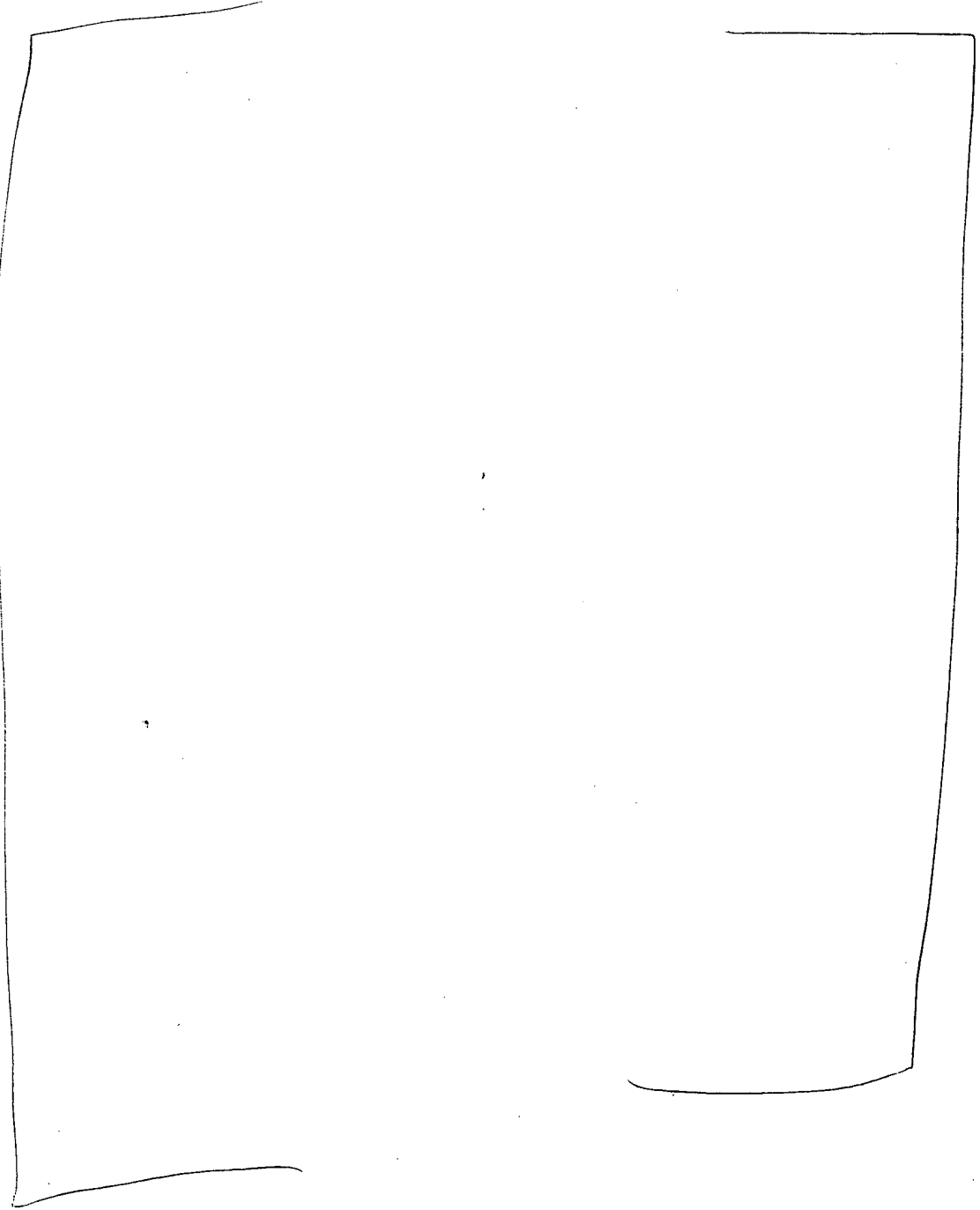


~~Secret~~

18

3 0 9 5

~~Secret~~

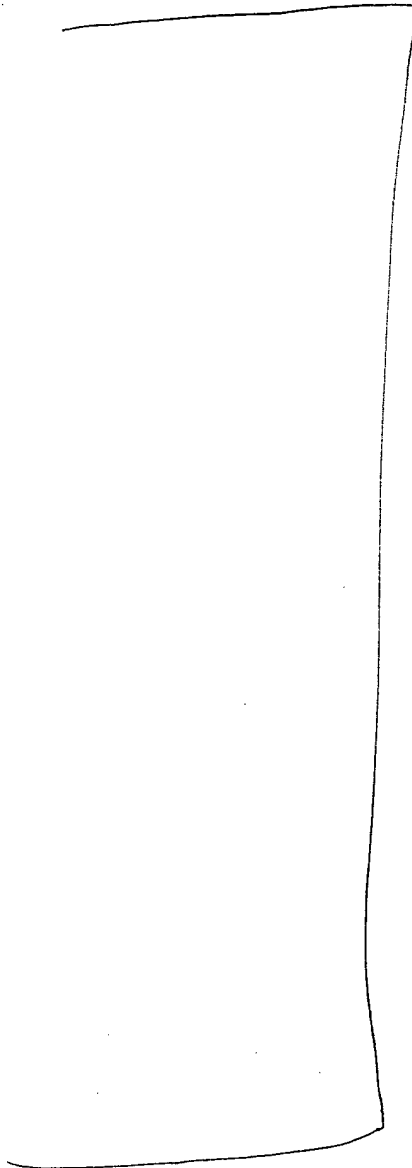
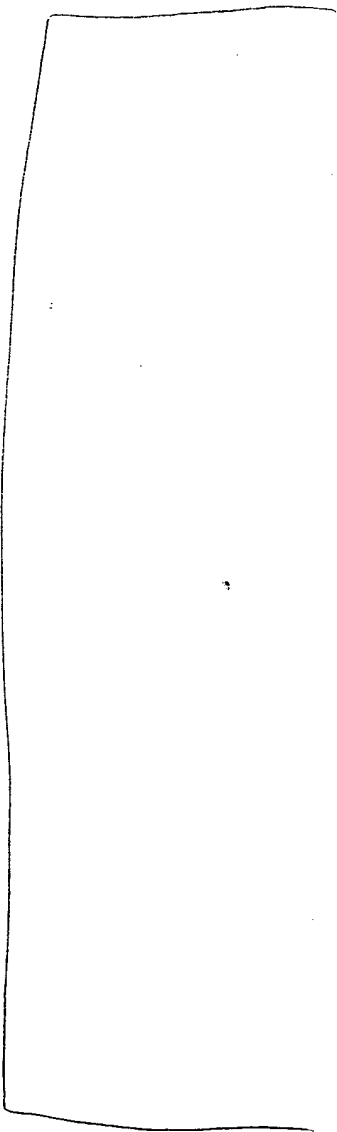


~~Secret~~

3 0 9 6

~~Secret~~

Key Advisers



~~secret~~

3 0 9 7

~~Secret~~

~~Secret~~

3 0 9 8