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CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

15 December 1959

STAFF MEMORANDUM NO. 53-59

SUBJECT: Meeting of the Consultants at Princeton, 19 and 20 November

Consultants:	Government:
Hamilton Fish Armstrong	Allen W. Dulles
Cyril E. Black	Abbot Smith (Chair)
Calvin B. Hoover	Allen Evans
Klaus Knorr	William P. Bundy
George A. Lincoln	Robert Matteson
Harold Linder	[redacted] ((b)(3)
Philip E. Mosely	R. V. Burks
Joseph Strayer	O. LeRoy Karlstrom
T. Cuyler Young	Robert Miller

Papers presented for discussion:

Chapter VI of NIE 11-4-59; Soviet Foreign Policy
Chapter II of NIE 11-4-59; Developments in the Soviet Economy
NIE 100-8-59: "Estimate of the World Situation"

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In general, there was some feeling among the consultants that the Chapter on foreign policy might be too optimistic. Certain of the group tended to press home the probability of a

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missile gap in 1961, and to question whether, as a consequence of this gap, Soviet foreign policy might not, two years or so hence take a harder line than presently estimated in Chapter VI.

The Missile Gap. The burden of this argument was carried by MOSELY, who appeared to feel more strongly on the issue than the other consultants. STRAYER and KNORR indicated general agreement with MOSELY's position. EVANS announced his intention of "shooting down 11-4 with 11-8" (Soviet Capabilities For Strategic Attack Through 1964.).

In 1961, MOSELY asserted, the Soviet Union might acquire a clear qualitative superiority over the US in strategic weapons. American missile sites would still be soft and American missiles liquid-fueled. The location of these sites would be available to the Russians through a reading of the US press. The USSR, on the other hand, might have manufactured and deployed as many as 500 ICBMs. Since American observers would not have inspected more than five percent of Soviet territory, the location of these sites would be unknown to the American military.

Though a Soviet advantage of this sort would begin to diminish in 1962, as the Americans developed solid fuels and hardened sites,

in the year 1961 the Soviet leaders might come to believe that they had a decisive superiority. They might believe that, with a single salvo, they could virtually destroy the American capability for strategic attack, without in turn receiving unacceptable damage from American counter blows. In this circumstance the Soviet leaders might very well consider launching general war. Or they could attempt to profit from this unique and transitory advantage through blackmail. Either action could have been prefaced or, more accurately, camouflaged, by a long period of relaxed tension and growing cultural exchange. Consequently, in MOSELY's view, the estimate of Chapter VI according to which Soviet foreign policy over the next five years will alternate between efforts at conciliation and limited aggressive actions should be revised to take these more dour possibilities into account.

From time to time some consultants attempted to pierce the MOSELY argument with doubts and reservations. LINCOLN, for example, was strongly of the view that it would be well-nigh impossible for the Russians to get off a properly aimed salvo of 500 missiles within the 15 minutes necessary to avoid the alerting of SAC. No military operation in history has been

carried off on schedule with the precision such a salvo would require. Evan at West Point 21 gun salutes rarely go off without a hitch. If SAC were on air alert, moreover, the impact of the first missiles would send those bombers already in the air scurrying for Soviet targets. The Russians could never be sure of destroying the American nuclear capability without receiving unacceptable damage in return.

To this MOSELY replied that the Russians could prepare the salvo at their leisure, that they could take into account such factors as in-flight failure by increasing the weight of the salvo, and that RAND Corporation studies had shown that the USSR would not necessarily receive unacceptable damage from an American counter-attack. What the Kremlin would be willing to regard as acceptable damage was probably far more extensive than anything our planners had in mind. The MOSELY argument appeared to impress many consultants, though support was more general for the probable use of blackmail than for a possible one-time salvo.

Soviet "instructions" to the Communist Party [redacted] In connection with this discussion of Soviet foreign policy, the consultants were briefed on a series of reports purporting to (b)(1) (b)(3)

contain instructions given by the Kremlin to the [redacted] (b)(1) (b)(3)

[redacted] HOOVER felt intuitively that internal evidence argued against the authenticity of these reports but MOSELY argued that their contents were entirely consistent with public statements of the Soviet leaders; indeed, the instructions could have been drawn up by the Soviet Central Committee on the basis of such utterances. This would explain the Soviet "instruction" according to which the [redacted] should prepare for a seven-year period of relaxed tension. STRAYER thought that Moscow scarcely had a high enough regard for the security or the influence of the [redacted] to trust it with any secrets. (b)(1) (b)(3) (b)(1) (b)(3) (b)(1) (b)(3)

The Issue of Berlin. The consultants were asked whether in actual fact the Soviets had not backed down on their demand that the West withdraw from Berlin. The consultants were inclined to think not. BLACK seemed to express the consensus in saying that the Russians had so far surrendered nothing on the Berlin issue; they could return to the charge whenever it suited their convenience. They had not ever really expected to get all of Berlin; they understood that West Berlin was the key to the whole of Western Europe. Meantime the west had been making significant concessions as a consequence of the Soviet pressure on Berlin:

some measure of recognition of the GDR, an invitation to Khrushchev to visit the United States, a conference at the summit. Most of the consultants leaned to the view that by making these concessions the West had begun to tread the slippery downward path.

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Chapter II, which presented the prospects for the Seven-Year Plan as extremely good, was more acceptable to the consultants. They were nonetheless of the view that the Chapter tended rather to overplay the obstacles which stood in the way of the realization of the Plan ahead of schedule.

The Labor Shortage. STRAYER thought initially that the labor shortage might cause the USSR serious difficulty. The critical population slice was the 16-28 age group and the competition of industrial, agricultural, and military demands for the services of this group would make across-the-board solutions difficult. MOSELY and LINDER countered by emphasizing the still considerable reservoir of labor in agriculture and among women, as well as the possibility of increased introduction of unskilled workers into the labor force as suggested by US war experience. BUNDY stated that the shortage was smaller than CIA had originally believed and agreed that the problem was not a major one provided investment in agriculture were substantially increased.

Planning Problems and Foreign Exchange. LINDER, MOSELY, and HOOVER felt that the paragraph of Chapter II which dealt with Soviet planning problems probably exaggerated the extent to which the Soviets were handicapped by the lack of reliable efficiency criteria which could provide an accurate measure of price/cost relationships. LINDER noted, in passing, that prices in many other countries, including the United States, are subject to major distortion and frequently do not reflect real costs.

LINDER, moreover, thought Chapter II overemphasized the difficulties the Soviet government might face in acquiring the foreign exchange required by the import schedule of the Seven-Year Plan. LINDER pointed out that the trade involved was not large and that dumping could be used to obtain the currencies involved. KNORR and LINCOLN made comments along the same line and further stressed the political advantages likely to accrue to the USSR from a rapidly expanding economic base, and the use of external aid and grants.

Consumer Expectations and Leisure Time. The consultants did not feel that the Soviet regime would have any serious difficulties as a consequence of rising consumer expectations.

ARMSTRONG, HOOVER, and BLACK joined forces in arguing that the Soviet citizen could rightly expect further increments in living standards over the longer run and that, in any case, he was not psychologically disposed to challenge the government on this or any other issue. MOSELY was disinclined to believe that the proposed reforms in the collective farm would provoke much opposition from the peasantry, pointing out the extent to which the private plot had already lost in significance.

The DIRECTOR wished to know what might be the social and economic implications of a growing availability of leisure time in the USSR. BLACK thought that the reduction of the official work week to roughly 46 hours has probably not led to any meaningful increase in leisure. Most Soviet workers, owing to the high cost of living, either work overtime regularly, or have an additional employment. LINDER commented that the Soviets "use their leisure by not having it."

An Attempt to be Cheerful. In response to an urgent request for views of a more cheerful nature, MOSELY responded by listing three areas of economic activity which -- while not upsetting the general picture of growing Soviet strength -- might tend to slow the Soviet rate of growth somewhat: 1) increased

costs of raw material owing to the exhaustion of easily available minerals, etc., 2) increased investment costs as the Soviet economy matures, 3) the growing weight of the service sector in which per capita increments to national product tend to be relatively slower. Both KNORR and LINDER, however, emphasized the relative insignificance of these considerations.

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When called upon to evaluate the draft of 100-8-59: "Estimate of the World Situation", the consultants found that it was too optimistic in tone, and that it tended to underestimate the amount of trouble to be expected in the underdeveloped areas of the world.

Prospects in the Underdeveloped Areas. STRAYER argued that particularly in Africa the paper gave too much hope for a rational and orderly development. HOOVER wished to add Latin America to the list of future trouble spots, though he doubted that the difficulties would be primarily Soviet-induced. The DIRECTOR remarked that at the 21st Party Congress instructions had been given to Latin American Communist leaders to lay greater stress on the nationalist element in their agitation. He felt that these orders have some bearing on recent outbreaks in Latin America.

Atomic and Conventional Power. LINCOLN made the general criticism that the draft tends to ignore the meaning of military power in the world. This was a generally recurrent theme of the discussion. Any limitation of nuclear armament, whether by agreement or stand-off, would increase the importance of conventional military power. In these circumstances, the growth of Soviet power would be even greater than if the nuclear competition continued. The consultants predicted, furthermore, that China would obtain a nuclear capability of its own within the next 10 years. MOSELY thought that a clue to China's future nuclear achievement might be found through systematic study of Chinese scientific journals. The DIRECTOR asked that a check be made to see whether this was being done.

The Balance of Payments. The draft did not devote enough attention to the influence of the deficit in the American balance of payments on foreign policy. KNORR discussed the recent meeting at Princeton devoted to the deficit. There was general agreement among the experts that the deficit was in small part due to structural change, and in great part due to temporary factors. It was further agreed that a small deficit would be a good thing and that a large one could be best prevented, not by our raising

obstacles against the flow of goods, but by encouraging other nations to reduce their restrictions still further. The estimate should spell out the disastrous effects of any reversal of our free trade policies, particularly in the section on the Image of America. It was disgraceful for the United States to become panic-stricken over a small loss of gold at the very time this loss was promoting economic conditions abroad favorable to our policy goals.

Soviet Foreign Aid. There was some disagreement among the consultants with regard to the proposition, put forward in the draft, that the USSR is rapidly becoming a "have" nation and will therefore find itself under increasing pressure to grant aid to underdeveloped countries across the board. LINDER felt that the Soviets would have no compunction against remaining selective in their aid programs, and would concentrate on impact projects in key countries. STRAYER disagreed, at least insofar as Africa is concerned, since it was still very difficult to identify the key countries of the future on that continent. MOSELY took issue with the draft's suggestion that the Soviet aid program would put pressure on Soviet resources. Soviet assistance is in fact a way of expanding Soviet foreign trade. Payment for Soviet assistance will be in the form of consumer goods which can be sold in the USSR at high profits, thus not only helping to satisfy the Soviet demand for consumer goods but also providing capital for further expansion of basic industries.

East-West Exchanges. In general, the consultants disagreed with the suggestion that the paper should center about the current development of greater diplomatic and cultural exchange between East and West. MOSELY argued that Khrushchev's purpose in undertaking such exchanges was to exploit both internal and international differences in the West. Stalin's aggressive policies tended to unite the West. Khrushchev, on the other hand, settles certain issues in order to concentrate on others which have the character of exaggerating Western problems. While Khrushchev gives the appearance of a peace-seeking man willing to travel anywhere and do anything in order to relax international tensions, he actually took a harder line during his visit to the US than was necessary. He came to America, not to join the club, but to demonstrate his strength and to threaten. Khrushchev believes the time is rapidly approaching when the nuclear stalemate will force the West to retreat on certain issues in the face of superior Soviet conventional strength. Khrushchev also feels that increased contacts are necessary to keep the West calm as Soviet strength grows; otherwise there might be danger of an impulsive Western attack.

The Four Illusions. The DIRECTOR inquired how far the Soviets could go in cultural exchange without spreading ideas

dangerous to the existing order in the Soviet Union. The consensus among the consultants was that the Soviet policy makers are following a very selective approach and have so far placed us in a disadvantageous position by their insistence on taking from us more than they are will to give in return. MOSELY concluded the discussion by recounting four illusions shared by many persons high in Washington concerning the Soviet Union. There was the illusion that a greater availability of consumer goods in the Soviet Union would lead to an easier life and thus to a relaxation of Soviet foreign policy. There was the illusion that the impact of Western ideas and influences, exercized through cultural exchange, would lead to a gradual modification of the totalitarian character of the Soviet regime. There was the illusion that China and Russia would end by quarreling, and thus relieve the pressure on the West. And there was, finally, the hope that when Khrushchev died his lieutenants would engage in a bloody struggle for the succession, during which the West would be left in peace.

Richard V. Burks
O. LeRoy Karlstrom
William Miller