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CENTRAL INTELLIGENCE AGENCY
OFFICE OF NATIONAL ESTIMATES

31 March 1958

STAFF MEMORANDUM NO. 13-58

SUBJECT: O/NE Consultants' Conference, Princeton, New Jersey,
20-21 March 1958.

1. Participants:

Consultants

Hamilton Fish Armstrong
Cyril Black
Calvin Hoover
Klaus Knorr
Col. G. A. Lincoln
Harold Linder
Philip Mosely
Joseph Strayer
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CIA Representatives

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2. Agenda:

- I. NIE 20-58: THE OUTLOOK FOR WESTERN EUROPE (Staff draft)
(20 March, morning session)
- II. Staff Memorandum 9-58: SOVIET MOTIVES IN SEEKING A SUMMIT
CONFERENCE (20 March, afternoon session and 21 March sessions)
- III. Report on Trip to Soviet Union by Cyril Black (21 March session)
- IV. General Discussion of Middle East Situation (20 March,
afternoon session and 21 March session)

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NIE 20-58: THE OUTLOOK FOR WESTERN EUROPE

SUMMARY

There were two main trends in the discussion of the Western European paper: (1) it was suggested that a number of issues required fuller treatment, and (2) there was considerable support for the view that the draft estimate was somewhat too optimistic. France and the Algerian conflict were constantly cited as factors operating against a sanguine view of the region. There was little belief that European integration would go far enough even over the long term to create a dynamic Western Europe. Instead, it was generally felt that the region might become a large-scale Sweden, anxious to avoid involvement in struggles between the two world powers but possessing sufficient modern weapons to retaliate if attacked.

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CONFIDENTIAL~~SECRET~~Highlights of the Discussion (morning session, 20 March)

SMITH opened the discussion on NIE 20-58 by inviting general comments as to whether the paper adequately covered what really needed to be said about Western Europe. KNORR, ARMSTRONG, and LINDER urged that more attention be paid to the position of France in terms of what could be expected from that country, and what its policies would be toward a variety of problems. ARMSTRONG referred in particular to the need for immediate exceptions to the impression of tranquility given early in the paper. He felt, for instance, that internal tension had increased in both France and the UK over a five-year period. He further remarked that the paper's level of generalization tended to obscure real differences between the various countries. LINDER also thought that the paper might usefully speculate more about the UK--especially under a Labor Party government--and about the effects on Europe of a prolonged US recession.

STRAYER then spoke to the subject of Western Europe's future role in the world. Despite the favorable points which could be made, he believed there might be an over-all decline leading to a decision by Western Europe to cultivate its own garden and become a "gigantic Sweden." He gave an affirmative answer to SMITH's query as to whether--assuming European integration progressed--Western Europe could

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withdraw from world affairs. He thought that the region might possess considerable economic strength, but that this would not exactly equate with political capabilities.

LINDER introduced the nuclear issue by asking about the ability of "medium powers" (e.g., the UK and France) to become a significant collective world factor if armed with a nuclear capability. SMITH thought the question involved both a capacity and a disposition to do so. In response, LINCOLN said that within a 5-15 year period the situation regarding the expense of producing massive means of destruction might be very different, and that the UK, France, Germany, and perhaps Sweden might have their own missile capability. KNORR generally agreed, but felt that the crucial point was whether those countries would be spared the full costs of nuclear development; if the US helped, then at least the UK and France could develop a considerable nuclear capability.

SMITH next raised the question of what kind of military posture Western Europe would adopt under such circumstances. He thought the consultants might agree that the Europeans probably could create at least a deterrent capability, but he wondered if they would want to spend the money for it. On the first count, MOSELY seemed to express the consensus by saying the most likely posture would be that of the

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"hedgehog," maintaining just enough military strength to retaliate. In agreeing, STRAYER thought that Western Europe wouldn't have any use for a larger nuclear capability; that it couldn't help retain colonial possessions or be used aggressively against the Soviet Bloc. There was much less willingness to come to grips with the costs question. MOSELY speculated as to whether the major Western European countries might divert ground force money to production of modern weapons. But LINCOLN remarked that there seemed to be a Kitchener-type war going on even now, and that all should remember there were other military means than nuclear power. KNORR again felt that the future position of the US was perhaps the real and undeterminable answer to the question.

The discussion then shifted to the outlook for European integration and its effects on Western Europe's policies. HOOVER didn't suppose that the degree of integration achieved over a 10-15 year period would promote a quasi-nationalistic European force. He was not unhopeful about economic unity, but thought that a similar achievement in the military sphere was unlikely; he didn't see much possibility of political integration in that period. MOSELY disagreed, and supported the draft's position that the nature of modern weapons would work for the creation of unity. HOOVER didn't rule out such

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a possibility, but also didn't see it operating in favor of a dynamic European policy. He reinvoled the picture of a collection of Swedens.

KNORR's views were similar. He considered real military unity very unlikely to occur within 10-15 years, and added that the military would be the last to integrate. He thought it at least possible that France and West Germany might become really close in terms of military collaboration, but probably wouldn't be joined by the other Europeans. In agreement with HOOVER, KNORR believed that even a substantial nuclear capability--fundamentally defensive in character--could not be the basis for a dynamic European policy. However, he didn't deny BLACK's proposition that non-nuclear bases of power might become more important in a stalemate, and might even give Western Europe a great-power status.

SMITH recalled that two or three years ago the consultants seemed to give weight to the view that the Western European countries--sandwiched between the two great powers--might start quarreling among themselves again, and might go their own ways. He wondered if that view retained validity. STRAYER didn't believe there would be any return to 19th century conditions, even though he anticipated some stress and strain. He thought Western Europe in time might want to avoid being an asset to either side, but he didn't foresee "positive

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neutralism" or attempts to pit one side against the other. KNORR agreed, adding that Nasser-type regimes would be very unlikely in Europe except in the event that a long and severe depression brought rightists to power in France and elsewhere. LINCOLN felt it necessary to get away from 19th century concepts, but ARMSTRONG believed they still obtained to some extent, and thought Western Europe might be much more chaotic than the Swedish example implied.

LINDER pointed to the Algerian conflict as the particularly weak element in the European scene. He felt the draft should give more space to the problem, especially in terms of its effects on NATO. ARMSTRONG thought it quite possible that France might pull out of NATO as a result of the Algerian situation. VAN SLYCK queried whether the breakup of NATO could then be visualized. STRAYER replied that over a period NATO might be so changed as to become meaningless.

At this juncture, BLACK offered two points for possible inclusion in the paper: (a) he wondered whether comparisons with the US and the USSR might show that Western Europe's economic position would be relatively favorable, and that weaknesses would be political; and (b) he thought the possibility of extensive European development programs for underdeveloped countries worth exploring. ARMSTRONG then asked whether the significance of the oil resources of the Sahara had

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been taken into account. LINDER thought they were important not so much in terms of money as in their value as an alternative in case Middle East supplies were stopped. LINCOLN asked what happened to Western Europe if the Middle Eastern oil spigot were turned off. Both KNORR and LINDER felt that, short of a war situation, too much need not be made of such an eventuality.

SMITH said he felt the conversation up to this point had expressed two main themes. First, there were several issues (e.g., France, Algeria, and certain economic considerations) that needed broader treatment in the paper. Secondly, the present draft may be too optimistic regarding the conduct and policy of the Western European countries. Integration was unlikely to go far enough to support such a position. He thought we were more likely to see developments go along the lines envisaged in the pertinent sections of the NIE on the world situation.

SMITH then raised the issue of a seeming conflict between the CIA draft and the State contribution. He described what he considered to be the gist of the State position, namely, that France and Italy weren't doing badly and that there was little reason for concern regarding the other Western European countries. He thought State's favorable outlook was largely based on economic factors, which after

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all could be upset by political difficulties. He believed State was wrong in being so comfortable, and asked for comment on this point. HOOVER, KNORR, LINDER, and STRAYER generally agreed with SMITH's position. KNORR emphasized that the recent high rates of economic growth for the most part have constituted postwar recovery. He thought it possible that a period of stagnation might set in. HOOVER felt there was a time-lag in State's position; a year ago he would have agreed as to the further impact of the good economic situation. There would still be considerable support for State's views were it not for the complex balance of payments problem. STRAYER observed that even the CIA draft promised a higher degree of economic and political stability than he believed would be true of the area as a whole.

On the other hand, MOSELY noted that Western Europe thus far had been less affected by the US recession than anticipated. LINDER remarked that many European countries would not suffer anywhere near as much as the US during a world depression, since they were so much closer to the subsistence level. MOSELY added that the last sentence of paragraph 30 in the draft was too abbreviated to illustrate the full impact of a favorable contingency.

SMITH then closed the discussion with a summary which pointed out such uncertainties as the French political situation, the NATO outlook,

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the future of European integration, and the continuing US recession. He thought they added up to a rather dubious outlook for Western Europe. By not describing the UK, France, and West Germany in detail, the draft perhaps had not sufficiently illustrated the region's weakness. However, he had the impression that the paper could be adjusted to reflect less optimism without any necessity for drastic reorganization.

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II. SOVIET MOTIVES IN SEEKING A SUMMIT CONFERENCE (Afternoon Session, 20 March)

Summary: Discussion of the paper on Soviet motives occupied most of the afternoon session of 20 March. There was general agreement with the conclusions of the paper, which was discussed primarily in terms of various Soviet proposals for disengagement in Central Europe. It was agreed that the USSR had found talks of peace and East-West negotiations an effective political formula for weakening NATO.

Highlights of the Discussion

SMITH opened the discussion by asking what benefits the Soviet leaders hoped to gain from proposals for disengagement in Central Europe? He suggested that they might be very much afraid of an uprising in the Satellites and hence anxious to cut down the military power of the West. Yet could they seriously consider a real disengagement when the presence of their troops in Eastern Europe appeared to be imperative for their continued control of the region?

LINDER suggested that the Soviet leaders are serious about a reduction of forces in Europe. They are not such gamblers as to make proposals of this nature if they didn't mean them. Their proposals, however, are purposely vague in order to leave plenty of room for maneuver.

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There was general agreement that the USSR could hold Eastern Europe with a considerable reduction of forces.

MOSELY believed the Soviet leaders had probably decided that a reduction of their forces was desirable and that they should attempt to gain the maximum advantage from it. He did not believe it was really a question of complete withdrawal for them. However, since the US has made it clear that it couldn't consider a complete withdrawal of its forces from Europe, the Soviets have been able to assume a more extreme position. If their proposals are accepted, then they could negotiate for something less.

STRAYER thought that any agreements between the US and USSR would tend to reenforce the status quo in Eastern Europe and to discourage uprisings. LINDER replied that the US presence in Central Europe had already been discounted as a result of our inaction during the Hungarian uprising. LINCOLN disagreed. In his view the presence of US troops in West Germany was still an important factor in Eastern Europe.

LINCOLN went on to point out that almost any agreement on disengagement would be to our disadvantage since it would tend to give the USSR greater freedom of action. In several years they might even

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consider that by timing a change-over to a hard line with economic troubles in the West, they would stand a chance of completely disrupting the present Western European structure. MOSELY thought it unlikely that they would switch to a hard line until they had achieved an operational ICBM.

KNORR expressed the conviction that the Soviets are very much concerned about the dangers of war breaking out by misadventure. The Soviets may feel that we are less predictable than we believe ourselves to be. LINCOLN agreed and pointed out the great appeal in Western Europe to measures which appeared to reduce the chances of war by an inadvertent chain of circumstances.

In this regard SMITH mentioned the emphasis placed by both Russian and Chinese Communist leaders on the importance of 10 to 15 years of peace. If this could be assured, they appeared to believe that the Communist system would triumph on a world-wide scale. A Summit meeting would serve this objective by reducing the dangers of war.

BLACK agreed that Soviet leaders do believe that time is on their side. Self-confidence in many segments of Soviet society is a very powerful force today. At the same time, BLACK believed that stress on a summit meeting is directed at weakening NATO as a major objective

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of Soviet foreign policy. Anything they are able to achieve on the reduction of forces in Central Europe weakens NATO and Western refusal to undertake such negotiations also weakens it.

LINDER said that if the Russians really believed they needed 10 years of peace, they ought to be willing to pay for it -- to make concessions to the West to assure peace. STRAYER, however, replied that they had hit on a very good political device. By talking peace and pressing for a summit meeting, they do weaken NATO. Even if they don't achieve a single agreement with the West, they gain from such propaganda.

HOOVER pointed out that the Soviets in stressing 10 to 15 years of peace really meant a situation in which they would gain full freedom of action throughout the world and we would never be in position to resist.

III. REPORT OF TRIP TO OBSERVE SOVIET ELECTIONS (31 March)

Summary: BLACK briefed the group on his recent trip to the USSR to observe the recent Soviet elections. The major topics included Soviet election procedures, the role of the Supreme Soviet in the

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formulation of legislation, the effects of economic reorganization on political stability, and the general position of the Communist Party. In concluding his report BLACK recommended that future work on the USSR place priority emphasis on foreign policy problems. He did not think there was much point in spending time on questions relating to an internal collapse of the USSR.

Highlights of the Discussion

SMITH agreed that the USSR should be regarded as a going concern and a traditional great power. However, he wondered if a disruptive struggle for power within the USSR might not develop in the future.

BLACK believed that individual greed or ambition would be resolved through a strengthened party organization. He found every indication that the party had increased its strength and that the ruling oligarchy would pull together in the face of danger.

HOOVER believed that personal power struggles would remain inherent to the Soviet system. BLACK agreed but said the real question is whether the weakening resulting from any future struggle would be such as to seriously affect the foreign position of the USSR? In BLACK's opinion, this appears to be unlikely.

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IV. GENERAL DISCUSSION OF THE MIDDLE EAST (Afternoon 20 March and 21 March session)

Summary:

The Middle East was discussed for a brief period during the afternoon session of 20 March and during part of the session on 21 March. YOUNG and LINCOLN had recently returned from trips to the area and reported they were distressed and disturbed by what they had seen and heard. Both said the current of events was running against the West and that present Western policy in the area was inadequate to check this trend. The consultants were equally gloomy in their appraisal of prospects for traditional Western interests and governments friendly to the West in the area and could see no prospect for an Arab-Israeli settlement.

Highlights of the Discussion

The discussion of the Middle East situation was begun with reports on recent trips to the area by LINCOLN and YOUNG. LINCOLN said his trip had been a very brief one, but that he had returned convinced that events were running against the US and that US policy was too heavily influenced by military thinking. Libya and Saudi Arabia were cited as

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examples of the precarious nature of the US position in the area. The situation in Libya is currently quiet but could turn against the US overnight. LINCOLN quoted Ambassador Tappin as saying the US has no foreign policy but only a military policy in Libya. LINCOLN cited two US violations of Saudi Arabian rights of sovereignty in relation to use of the Dhahran air base as examples of the disregard for the sensitivity of foreign powers sometimes exhibited by US representatives in the area.

YOUNG echoed LINCOLN's pessimism over the course of developments in the Middle East. He likened most of the area to a schizophrenic mental patient both in that individuals were divided within themselves over East-West orientation, and in that the people were separated from their governments. Egypt, he said, was the only country in which the government came close to representing the will of the people. Continuing his mental health analogy, YOUNG said there were two possible treatments of the patient: shock, or very quiet and gentle handling. He believed that opportunities and the time for effective shock treatment were passed and that a quiet approach would be the most successful today. YOUNG said his best contacts in the area were in Iran and that there the situation was particularly disturbing. The regime is autocratic and represses all opposition without supplying a compensatory feeling

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of accomplishment. As yet there is no organized opposition but dissatisfaction is rising rapidly. Furthermore, the expectations of the people are beyond the capabilities of the country and few have a real conception of the problems involved in developing the country and providing for the sharply increasing population.

SMITH commented that from an intelligence point of view there are only limited problems in knowing what is going on in the Middle East. He added that in his opinion not enough thought had been devoted to defining what was an acceptable and supportable Western position in the area. SMITH noted that access to area oil is thought to be essential to Western economic survival and asked the consultants for their views on the future of oil in the Middle East. STRAYER believed the present basis of Western control of area oil would certainly be destroyed if Nasser gained hegemony over the area. VANSLYCK added that the special British position in the Persian Gulf area also would be destroyed. LINDER pointed out that the West was the only possible customer for the oil and that if the political judgement could be made that Nasser would not come under Soviet control it was safe to assume the West would retain access to the oil. He cited the Suez Canal as an example of Nasser continuing the deal with the West on reasonable terms. SMITH and STRAYER pointed out that reasonableness was not always

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a controlling motive, citing the Mossadeq affair as an example. KNORR said the real danger was that a near monopoly of Middle East oil would allow Nasser to use control of its supply for political purposes. LINDER commented that the West is moving rapidly towards a wider degree of independence from Middle East oil and that the danger of political control would decrease with time.

SMITH said that there was some concern over the possibility that Nasser might back a Government for Palestine, which would seek admission to the UAR. HALIA noted that the plan was very indefinite and that some reports indicated the government would be only for the Gaza strip and some that it would include the West Bank of the Jordan River. HOOVER wondered how much difference such a proclamation would make. Control of the West Bank would still depend upon subverting the Arab Legion or assassinating Hussein. VAN SLYCK and SMITH remarked that the worry was that such a proclamation would ignite a Palestinian Arabs uprising. LINDER felt that Israel would fight if Nasser tried to get control of the West Bank. HOOVER agreed. SMITH said that this was probably the real restraining influence.

SMITH noted that an estimate is currently being drafted on Israel and asked the consultants for their views on the future of the state.

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ARMSTRONG noted that Ben Gurion had said there were still 600,000 Jews in the USSR. LINDER said this was a real threat to Israel and that the Soviets could put tremendous strains on the state by releasing these Jews over a short period of time. Furthermore, there remains a very large reservoir of Jews in Morocco and if the ban on emigration is lifted these may go to Israel in large numbers. SMITH noted that some columnists feel the Soviets will push the Arabs into a "second round". MOSELY remarked that the Russians already had established their willingness to fight for the Arabs and therefore need no further war threats for this purpose. LINDER commented that there was no evidence of increased Soviet pressure on Israel. In fact, the Russians had repatriated Polish Jews only on the understanding that they would not be allowed to emigrate to Israel. None of the consultants saw any hopeful signs of an approach to an Arab-Israeli settlement. YOUNG commented that Western-oriented Arabs were becoming increasingly frustrated because not even a start was being made on the problems of a peace settlement, especially the refugee problem. ARMSTRONG said that the Arab Federation might prove a means of resettling some refugees in Iraq without a formal settlement. LINDER commented that most observers felt the Arab governments deliberately were avoiding any approaches to a refugee settlement outside of a formal peace treaty. The refugees were one of their primary bargaining points, he added.

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At the close of the discussion on the Middle East BLACK said he thought the estimates of prospects for the area were perhaps too optimistic. Public opinion, he felt, was very deeply concerned with living standards and the leaders would of necessity make demands upon the West which the West was unwilling to meet. They then would turn increasingly to the Soviets for aid and as long as the Soviets were willing to continue to extend aid their strength in the area would continue to expand. SMITH agreed that the outlook for the Middle East was very gloomy, especially if thought of in terms of the Western position in the area as it existed as recently as ten years ago. He repeated his thought that it was of primary importance that the Western powers clearly define their minimum tolerable position in the area.

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