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LETTOW

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ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
29398	MEMO	MICHAEL O WHEELER TO WILLIAM P CLARK, RE STATE'S PAPERS ***R 6/30/2008 NLRRF00-112***	1	12/20/1982	B1
29399	EXECUTIVE SUMMARY	US-SOVIET RELATIONS ***R 10/17/2007 NLRRF2000-112/1***	10	ND	B1
29400	PAPER	A VIEW FROM MOSCOW ***R 10/17/2007 NLRRF2000-112/1***	12	12/13/1982	B1
29401	PAPER	A VIEW FROM WASHINGTON ***R 10/17/2007 NLRRF2000-112/1***	16	ND	B1
29402	PAPER	US POLICY: POSSIBLE ACTIONS/INITIATIVES ***R 10/17/2007 NLRRF2000-112/1***	16	ND	B1
29403	NSDD	DRAFT ***R 6/30/2008 NLRRF00-112***	9	ND	B1

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National Security Council
The White House CHRON FILE

Package # 91025

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02 DEC 21 A9:55

	SEQUENCE TO	HAS SEEN	ACTION
John Poindexter	1	JP	A
Bud McFarlane			
Jacque Hill			
Judge Clark			
John Poindexter			
Staff Secretary	2		I
Sit Room			
BRIAN	3		R

I-Information A-Action R-Retain D-Dispatch N-No further Action

DISTRIBUTION

cc: VP Meese Baker Deaver Other_____

COMMENTS

12/21

Mike,

I totally agree with your memo. In fact verbal comments have already been passed to State and they are working on a re-draft. This is actually part of a special project that Dick Bovine (Condy) is working. Jol

SECRET

SYSTEM II
91025 add-on
CHRON FILE

2

MEMORANDUM

29398

NATIONAL SECURITY COUNCIL

December 20, 1982

ACTION

SECRET

MEMORANDUM TO WILLIAM P. CLARK

FROM: MICHAEL O. WHEELER MW

SUBJECT: State's Papers on "U.S.-Soviet Relations"

Late in the day before last week's NSC on U.S.-Soviet relations, Dick Pipes sent you a package (Tab I) on the State study on likely Soviet policies in the next 6 - 24 months and our possible responses. Dick was, as usual, succinct in his assessment, i.e., "I find the paper utterly disappointing in almost every respect and quite useless for purposes of policy guidance."

There was little time to evaluate this paper before the NSC. However, on a closer reading since the NSC, I suggest we reconsider and not send the memo (Tab II) that Dick proposed, for two reasons:

- the memo makes categorical claims that simply are wrong. Dick would have us say, "The study does not address itself to the internal problems of the USSR and its Empire, which most probably are the immediate concern of the current Soviet leadership." In fact, the study does this at several places, e.g., see Tab III. Dick would also have us say, "It does not harmonize with the long-term strategic objectives outlined in the current NSSD..." These objectives concern internal change in the Soviet Union, and the NSSD itself wavers back and forth on them, e.g., with statements like, "The future of the Soviet political system and its basic values will be determined primarily by internal political forces that the United States has only marginal ability to influence." (NSSD 11-82, page 20) The study that Dick is criticizing is no less equivocal than this, and does address the long-term goals, e.g., see Tabs IV and V.

- we don't want leaks. We can object to nuance, to emphasis, to construction of the executive summary, and so forth. But this is best done orally, lessening the possibility of leaks in this area and preserving the President's stated objective of conducting key elements of his Soviet policy through "quiet diplomacy."

RECOMMENDATION.

That we not send the memo at Tab II, and that any concerns with the study be passed to State orally instead.

Approve ✓ Disapprove _____

DECLASSIFIED
NLRR F00-112 #29398
BY CH NARA DATE 6/30/08

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SYSTEM II
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DEPARTMENT OF STATE

Washington, D.C. 20520

SECRET/SENSITIVE

December 13, 1982

MEMORANDUM FOR MR. WILLIAM P. CLARK
THE WHITE HOUSE

Subject: U.S.-Soviet Relations

Attached are the following papers on U.S.-Soviet relations:

A. Executive Summary

B. The View from Moscow

C. The View from Washington

D. Possible Initiatives.

All of these papers should be considered as still in draft stage; work on them is continuing within the State Department.

L. Paul Bremer, III
Executive Secretary

Attachments:
As stated

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U.S. - SOVIET RELATIONS

Executive Summary

INTRODUCTION

We considered three questions:

(1) What is the Andropov regime's view of the world situation and of how Soviet interests can be advanced?

(2) How do we see our interests, and what would we like to see the Soviets do, not do, or stop doing insofar as their conduct affects our interests?

(3) How can we affect Soviet conduct in ways that advance our interests, and counter Soviet conduct that harms our interests?

(Note: It is possible that the CIA analysis of the strength of Andropov's internal political position, which we have not yet seen, will alter the following analysis.)

THE VIEW FROM MOSCOW

In assessing its inheritance, the Soviet leadership finds major gains and assets:

- superpower status and global reach
- a quarreling, economically shaky West
- domestic political stability
- an economy strong enough to support massive military outlays while keeping popular discontent within tolerable limits

. . . as well as problems:

- instability in Eastern Europe
- declining growth, productivity, and morale
- Western--especially American--rearmament.

On balance, Brezhnev's successors will be sufficiently content with these conditions--and unsure of how to effect basic change--that they will not be inclined to depart from the country's general historical course.

To be sure, they face choices between: at one extreme, economic reform, reduced military spending, and international retreat; and, at the other extreme, accelerated military growth and broad expansionism whatever the cost. But dramatic movement toward either extreme is unlikely. The leaders probably think the economy (two percent growth) can sustain roughly the current pace of military effort and foreign positions, but not much more. It would take zero growth and serious hunger to force military and international contraction, given that this would mean abandonment of Brezhnev's main achievement: status, might and reach comparable to ours.

This does not imply passive continuity. The Soviet leaders may see more sophisticated, innovative, agile, and diversified diplomacy as the best and cheapest way to undercut and pressure us, expand their influence, and perhaps cut the political costs of some of their more exposed positions abroad. They may be contemplating a mix of selective international "opportunity-seizing" and "loss-cutting," but in both cases with costs, risks and deviations kept to a minimum.

The new leadership, like the old, sees in Washington an Administration that refuses to recognize Soviet status and prerogatives as an equal superpower, even while--in their view--magnifying Soviet military advantages. They see us as having raised the costs and risks of military and international competition, even as they may doubt the Administration's ability to maintain a national consensus in support of restoring American strength, or to forge a Western consensus around Washington's outlook and policies. They doubt our willingness to respond positively to anything less than a broad Soviet retreat, which they will not contemplate.

For some in Moscow, this assessment of Washington argues for waiting for a new American administration before attempting to improve U.S. - Soviet relations. Others may believe it demands an even greater Soviet military effort--and sacrifice. However, while resource constraints do not dictate retreat, they will work against those who advocate a major bulge in military spending and aggressiveness.

On the whole, with the possible exception of arms control, it is unlikely that the Soviets see much percentage in making major concessions in hope of satisfying this Administration. They are more likely to try even harder to put us on the defensive politically and to stimulate a public and Allied backlash against our policies, though in the process they might take some steps that would partially meet our concerns.

Consistent with this, the Soviet leaders may feel that Soviet interests are best served by "out-flanking" us--that is, by orienting their foreign policy away from U.S. - Soviet relations, and by trying to come to grips with some of their problems without reference to us. This would enhance their freedom to ignore our concerns, their ability to weaken our relations with others, and their ability to pursue new initiatives. The principal exception to this pattern is likely to be START, where they must deal with us (but will also try to reach American public opinion around us).

THE VIEW FROM WASHINGTON

Our program to re-establish American ascendancy involves rearmament, world economic recovery, respect for international law and order, and the promotion of democratic values. Progress in achieving these goals affects and is affected by our competition with the Soviet Union.

- The more successful we are, the better able we are to induce more restrained Soviet conduct or, failing that, counter lack of Soviet restraint.

- The Soviets want to impede our program, mainly by dividing us from those whose cooperation we need for success.

Over the next 6 - 24 months, our chief aims toward the competition should be:

- to prevent further Soviet encroachments;

- to bring about substantive improvement in existing problems caused by the Soviets;

- to maintain control of the agenda and the terms by which problems are dealt with;

- to keep both our general Western coalition and specific problem-related coalitions intact; and

- to engage the Soviets constructively on issues where there would seem to be overlapping interests.

Because the Andropov regime will probably follow a more active and sophisticated foreign policy, oriented away from addressing problems with us and on our terms, and because they may find it easier to mollify others than to satisfy us, we need to preserve our influence over the manner in which outstanding issues are played out. Thus, while we are in a reactive posture in the general sense that only substantive improvement in Soviet conduct will bring about more positive policies toward the USSR, we may also need to take initiatives

to maintain our coalitions and to establish standards for Soviet conduct on outstanding problems that are both demanding but reasonable. We must also be true to our promise to respond positively to genuine improvement in Soviet conduct, or we will lose our capacity to influence Moscow and to keep our partners with us.

In effect, just as the Soviets may now try to out-flank us, we have to be ready to execute our own political flanking movements to ensure that the Soviets cannot escape from our agenda of concerns and our standards for responsible conduct and real progress. This means we have to consider how to use not only U.S. - Soviet relations to induce improved Soviet behavior but also our relations with other key actors, such as our European Allies, Japan, China, ASEAN, Pakistan, and others.

THE INTERSECTION OF SOVIET CONDUCT AND U.S. INTERESTS

In view of the foregoing assessment, we must anticipate our interests being affected by Soviet policies in the following specific areas:

Sino - Soviet Relations. The Soviets may be willing to make limited substantive concessions (e.g., modest withdrawal of forces from the border) in order to pressure us and give themselves more maneuvering room. We would hope that the Chinese would not accept tokenism. To the degree the Soviets are prepared to go beyond tokenism, we have an interest in trying to prevent a reduced Soviet threat against China from increasing the Soviet threat to NATO, Southwest Asia, or other U.S. interests. We also have an interest in maintaining influence over Chinese policies, e.g., toward Taiwan and Southeast Asia, which could be eroded to the degree the Soviets draw Beijing into closer relations.

Japan. The Soviets might feel they can use conciliatory actions--perhaps punctuated by threats--to try to reverse the growing Japanese inclination to support firmer East - West policies on a global basis. We can hardly regard a Soviet pull-back from the disputed islands as misconduct; but we must hope that the Japanese drive a hard bargain and not regard Soviet concessions as a reason to reverse their movement toward a more solid stance on East - West relations generally. Rapidly advancing Sino - Soviet relations could make the Japanese more susceptible to Soviet gestures.

Kampuchea. A Soviet attempt to nudge the Vietnamese toward withdrawal would fit with Moscow's interests in cooperating with Beijing, gaining respectability with ASEAN, and easing an existing problem on their terms and without reference to us. At the same time, the Soviets greatly value their relationship with Hanoi and will not want to test its limits. Our interests are served by maintaining total withdrawal and non-alignment as

the standards. We have to guard against mere gestures designed to crack our coalition with ASEAN (and, tacitly, China). That said, we would welcome Soviet pressure on Vietnam; and we are confident that our coalition will survive as long as the Soviets and Vietnamese represent the threat that they do, notwithstanding possible moves in Kampuchea.

Afghanistan. The Soviets--possibly with a Chinese role--might show limited flexibility in order to promote their terms for settlement and satisfy the Paks and our Allies. It is also possible that they will seriously move toward extricating themselves, on their terms. As in Kampuchea, we want total withdrawal, non-alignment, and a government of the people, and we would welcome substantial partial movement toward all of these goals. Our immediate interest is in preserving our ability to influence the terms of settlement and pace of withdrawal, and in maintaining Pak support for Afghan resistance until total withdrawal is achieved.

Middle East and Persian Gulf. The Soviets will exploit lack of progress on our peace initiative, as well as our support for Israel, to recover if not expand their influence among the Arabs, if possible beyond their standard clients. Efforts to destabilize regimes are not excluded but would be quite limited. Like us, they cannot drive the Iran - Iraq war toward either a military or political conclusion. Our interests are clear: minimize Soviet influence in the Arab world and defeat any attempts to sabotage the peace process or subvert our friends.

The Horn of Africa. The Soviets are unlikely to consider engineering a draw-down of Cuban forces in this area. It is more likely that they will test us here--if they are disposed to pressure us anywhere--since their client has a military advantage and because they may doubt our willingness and ability to save Siad if pressed. Our interest over the next year or so is in stabilizing the status quo while gradually building up Sudan and Somalia.

Southern Africa. Our interest in a Namibia - Angola settlement includes but goes beyond our desire to weaken the Soviet position in this volatile and strategically important area. The Soviets are likely to be uncooperative unless convinced that they will bear the onus for failure throughout black Africa. We will not achieve our immediate goal of Soviet acquiescence if they believe we would try to portray our success as their retreat.

Central America. Our interest is in defeating subversion, advancing economic and political development, and eventually restoring tranquility on our Southern porch. The Soviets are unlikely either to escalate or to try to curb the Cubans. Our aim should be to convince the Soviets that we have a far more

compelling interest in defeating threats in Central America than they do in fueling them--and thus, that we will do what it takes to prevail in a show-down, e.g., over introduction of MIGs or Cuban combat units into Nicaragua.

Eastern Europe and Human Rights. We have an interest in evolution toward greater pluralism, national autonomy, and respect for human rights. Andropov may subtly try to exploit Romanian and Yugoslav problems, while deciding between crackdown and tolerance of controlled reform, or at least gestures in that direction, elsewhere. Our immediate aims include convincing the Soviets that the risks of pressuring the Yugoslavs are prohibitive, and that we will not exploit--indeed we will respond positively to--movement toward greater openness in Eastern Europe.

We want the Soviets to permit national reconciliation and a resumption of reform in Poland. But we also have an interest in ensuring that cosmetic concessions not undermine West European support for our stance or increase pressures on us to agree to a CDE. On such questions as Afghanistan and Kampuchea, while we want genuine progress and can't be seen to ignore it, we may need to counter Soviet efforts to work around us and defeat our coalition without conceding any substance.

Western Europe. Blocking INF deployments may well be the Andropov regime's highest foreign policy priority. To achieve this, they will work toward offering a deal which our Allies feel would justify cancellation of our deployment program--in which case we would have to accept or else witness collapse of support for deployment anyway. (See more on arms control below). The Soviets will also try, with carrots and sticks, to abort our attempt to achieve Western agreement to constrict East - West economic relations. We have an interest not only in defeating efforts to isolate us, but also in deterring and/or countering Soviet threats against our Allies should it come to that.

Arms Competition and Arms Control. We cannot exclude that the Soviets will decide that arms control progress will not be possible until there is a new U.S. administration. However, it would be far more consistent with their overall outlook, internal situation, and likely international strategy for them to become even bolder in this area. They have an interest in confronting us with choices between: on the one hand, agreements in START and INF which meet their concerns; and, on the other, collapse of our domestic consensus and Alliance consensus in support of our defense program and INF deployment, respectively. Either outcome would offer some easing of their military burden.

Focusing U.S. - Soviet relations on arms control would be consistent with their aim of taking the rest of the agenda of international problems out of our hands. We should be prepared for major concessions on their part. Our interest is in drawing them toward our goals of reductions, equality and verifiability, while keeping popular support for our negotiating efforts and force programs intact.

U.S. - Soviet Cooperation. In addition to possibilities mentioned above (notably Southern Africa), we have an interest in getting the Soviets to cooperate concretely on functional problems where we have overlapping interest and where the Soviets matter. The most obvious is non-proliferation; there is no political reason why the Andropov regime would be averse to helping tighten up international safeguards and enhance IAEA effectiveness, though it is not clear that they would view such limited U.S. - Soviet cooperation as a sign of a generally more constructive attitude on our part. In a different vein, challenging the Soviets to provide more support for economic development might produce modest but welcome results, or at least undercut their pursuit of closer "East - South" relations.

Less Likely Developments. If our overall assessment of the view from Moscow proves to be too conservative, the most likely contingencies that could affect important U.S. interests--for worse or better--include:

- Soviet directed escalation in Central America
- support for large-scale aggression against Somalia
- shipment or deployment of "offensive arms" to Cuba
- major concessions on Afghanistan, including substantial withdrawal
- major concessions in START and/or INF.

In a way, such actions would present us with more straightforward--if not easier--choices. The real dilemmas will arise when the Soviets make more limited encroachments and/or concessions. We will have a harder time gaining support for effective responses to more subtle Soviet misconduct, and conversely, preserving support for our positions when the Soviets take partial steps to satisfy others' concerns but not ours. This is exactly the sort of conduct that seems most likely.

POSSIBLE INITIATIVES

Our basic approach should continue to reflect our view that outstanding problems are the product of Soviet behavior, which must improve if the relationship is to improve. Thus, in the most fundamental sense, we are reactive. However, in the face of Soviet policies as projected above, we need to consider moves of our own to serve several purposes:

- to preempt, deter, and counter new Soviet encroachments, which they might otherwise consider to be low-risk;
- to offset Soviet efforts to undermine international support for our overall East-West approach;
- to avoid being outflanked and losing our coalitions on specific problems;
- to induce Soviet cooperation where it is needed and achievable.

We should also be ready to deal with the less likely possibilities: either broad retreat or a burst of expansionism. But until we see signs that either may be in the works, we should focus on initiatives designed to advance our interests in the face of the more sophisticated Soviet strategy we foresee. Some of the possibilities follow:

A. Steps to head off new Soviet encroachments:

- Enhance intelligence effort regarding possible targets.
- Warn Soviets directly when specific intelligence so warrants.
- If needed, threaten to respond in kind, e.g., stepped-up US support for national liberation struggles where the Soviets have an interest in the status quo.
- Attempt to engage the Soviets in a discussion of the limits of competition in unstable areas (e.g., Central America and Eastern Europe).
- Remove temptations (e.g., helping to ease Yugoslav problems).

B. Steps to induce improved Soviet conduct:

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- Discuss with Chinese how to prevent the Soviets from exploiting either party in a way that damages the other (e.g., shifting SS-20s from West to East or troops from East to West).

- Respond sympathetically to Chinese interest in US technology, consistent with our security requirements.

- Minimize Sino-American flare-ups over Taiwan, consistent with our recent understanding.

- Organize a joint initiative on Afghanistan with Pakistan, China and possibly the EC, calling for phased complete withdrawal, transition leading to safeguard of Afghan non-alignment, self-determination, return of refugees.

- Develop -- and possibly discuss with Moscow -- a plan for step-by-step progress towards reconciliation in Poland.

- Challenge the Soviets to aid LDCs.

C. Steps in the event Soviet behavior improves:

- Expand trade, within the limits, worked out in forthcoming Alliance studies.

- Make a significant effort to move toward arms control agreements.

(Note: These steps would obviously have to be graduated and refined to fit the significance and character of positive Soviet actions.)

D. The Use of "Process" and "Presence" to enhance our access and influence and to communicate how we will respond to improved Soviet behavior:

- Proceed with dialogues on non-proliferation, Southern Africa, human rights.

- Consider opening consulates in Kiev and Tashkent.

- Hold Hartman-Korniyenko substantive preparations for Shultz-Gromyko meeting.

- Plan Shultz-Gromyko meeting before next fall.

We cannot and need not make any decision on a summit until we get a better fix of how Andropov views such a possibility and of whether the Soviets are prepared to make it successful, by our definition.

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Task II:

THE VIEW FROM MOSCOW

I. Brezhnev's Legacy

Yuriy Andropov's replacement of Leonid Brezhnev as CPSU General Secretary followed an eighteen-year period in which, from Moscow's perspective, the Soviet Union made impressive gains in both its domestic and foreign policies. During Brezhnev's years as General Secretary, the Soviet Union emerged as a global military power, unprecedented stability was achieved within the ranks of the Communist Party, and slow but steady growth was maintained in the civilian economy. At the same time, Andropov has inherited a number of problems that will have to be addressed in the coming decade. These problems, together with the capabilities and opportunities bequeathed by Brezhnev, form the basis of the review of Soviet policy now underway in Moscow.

Achievements of the Brezhnev Era

The new Soviet leadership can justifiably argue that Brezhnev's term in office witnessed a shift in the "correlation of forces" in Moscow's favor. Together with its substantial military build-up, the Soviet Union has developed a global network of friends, allies and client states that extends Soviet influence, enables Moscow directly to challenge Western interests in the developing world, and gives credibility to Moscow's claims to be a global power without whom "no international problem can be solved."

Favorable developments have also occurred in several areas of importance to Moscow: the NATO Alliance is experiencing severe political, military, and economic strains; Iran is no longer a U.S. strategic asset on the USSR's southern border; and a process is in motion toward improved relations with China at a time when the threat of a Sino-American alliance is receding.

Domestically, Brezhnev's most striking achievements were on the political side: under his leadership, intense factional rivalries at the top of the CPSU gave way to relatively consensual politics. Brezhnev's leadership style paved the way for what thus far appears to be the first smooth succession in Soviet history. In parallel with stabilization among the élite, Brezhnev presided over a largely successful effort to suppress dissent and non-conformist tendencies within Soviet society.

On the economic side, Brezhnev was able during much of his tenure to sustain a long-term military build-up while keeping consumers satisfied by slow but perceptible growth in living standards. Although growth has slowed in recent years and structural problems are becoming increasingly apparent, Soviet leaders can still tell themselves that the Soviet economy has made great strides since the Khrushchev era -- let alone in comparison with the dark days of collectivization and World War II, when the Brezhnev-Andropov generation got its political start.

Unresolved and Emerging Problems

Alongside these gains, the new Soviet leadership must cope with a series of unresolved problems inherited from the Brezhnev era, as well as some emerging new ones:

In foreign policy, détente with the United States -- from which the USSR derived important benefits -- has collapsed, and a more openly competitive and militarily threatening Administration has taken charge in Washington. Despite a greater West European attachment to détente, Moscow sees NATO as having embarked upon an effort to deprive the USSR of its longstanding advantage in medium-range missiles. And closer to home, there is continuing discontent and potential instability in Eastern Europe at a time when the USSR finds it difficult to meet the growing economic burdens of empire.

At home, economic growth rates continue to decline. Many factors are involved: shrinking labor resources, declining worker productivity and morale, difficulties in developing and assimilating new technologies, a decade of miserly industrial investment, systemic deficiencies in Soviet agriculture, plus chronic problems of alcoholism and corruption. These factors combine to threaten the regime's ability to maintain growth in defense capabilities without cutting living standards and, if not attended to over the longer term, could contain the seeds of domestic unrest. On the political side, the advanced age of the leadership confronts the regime with the problem of a continuing succession process in the next several years.

The Soviet leadership's immediate preoccupation will be the consolidation and allocation of political power within the key Party and state organs. Differing views on questions of resource allocation and economic revitalization are likely to surface. At one extreme, economic stringencies may be cited as requiring major structural reforms to the economic system, reduced defense spending, and/or a pull-back in foreign policy from some of the USSR's more exposed and costly positions. At the opposite extreme, some leaders, particularly within the

military establishment, will argue that the current U.S. Administration is so thoroughly anti-Soviet that growth in defense spending should increase.

In the next two years, dramatic shifts in either of these directions are unlikely. Despite the acknowledged gravity of the economic situation, the regime may well believe that there is still some breathing space before corrective action becomes urgent: the economic growth rate is still 2 percent, not zero; consumer discontent, while rising, is still controllable; and there is likely to be a respite from chronic grain shortages if, consistent with the laws of probability, the USSR enjoys a decent harvest after an unprecedented four successive years of bad weather.

Andropov admitted to the Central Committee that he has no "ready recipes" for improving the economy's performance. He will probably rely in the short run on stop-gap solutions -- tighter discipline, importing selected economic reform measures from abroad, new incentives for speeding introduction of new technology in Soviet industry -- in an attempt to spur economic growth. He will also continue to import Western technology, equipment and farm products.

Whatever the course followed, economic stringencies are not so severe as to require any retrenchment in foreign affairs or any substantial reduction in defense spending in the next two years. Nor is it likely that Soviet leaders see the longer-term economic outlook as so bleak that it is necessary for the Soviet Union to embark on a desperate effort to capitalize on its waning military advantages, before it is too late.

* * *

In sum, Brezhnev's legacy provides incentives over the long term for change in Soviet policies, and constituencies doubtless exist for such change, particularly on the domestic side. Moreover, it is conceivable that Andropov, having assumed the top leadership at 68 years of age, may feel he has to make his mark quickly and undertake some innovations in the near term -- in foreign as well as domestic affairs.

However, the continuance in power of Brezhnev's closest lieutenants is more likely to militate in favor of continuity. Over the next two years, Brezhnev's heirs will not feel compelled by domestic economic constraints to undertake sudden shifts or new departures in domestic affairs. By the same token, neither the immediate task of political consolidation

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nor the longer-range need for economic reform is likely to compel near-term changes in Soviet foreign policy.

Continuity in foreign policy should not be confused with passivity. The active diplomacy practiced before Brezhnev's death -- most notably the anti-INF campaign and the opening toward China -- will almost certainly continue, and new opportunities in the Third World are likely to be seized as they arise.

II. Soviet Assessment of the United States Under The Reagan Administration

Andropov's ascension will not affect the basic Soviet outlook on the United States that has taken shape over the past two, or indeed six, years. Since 1977, the Soviets have faced two Presidents about whose views they knew little in advance, and whom they perceived as unpredictable, perhaps dangerously so. Moscow judged the Carter Administration as initially schizophrenic in its policies toward Moscow -- espousing disarmament on the one hand while stimulating a NATO military build-up on the other -- with anti-Sovietism taking hold in the latter half of the Carter Presidency.

Since January 1981, Moscow has seen itself up against a U.S. Administration that is, for the first time since the 1950s, openly and unequivocally anti-Soviet, and unwilling as a matter of principle to accept what Moscow sees as a new historical reality: the USSR's attainment of "superpower" status, and the right to assert itself on an equal basis throughout the world. This perception has been progressively reinforced by the Administration's defense build-up, a continued push for INF deployments, the harsh and ideological rhetoric employed by Administration officials from the President on down, our continuing emphasis on human rights, and the appointment to high posts of individuals seen by Moscow as philosophically opposed to US-Soviet cooperation and arms control agreements under any circumstances.

The Soviet leadership is doubtless worried by the U.S. military build-up (perhaps more worried than is warranted by the programs per se), and nervous about U.S. political efforts to diminish Soviet influence in such regions as the Middle East and southern Africa. Moreover, the Soviets recognize that the Reagan Administration is a more serious competitor than its predecessor in regional contexts, more willing to defend its own interests, and capable of driving up the costs of Moscow's adventurist behavior (as evidenced by our actions in Afghanistan). In comparison with the Carter years, the Soviets are probably

somewhat more fearful of an assertive U.S. response to Soviet actions toward situations in the developing world where the position of Soviet-backed forces is fragile (e.g., arms transfers to the Salvadoran insurgents; MiG deliveries to Nicaragua).

But whatever marginal increase in Soviet cautiousness has been induced by this Administration's policy, it has not been enough to bring about a Soviet retreat. Despite early concerns aroused by this Administration's threatening rhetoric, Moscow is by now probably considerably less apprehensive about direct U.S. action against Cuba. In Angola, despite nervousness about our diplomatic initiative, the Soviets have held firm and, in fact, presided over a sizeable increase in the Cuban military presence. In short, the Soviets do not presently feel pressured toward retrenchment in the Third World.

Looking further ahead, the Soviets may have reason to doubt the staying-power of this Administration's harder-line policies. From Moscow's perspective, factors impinging on U.S. policy include: domestic economic constraints which have undercut the pro-defense consensus; the anti-nuclear sentiment reflected in the freeze movement; Alliance pressures and disagreements on trade and security issues; problems and uncertainties in relations with China; deteriorating conditions in Central America; and 1984 election politics, upon which all of the foregoing will converge, and which may bring to power a new Administration more amenable to improving relations with Moscow.

If it views the Reagan Administration in this light, the Soviet leadership may conclude that the best course is to "wait out" the Administration until the "forces of history" have forced the U.S. back to more "realistic" policies. In other words, while not breaking off the diplomatic and arms control dialogue with us, the Soviets would not expect any major agreements could be reached. While not feeling themselves under any pressure to make major concessions to the U.S., the Soviets would defer decisions on a substantially increased defense effort.

The foregoing appears to be the current Soviet assessment of the Reagan Administration. Some in the Soviet leadership, however, may have come to the conclusion that U.S. unwillingness to accommodate itself to the Soviet Union's emergence as a global superpower has deep roots, and represents a strain in U.S. foreign policy that antedates and will endure well beyond the Reagan Administration. If this should become the dominant view, Soviet policy would confront two separate, but fundamental choices: sustained arms competition vs. a negotiated modus

vivendi; and recurrent confrontation vs. greater restraint in the Third World.

Whatever their long-term outlook, the Soviets will seek to pressure or isolate the U.S. by cultivating relations with China and Western Europe, and by fueling the nuclear anxieties of Western publics. Moscow will in the near term continue to express the hope that it will prove possible to do business with the Reagan Administration, and may even advance new proposals to test U.S. flexibility, particularly in the arms control area. But based on two years' experience, the Soviets are increasingly skeptical of this Administration's willingness to do business on a basis that would not require the USSR to "change its foreign policy" in fundamental ways.

Moreover, Moscow probably believes that, even if this Administration were willing to do business, the pay-offs would be minimal in terms of expanded trade or constraints on U.S. weapons programs. In sum, Moscow doubts the credibility of our efforts to establish "linkage" between Soviet conduct and improved US-Soviet relations and, at the same time, does not believe that we would follow through on linkage in terms of rewarding Moscow for positive changes in Soviet behavior.

Thus it is unlikely that the Soviets see much cause to make significant substantive concessions toward the United States with the purpose of inducing us to do business. But the Soviets will probably undertake new initiatives in the next two years designed primarily to put the U.S. on the defensive politically, and to stimulate Allied and public pressures on the Administration to alter its policies.

III. The USSR's Other Foreign Relations

Other Soviet foreign relations which have direct consequences for U.S. interests include:

China: The Soviet leadership clearly is interested in creating at least the appearance of movement toward Sino-Soviet normalization, among other reasons to put pressure on the United States to be more accommodating in bilateral relations. The Soviets may also perceive a common interest with the Chinese in actual substantive steps toward more stable relations (ideological differences are no longer as significant, permitting restoration of party-to-party ties; mutual benefits are possible from trade). Thus Moscow may take limited substantive steps in the near term, such as troop cuts on the Sino-Soviet border, to advance the process. If the Chinese reciprocated, Moscow would go further, although in the forseeable future the Soviets' interest in avoiding friction with the Vietnamese is an

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inhibiting factor against any effort to resolve the Kampuchea problem. In any case, the Sino-Soviet relationship will continue to be burdened by deep mutual suspicions and conflicting political and strategic interests.

Japan: The Soviets do not view Japan, even in Alliance with the U.S., as a serious near-term military threat in the Far East. Despite Soviet interest in acquiring Japanese technology, they have made no effort in the past to improve relations with Tokyo. It is conceivable that the new Soviet leadership could launch a peace offensive as it has done in Western Europe to sow divisions between the U.S. and Japan, perhaps involving troop reductions on some of the disputed islands or an offer to freeze Asian SS-20 deployments. But because of the non-negotiability of the main issue dividing Moscow and Tokyo -- the Northern Territories -- it is unlikely that there will be any serious substantive initiatives on Moscow's part. Threats to Tokyo, including continued moves toward Sino-Soviet normalization, are more likely than blandishments in the Soviet effort to discourage Japanese-American strategic cooperation.

Western Europe: The Soviets perceive West European governments as more concerned about defusing East-West tensions, more willing than the United States to tolerate Soviet adventurism in the developing world, and more receptive to cooperation with Moscow without political preconditions. Thus, while seeking to avoid rekindling interest in separate European defense arrangements, Moscow seeks to exploit West European interests in trade with the USSR and expanded East-West human contacts, popular opposition to NATO defense improvements, and other strains in Atlantic relations as means of weakening NATO's defense posture and putting pressure on the U.S. to move back toward more "realistic" East-West policies. At the same time, the Soviets also see intrinsic benefits in expanding their relationship with Western Europe, principally economic (a source of technology, as well as markets for Soviet exports, especially energy).

Since the late 1970s, the Soviets have been particularly concerned about NATO efforts, instigated by the U.S., to "upset the established balance" in Europe, particularly the long-standing Soviet superiority in longer-range INF missiles. They may have feared that the 1979 decision to deploy 572 GLCM and Pershing II missiles was but the first step toward a larger U.S. "Eurostrategic" force, to be reinforced by modernized U.K. and French nuclear forces. This fear has likely subsided in light of the problems INF deployments have encountered among West European publics. But if Soviet concerns about the potential military impact of INF deployments have declined, Moscow's number-one political objective in Western Europe

continues to be to exacerbate US-West European strains over the INF issue and, in the process, to derail the deployments themselves.

In 1983, we accordingly can expect to see a continued Soviet carrot-and-stick strategy designed to block INF deployments. This will likely entail new or repackaged proposals suggesting Soviet willingness to reduce SS-20s if NATO deployments are suspended or cancelled, accompanied by ambiguous threats of counterdeployments and adoption of a launch-on-warning policy. If the initial phase of deployments begins on schedule in December 1983, the Soviets will move quickly in 1984 to respond -- perhaps through cruise missile deployments or stepped-up pressure in Berlin or the Caribbean, but more likely with further efforts to appeal to growing anti-military sentiment in Western Europe -- in an effort to derail subsequent deployments, or at least to maximize the political damage to US-European ties of carrying the deployment program to completion. (Regardless of whether the Soviets succeed or fail in heading off INF deployments, they will still be able to sow considerable discord in Atlantic relations.)

Eastern Europe: For strategic reasons, maintaining Soviet control and internal tranquility in Eastern Europe will be of fundamental concern to any Soviet leadership. In recent years, however, it has become increasingly costly for the Soviets to sustain the higher living standards of their Allies, and they have in fact reduced subsidies to the East European economies. For this reason, and in light of their experience in Poland, the new leadership must be especially concerned by the risk that underlying popular discontent in the region and the population's vulnerability to Western influences could lead to threats to stability and Communist rule. Moscow's dilemma is finding the proper balance between continued repression to enforce the political status quo, and tolerance of economic reforms and political liberalization to relieve underlying social tensions.

In the near term, however, the Soviet leadership is probably confident that the worst is past in Poland, and that the immediate danger of spillover of the Polish contagion to the rest of the bloc has passed. A year of calm in Poland has already dampened the Western reaction to the imposition of martial law; another year of calm will simply confirm that the threat to Communist regimes has receded, and provide the Soviets with the grist for further efforts to dismantle Western sanctions piecemeal. In the longer run, it is conceivable that Andropov will stimulate increased economic experimentation in Eastern Europe along Hungarian lines, perhaps in tandem with a tightening of the political screws.

The new leadership will also be alert to opportunities to strengthen Moscow's position in Eastern Europe, both inside and outside the Warsaw Pact. For example, Andropov may try to exploit Romania's economic difficulties to bring Ceaucescu (or his successor) back in step with Soviet foreign policy. Steps to exploit Yugoslavia's economic troubles or to foment separatist movements are also possible. In addition, the Soviets may perceive a target of opportunity in Albania, should Hoxha die or be overthrown.

Third World: The Soviets have historically considered the Third World as a major arena for advancing the USSR's interests; particularly since World War II, Moscow has also viewed competition with the U.S. (as well as other Western countries and China) for influence in the developing world both as a primary means of establishing their credentials as a global power, and as a means of undermining Western strategic and economic interests. Despite periodic setbacks, and despite the increasing burden of supporting client states economically, the Soviets have persisted in an assertive Third World policy. The new leadership will likely continue to view the Third World as one of the most important arenas for East-West engagement.

The Soviets have generally taken a low-risk, opportunistic approach to the Third World competition, relying on proxies or security assistance in order to minimize the risk of direct confrontation with the U.S. Afghanistan is unprecedented in that the Soviets' own troops were directly involved, and may signify an increased readiness for direct engagement elsewhere.

With respect to specific regional issues:

-- Afghanistan: The Soviets must appreciate that there can be no near-term military solution at current levels of involvement. Soviet strategy is probably based on the judgment that the resistance can be worn down over a period of many years, as done earlier in the Bolshevization of Soviet Central Asia. The domestic burden of the Afghan adventure is not significant enough to impel the Soviets toward an early withdrawal. Thus the Soviets will continue to focus on influencing the Pakistanis (through both threats and blandishments) in order to curtail armed assistance to the rebels. One means of doing this will be to create the appearance of a willingness to negotiate on a political solution, without offering any concessions which would undercut Soviet insistence on maintenance of a pro-Soviet Afghan regime.

-- Middle East/Persian Gulf: In the Middle East, the Soviets suffered a setback with the US-engineered PLO withdrawal from Lebanon, continue to be excluded from the

Arab-Israeli peace process, but nonetheless continue to maintain important clients in the region. Thus the Soviets can be expected to continue to seek a role in the peace process and to improve ties with moderate Arab states, while attempting to undermine US-sponsored initiatives and exploit future breakdowns in the process. In the Gulf, Soviet strategic interests received a major boost with the fall of the Shah and expulsion of the U.S from Iran. Since then, the Soviets have been playing a waiting game, looking for new opportunities to expand their influence.

-- Africa: In southern Africa, the Soviets probably will continue quiet efforts to scuttle the Namibia/Angola negotiations, while endeavoring to position us as the scapegoat for the failure they hope will eventuate. They also may seek to reinforce their regional position by providing additional military aid, directly or via surrogates, to governments threatened by South African destabilization. In the Horn of Africa, the Soviets' intimate relations with Ethiopia's Marxist regime, and the latter's military preponderance in the area, offer the Soviets a possible proxy should they decide to seek an "easy" geopolitical advantage. The Sudanese and Somali leaderships are both closely identified with us and quite insecure at home. Should the Soviets decide on such an initiative, they could be emboldened by the belief that no political base exists in the U.S. for direct American military support of these regimes.

-- Central America/Caribbean: The Soviets have made it a priority objective to build up Cuba's military capabilities in the face of what they perceive as an increased U.S. threat to Havana, as a means of sustaining their destabilizing actions in the region indirectly, and as a way of diverting American attention and efforts from the global competition.

Moscow may have become more cautious about exploiting fluid situations in this hemisphere in response to this Administration's strong representations about the region. But the Soviets realize that U.S. sensitivity about the area provides a low-cost opportunity to challenge us in our own back yard. As a result, they have not hesitated to seize opportunities when they arise and to defy U.S. warnings against involvement in the region, relying on Cuba as an intermediary in order to avoid provoking a direct confrontation with the U.S. It is possible that this Administration's stance made the difference in the Soviet decision not to supply MiGs to Nicaragua, but the Soviets have not in any way cut back on their military support for the Sandinistas.

-- Southeast Asia: The Soviets consider themselves the chief outside beneficiary of Hanoi's 1975 victory and its extension of domination to Laos and Kampuchea. While obtaining greater military access to the region, they have been unable to build politically on this advantage due to Hanoi's isolation in the region, and have had to shoulder the growing burden of subsizidizing the Vietnamese economy. Prospects for improvement in Sino-Soviet relations and the advent of a Sihanouk-led coalition, which creates another option for Hanoi, may tempt Moscow to nudge the Vietnamese toward accommodation with their neighbors; its own fears of Sino-Soviet normalization could prompt Hanoi to move in this direction. But a close, aggressive Soviet-Vietnamese relationship -- which Moscow will be reluctant to jeopardize in the near term -- will effectively preclude extension of Soviet influence outside Indochina; a satisfactory settlement and general accommodation in Southeast Asia, however, could lead to a marginal increase in Soviet activity in ASEAN.

IV. Moscow's U.S. Policy Agenda Over The Next Two Years

If, as we expect, neither leadership politics nor broader domestic concerns veer out of control, the Soviet Union will continue to conduct an active foreign policy over the next two years, invigorated at least to the extent that Andropov is personally more engaged and skillful than his predecessor. We do not anticipate either a dramatic retrenchement or a new burst of expansionism.

This judgment could, of course, be altered by the unpredictable consequences of such events as the outbreak of a divisive leadership struggle within the Politburo, a new breakdown of order in Poland, or a major US-Cuban confrontation. In such unforeseen circumstances, the Soviets could offer major substantive concessions, for example moves to accommodate U.S. positions in START and INF, or a compromise in their stance on requirements for a negotiated settlement in Afghanistan. On the other hand, the Soviets could follow a more aggressive course, including an escalation in destabilizing activities in Central America, shipment or deployment of "offensive weapons" to Cuba, or support for large-scale aggression against Somalia.

Short of such unanticipated developments, over the next two years the Andropov leadership is likely to see opportunities for initiatives in several areas -- some substantive, some atmospheric, some propagandistic -- designed to put the U.S. on the defensive and undermine our Alliance relationships: efforts to block INF deployments; steps toward Sino-Soviet normalization; efforts to influence Pakistani policy in Afghanistan; and

the like. The Soviets may also launch an INF-style propaganda campaign concerning the START negotiations, in order to appeal to pro-SALT II forces in Europe and the U.S., and to make the case that U.S. intransigence in START is blocking an INF agreement. It is also possible that the Soviets may make some low-cost gestures on the human rights front in order to induce greater U.S. flexibility on issues of central importance to them.

In US-Soviet relations, we expect a continuing deemphasis on conducting substantive business with the United States so long as we refuse to move off our current agenda. Emphasis will instead be placed on isolating and/or pressuring the U.S. and gaining influence among our traditional friends and in selected developing countries, as well as with China.

The Soviets will continue to express interest in a "carefully prepared" US-Soviet summit meeting, in order to demonstrate Moscow's constructive attitude, to pressure the Reagan Administration to accommodate Soviet positions, and to place the onus on the U.S. for preventing a summit (or for precluding the possibility of a positive outcome should a summit take place). In general, Moscow will continue the arms control and diplomatic dialogue with us -- maximizing the propaganda value of this dialogue, while probing for signs of U.S. flexibility -- but insist that since the U.S. bears virtually all responsibility for the downturn in relations, it must make the first move toward improvement.

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Task III -"The View from Washington"

A. U.S. Interests and Soviet Behavior

Our objective in world affairs is an international environment in which our interests are secure. In its current form and with its current expansionist tendencies, the Soviet Union is the greatest obstacle and threat to such an environment. Over the past decade at least, the USSR has acted on the sense that the basic forces of history were moving in its favor, and against U.S. and Western interests and values. We and the Soviets are and will remain competitors. The question for us is not whether to compete, but how to compete. Clearly, our task is to manage relations with the Soviet Union in ways that [1] advance U.S. and Western interests and values, and [2] avoid damage to those interests and values.

In the broadest sense, our priority objective vis-a-vis the Soviet Union over the next 6-24 months is to maintain the sense of American recovery and ascendancy we have already established under this Administration. We need to show that it is the U.S., rather than the Soviet Union, which has the superior capacity to understand the issues on the international agenda and shape developments to its advantage.

Domestic economic recovery and increased military strength are necessary ingredients. Substantial restoration of American economic health and substantial American and Western rearmament will be needed if we are to demonstrate that the tide of history is running our way. At the same time, capable conduct of American foreign policy is needed to protect and support its own basis in economic recovery and in rearmament. Both are threatened if we mismanage U.S. international interests.

Our foreign policy priorities are thus designed both to provide a firm framework for our domestic and rearmament programs, and to shape the international environment -- in general and in competition with the Soviet Union -- in ways favorable to our interests. Specifically:

-- We seek increased and modernized military strength for ourselves, our Allies and our friends.

-- We seek to consolidate and strengthen our alliances and friendships with key countries.

-- We seek to resolve regional crises and tensions in cooperation with area parties, thus depriving the Soviets of entries and opportunities and building conditions for future stability.

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-- We seek to promote respect for the rule of law and for internationally accepted norms of behavior, as the proper basis for relations between states and for world order.

-- Finally, we seek to advance world economic recovery and stable arrangements and rules for international economic life.

Thus, we have a broad program which extends far beyond our competition with the Soviets but promises major U.S. advances in that competition to the extent that it is successful:

-- It will demonstrate our mastery of events and trends;

-- It will demonstrate how irrelevant the Soviet Union -- dictatorial, overmilitarized, expansionist -- is to the solution of the real problems facing mankind; and

-- It will set the terms and a framework for constructive Soviet participation in world affairs if the USSR moves in that direction.

There are both dangers and opportunities in a program intended both to limit Soviet mischief-making and induce constructive Soviet participation in international transactions. Two examples illustrate this. Non-proliferation is an area where Soviet assets are so large that little progress can be made without Soviet participation but where the Soviets share many motives for constructive behavior with us. It is thus an issue where cooperation is both essential and possible. World economic relations are a contrary example. The Soviet economy is large enough and related enough to the world economy to count, but not dependent enough on outside inputs to make constructive participation come naturally. Hence, Soviet conduct in the world economy is mainly opportunistic, involving use of economic assistance to gain political advantage, without contributing in substantial ways to solutions of the financial, energy, food and other resource issues which define the global economic problem. Here a dual approach is called for: to pillory the USSR for its irresponsible passivity in the face of global economic issues and its exploitative approach to economic tensions in individual countries, and to set the terms and define standards of performance for a genuinely constructive Soviet role.

We have also developed a specific program to guide us directly vis-a-vis the Soviet Union. It focuses on three tasks:

-- To contain and over time to reverse Soviet expansionism by competing effectively on a sustained basis with the USSR in all international arenas:

--To promote, within the narrow limits available to us, the process of change in the Soviet Union in the direction of a pluralistic political and economic system; and

-- To engage the Soviet Union in negotiations to attempt to reach agreements which protect and enhance U.S. interests and which are consistent with the principle of strict reciprocity and mutual interests.

We can expect the Soviet Union to resist implementation of both the broad U.S. foreign policy program and our specific program vis-a-vis the USSR with all the considerable political and diplomatic assets at its disposal. It is too early to say exactly what steps the Andropov leadership will take to do so. There are limits -- in resources, in outlook, in the shape of issues -- to what it can do. No doubt it will be prudent. Nevertheless, it would also be prudent for us to examine the shape of an activist Andropov foreign policy going somewhat beyond the cautious limits that are most likely in order to envisage the challenges it could pose to our own foreign policies, and the adjustments that we may wish to take to meet them.

So far under this Administration, we have demonstrated that the historic tide is not running against the U.S. and the West. We have not yet succeeded in showing that it is shifting in our favor. To do so, we will need over the next 6-24 months to manage both bilateral relations and, more importantly, the key elements of the international environment skillfully and forcefully.

In order to block progress on our program, the most plausible objective for an activist Soviet foreign policy over this period is to isolate the U.S., either by making moves in which the U.S. is not involved, and/or by demanding "ready and positive" responses to moves which do not go to the heart of U.S. and Western concerns but can nevertheless be advertized as "contributions to lessening tensions." The point will be to show our Allies, friends and public opinion that we cannot control events, and that we let issues slip away from us because we are not alert or firm enough, in order to demonstrate that the Soviets rather than the Administration hold the initiative.

Regional Issues

In our direct dealings with the Soviets, we have made clear our general concern with the adventurist pattern of Soviet conduct on regional issues, and our specific concerns with regard to Poland, Afghanistan, southern Africa, Central America/the

Caribbean and Kampuchea. They have accepted discussion with us on the basis of this agenda, and in two cases -- Afghanistan and southern Africa -- we have conducted more detailed discussions at the sub-ministerial level. Nevertheless, resolution of these issues on a basis which advances our interests will not depend primarily on U.S.-Soviet bilateral discussion. Rather, it will depend on how the specific regional situations evolve, under U.S. and Soviet influence, but not U.S. or Soviet dictation. Reviewing these issues, it is natural to begin with an area where new Soviet activism met with a local response even before Brezhnev's death: the Sino-Soviet negotiating process. A Soviet policy approach designed to isolate the U.S. could well begin in Asia.

1. Improvement in Sino-Soviet Relations

The U.S. interest in Sino-Soviet relations is to retain maximum flexibility for ourselves in relations with both; to limit the degree of rapprochement before it damages regional stability or U.S. alliances and friendships in the area; and to ensure that partial solutions to area problems which may emerge from Sino-Soviet discussions do not stop short of addressing the real causes of instability we have defined.

Both for historical and geographical reasons, and because both sides have substantial interests in Europe, Asia, and elsewhere which could be jeopardized if they sought a return to their relationship of the 1950's, we believe it is unlikely that Beijing and Moscow will move quickly to any strategic realignment that would face the United States with the two-front challenges of the Cold War era. Nonetheless, however sparse the substantive achievements might be, Moscow and Beijing have already derived some diplomatic advantages from their negotiating process, and it would be imprudent to exclude results altogether.

A modest relaxation in Sino-Soviet tensions need not damage U.S. interests, provided we do not over-react in our own dealings with Beijing. However, the further the process goes, the greater the potential damage, particularly if accompanied by further strain in U.S.-China relations.

--Force Postures. Some of the global strategic benefits resulting from the Sino-Soviet confrontation could be lost if there were substantial reductions in troop levels on the borders of China. Even if Soviet troops were not redeployed westward, Western military planners would have to calculate a larger possibility that, in a war contingency, Moscow could free Soviet Far East forces for use in Europe. Moscow, in turn, would have fewer grounds to fear U.S.-China collaboration in a global confrontation.

-- Political Impact. Regionally, if China's flexibility to redeploy its own troops were increased, the concerns of our Allies and friends [perhaps most notably Taiwan] could be increased. The latter factor could make it harder to implement the August 17 U.S.-China Joint Communique, which is critical to preventing deterioriation of U.S.-China relations. Moreover, improvements in Sino-Soviet relations could well increase pressures on Deng's reformist group from hardliners, who question the importance of U.S.-China relations to China's security and want an assertive policy vis-a-vis the U.S. and Taiwan, which could further reduce the counterweight to the USSR China now constitutes. A significant improvement in Sino-Soviet relations could also reduce the long-term influence on China which we seek through the large and still-growing student exchange program giving us access to future Chinese elites.

2. Japan

The U. S. interest is to keep our principal Pacific ally confident of U.S. capacity to maintain our common security interests; increasingly willing to contribute to their maintenance; willing to work with us to resolve both bilateral issues and multilateral problems, in both the political and economic areas; and supportive of Western positions in a variety of international fora. In terms of resources devoted to regional security, we have an interest in seeing the Soviets reduce their threat to Japanese security, but should recognize that Japanese concern about soviet military forces as the only plausible hypothetical threat to Japan serves to cement US-Japanese ties.

Japanese attachment to the U.S. security tie is unlikely to be called in question by any foreseeable development, and the direct Soviet blandishments to Japan which are most likely would arouse skepticism rather than responsiveness. However, there is some Japanese nervousness about the implications of the Sino-Soviet negotiating process. Our ability to collaborate with Japan in Asia as well as we do has been conditioned in large part by common approaches to China over the past decade. Substantial movement toward Sino-Soviet reconciliation could possibly lead to a renewal of differences over China policy and to charges in some Japanese political circles, right and left, that U.S. mismanagement of China policy had been among the factors responsible for such rapprochement. there would be no inclination to weaken the U.S.-Japan security treaty as a result, and this in turn should act as a brake on Japan's moving off on its own, but Japan might in these circumstances be less inclined to follow the U.S. lead with regard to Asian policies, particularly where China is a factor.

Direct Soviet blandishment could take the form of troop reductions in the Northern Territories; offers to discuss SS-20 deployments in Asia with the Japanese; or hint at a return to the defunct 1955 offer to return the two smaller of the four islands that constitute the Northern Territories. Mere Soviet overtures on the Northern Territories would have limited resonance, and would on balance be viewed with suspicion by the Japanese. An offer to discuss SS-20 deployments with Japan would suggest to the Japanese that Japan is a target to an extent the Soviets have thus far avoided. Thus, in terms of bilateral blandishments only actual return of the two islands would cause serious Japanese questioning of the tough anti-Soviet stance that comes naturally to them.

Soviet positions on the Northern Territories have been very hard for almost two decades, so that it is highly speculative to envisage Soviet offers, much less a Japanese response. Nevertheless, a combination of expressed Soviet willingness to deal on the Northern Territories and rapidly advancing Sino-Soviet reconciliation which the U.S. appeared helpless to affect could produce the kind of Japanese anxiety which would be detrimental to U.S. interests.

3. Kampuchea

As one of the Chinese "obstacles" to normalization of relations with the USSR, Kampuchea is on the agenda of Sino-Soviet talks, and the Chinese have now presented a proposal for phased total withdrawal of Vietnamese troops in that context. Our interest in both regional and U.S.-Soviet terms is in total withdrawal of Vietnamese troops, leaving an independent, non-aligned Kampuchea. But a partial withdrawal which left Kampuchea under Vietnamese control and deprived our ASEAN friends of the will and/or means of promoting their consensus conditions for regional stability, would not be in either the U.S. or Chinese interest.

In Kampuchea, the Soviets and Chinese could theoretically convince the Vietnamese to withdraw all forces in return for Chinese security assurances, termination of support for the Khmer resistance, and increased Soviet and possible Chinese aid, with a payoff in Sino-Soviet relations and in a reduction of ASEAN pressure. It might improve Moscow's image and marginally improve Soviet access to ASEAN, but might perpetuate general ASEAN wariness of China, and might well also lead to increased access for our friends and us in Indochina. A Soviet-Chinese induced partial Vietnamese withdrawal, by contrast, might only heighten ASEAN suspicions of both the Soviets and Chinese. ASEAN could react in two ways. First, it might feel obliged

simply to acquiesce. Or, it would act to maintain its control of the Kampuchea situation and pressure for total Vietnamese withdrawal. The legacy of strong U.S. support for ASEAN and the attractions to Hanoi of normalization of U.S.-SRV relations and access to Western resources, and inevitable fear in ASEAN of a Sino-Soviet-Vietnamese condominimum in Southeast Asia, give our friends and us important leverage unavailable to Moscow or Peking.

4. Afghanistan

As in Kampuchea, our interest in both regional and U.S.-Soviet terms is in total withdrawal of Soviet troops and restoration of non-aligned, independent status under a government of the Afghans' choice. But, as in Kampuchea, a partial Soviet withdrawal that deprived Pakistan of the will and/or capacity to resist a Soviet troop presence in Afghanistan, led to a partial Soviet withdrawal that left the Soviets in control of Afghanistan, and was achieved without U.S. input, would not be in our interest. Again, the Chinese also would be unlikely to cooperate in a solution of this sort. But, although no concrete proposal has yet surfaced, Afghanistan figures, like Kampuchea, as one of the "obstacles" to normalization on the Sino-Soviet agenda.

Faced with a Soviet offer to reduce troop levels and perhaps reconfigure the puppet Afghan government in return for reductions in Pakistani support for the resistance, our proximate goals should be to ensure that the Pakistanis, rather than the Soviets, control the pace of Soviet reductions, and that Pakistani support for the resistance does not cease until total Soviet withdrawal is achieved.

5. Persian Gulf and the Middle East

These two regions are of course fundamental to our interests, and the Soviets possess considerable assets in the area. These are of two kinds, though the Soviets do not distinguish between them in pursuing their own purposes. They have a wide variety of covert means to influence critical situations: in Saudi Arabia, among PLO and other Arab radicals, in Iran. They are used to obstruct U.S. peace and mediation efforts, and to position the Soviets to exploit new opportunities. In terms of political and diplomatic leverage, on the other hand, Soviet assets have been seriously reduced in recent years.

In the Iran/Iraq war, they must lack confidence in their capacity to derive advantage from any possible outcome, and the Gulf states will be difficult for them to penetrate in the next 6-24 months even if the Saudis were willing. Here our objective

is to prevent the Soviets from exacerbating the current Iran/Iraq conflict, and to deny them the chance to set the terms for its solution, through our relations with third parties.

On Arab-Israeli issues, only if Syria became a pure Soviet client through some unlikely combination of reduced Saudi support and Syrian failure of nerve would the Soviets be in a position to block US-mediated forward movement. Should the current US peace initiative not succeed in producing negotiations, the Saudi reaction could include the establishment of active diplomatic relations with the Soviets; but for internal reasons and because of the strength of our position, it would not have substantial or far-reaching effects on our interests. Hence, while the Soviets can continue to play a modest blocking role in the area, their chances of reentering the mainstream of area developments in the next two years are small.

6. Ethiopia

Across from the Peninsula on the other side of the vital Red Sea oil route, the situation is threatening for U.S. interests. The regimes closest to us -- Sudan and Somalia -- are so weakened by economic crisis as to be living on borrowed time. Libyan intrigue and the overwhelmingly dominant Ethiopian military establishment could be used by the Soviets to topple Siad Barre and/or Nimeiri, thus dealing us a geopolitical reverse at little cost or risk to themselves. Our primary interest vis-a-vis the Soviets is that they refrain from doing so. Drawdown or departure of Cuban forces in Ethiopia is a secondary priority.

7. Southern Africa

Here our primary interest is that the Soviets refrain from obstructing and preventing conclusion of the Namibia/Angola settlement process underway. The U.S. is held responsible for the success of a diplomatic initiative that has been difficult from the beginning and is encountering heavy weather now. The Soviets realize it is not yet exhausted and fear it may succeed, thus undercutting their influence in the region. At the same time, they wish to avoid seeing the onus for failure placed on themselves or the Cubans, so their opposition must be low-key, and thus possibly ineffectual

Ultimately, a deal must be cut if there is to be a regional settlement, and some degree of Soviet association will be required if their Cuban surrogates are to cooperate, as they must for settlement to be achieved.

In the near term, if the Angolans and other Africans insist on Cuban troop reductions in Angola, it is not to be excluded that the Soviets and Cubans will accede in order to avoid the blame for keeping Namibia enslaved. If they do, a plausible offer would be a Cuban-free zone in southern Angola and perhaps some reductions in return for a comparable commitment from the SADF in Namibia, and perhaps a Cuban commitment to withdraw entirely "near" in time to total SADF withdrawal from Namibia. This would be damaging to our interests if it were inadequate to secure SARG cooperation on the total settlement, or if Cubans were redeployed to Mozambique.

8. Central America/the Caribbean

Our general interest is that the development process in the area go forward without outside subversion or threats to our security interests. Whatever the complexities of the Soviet-Cuban relationship, the Soviets are currently engaged in fostering outside subversion, in building up Cuban power-projection capabilities through direct military supply, and in building up Nicaraguan military strength indirectly through Cuba. While the region is peripheral to core Soviet interests, they have a strategic interest in causing trouble for us in a vital area close to the U.S. It would be in our interest for the Soviets to stop any or all of these activities.

The most urgent contingency in terms of escalatory capability [and thus of U.S.-Soviet relations overall] is introduction of jet combat aircraft and Cuban combat forces into Nicaragua. In our bilateral dialogue with the Soviets, we have said this would be unacceptable, and they have the means, within the "normalcy" of their Cuban relationship, to prevent it. Aside from this contingency, the Soviets can increase or relieve pressure on us in the region by altering the pace of military supply to Cuba. Over the longer term, this is already a problem for us, since a conflict contingency would require us to use NATO-designated forces in order to counter Cuban forces now existing; increasing them will make the problem worse.

9. Other Extra-European Areas.

Elsewhere in the world, military conflicts, economic recession or simply societal development can produce fresh opportunities for the Soviets to expand their influence to our detriment at little cost to themselves. The Falklands crisis was such a case. Economic/financial distress in the Third World -- Mexico comes to mind -- provides the raw material for a potential loss of U.S. prestige and influence that the Soviets could seek to

exploit. U.S. losses need not lead to Soviet gains, but to the extent they are exploited by the Soviets they will serve to "prove" the failure of U.S. leadership.

The Soviet Empire

Within the Soviet Union and in Eastern Europe, the U.S. interest is in evolution toward greater diversity, individual freedom and national autonomy, and respect for human rights and internationally accepted norms of behavior, both between states and toward one's own citizens. In practical terms these goals are not always perfectly compatible; Romania is a case of a country whose human rights performance makes U.S. support for national autonomy [in the specific form of access to the U.S. market as an alternative to the Soviet market through MFN treatment] difficult. An active Soviet diplomacy under Andropov is capable of increasing this difficulty through moves that are both welcome and troublesome to us. Adjustments are unlikely to be fundamental, or made as "concessions" to us; but it will be hard or impossible to dismiss them either in terms of our own principles or in relations with our European Allies.

Three types of possible adjustments come to mind:

-- A) Human rights. Since state control over Soviet citizens is basic to the Soviet regime, basic changes are not in the cards, but the regime could easily make small moves in the human rights area designed to require a "positive response" in view of the importance we attach to this topic. The Soviets could release or improve treatment of more or less well-known dissidents, possibly allowing some to emigrate, under cover of a broader amnesty, in return for spy trades, or simply as gestures timed for internationl impact, e.g., in CSCE. Or they could make sudden moves to meet Western "balance" requirements in CSCE. Or they could make new gestures like the invitation just accepted by the ILO to observe labor conditions in the USSR.

-- B) "Normalization" in Poland. Without judging the degree of Polish initiative/Soviet tolerance of every step, the process is sure to cut both ways in terms of U.S. interests. It will alleviate suffering, and show that Western pressure in some sense "works." But it will also reflect greater regime self-confidence; it will keep most fundamental aspects of repression intact; and it will increase tensions among the Western Allies.

-- C) Economic Reform. Within the next 6-24 months, the Soviets could broaden the limits of their tolerance for economic reform in selected East European countries [though they are on balance unlikely to do so in a major way]. The motives would be

to relieve themselves of some of the economic burdens they carry; to consolidate party hegemony before developments reach the "Polish" flashpoint; and to observe [outside the Soviet Union] experiments with efforts to contain the political consequences of economic reform through greater discipline in non-economic areas, in case they also choose this path to dealing with economic dilemmas. Here too, we may have to decide how far we welcome or even support reforms undertaken to achieve such goals.

Military Security/Arms Control

The U.S. interest is to modernize our military forces and correct shifts against us in the military balance, at the lowest possible level of forces achievable through agreements that protect and enhance U.S. interests. The Soviet objective is to undercut public and political support for this effort here and among our Allies, and to defeat it. Over the next 6-24 months, the Soviet leadership under Andropov is likely to make vigorous moves to achieve that objective. Andropov will need to keep military support for his leadership, and major reductions in forces are unlikely. However, some adjustments are possible. The Soviets may consider some redeployment or even disbandment of conventional forces, and have offered to reduce intercontinental strategic forces in START. At the same time, the war fears infecting West European, Japanese and U.S. politics are genuine, so there will be a high premium on parleying modest willingness to adjust force levels downward into showcase negotiating moves designed to undercut Western rearmament. Current Soviet attacks on and veiled threats with regard to MX and INF deployment may thus be increasingly counterpointed by well-publicized negotiating "concessions" intended to paint the Administration as insincere and unwilling to negotiate, the better to isolate it. Once again, we may have to deal with offers we know are superficial or malign.

Western Europe

At the present time, we are pursuing a large number of specific objectives of very high national importance to us in Western Europe: implementation of the NATO two-track decision on INF modernization; increased West European defense spending; West European cooperation in shaping and implementing a coherent new policy for East-West economic relations; European willingness to work with us on both bilateral and multilateral trade and financial issues. Many and ultimately all of these objectives are important to the success of our broad program for managing relations with the USSR. In defensive terms, we wish to prevent the Soviets from threatening either our West European Allies or our capacity to accomplish our larger goals; more broadly,

however, we wish to move with our European Allies to shape a sounder and more stable environment for East-West relations.

The Soviets know this, and can be expected to try to make our efforts fail. They have always done so, and they will almost certainly try harder under Andropov. Their East European glacis, where Andropov has his most extensive direct foreign policy expertise, is under strain, and at a time when Western Europe must be returning to the center of Soviet preoccupations. It is conceivable that the Soviets see in East-West tendencies a historic opportunity to achieve a permanent weakening of the Western alliance system. The Western rearmament effort will be at a critical stage in 1983, when the INF deployment decision will be implemented; the Soviets must try to prevent implementation in any event, and will try to do so in a way that maximizes strains in the Alliance. Hence, it is no surprise that a European angle figures prominently in much of the action program for Soviet diplomacy sketched out above.

-- Even a program which begins in Asia can be used to show Europe that the USSR is the superpower most actively seeking political solutions to problems:

-- "Reducing tensions" on the USSR's Asian borders while threatening a retaliatory buildup in the West could be a worrying contrast for Europeans;

-- Forcing a stiff U.S. response to Cuban moves in the Caribbean would play to Soviet advantage on a sharp contrast in U.S. and European priorities; and

-- The Soviets have a small but impressive arsenal of moves -- human rights gestures and arms control "concessions" -- to fuel the lingering West European detente mystique.

Thus, in this critical area as well the USSR could present a mixture of threats and blandishments which will be hard to handle.

B. U.S. Priorities and U.S. Leverage

The U.S. has a strategic approach reflecting its real interests in world affairs at this time, and a comprehensive program for pursuing it. There is no need to adjust fundamentals. Precisely because the program is so comprehensive, however, we may need to concentrate our efforts and prioritize among the elements of the program if we are faced with new Soviet activism along the lines suggested above.

Soviet moves of this sort would in fact constitute a response to our overall policy approach, and a validation of it. Soviet military adventurism and Soviet disregard for human rights and other international commitments have after all been at the top of our agenda for U.S.-Soviet and East-West relations. Moves in Afghanistan, in Kampuchea, in Poland, in human rights would be movement in our direction. The problem would be that if the Soviets remain in control of the process of movement, such moves will stop well short of addressing our basic concerns. Our task would be to keep the Soviets moving over the border between shadow and substance, by our own efforts and together with our Allies and friends. To do so, we would need to concentrate on a limited number of priority objectives in our program.

It is premature at this point to identify such priorities. It is not even clear that the Soviets under Andropov will wish or have the capacity to proceed as projected above. But it is not premature to begin thinking about the criteria we would have to use to choose wisely the objectives on which we might concentrate.

Briefly, there are four possible criteria, and they are not mutually exclusive:

-- Strategic. Attention to this criterion would define areas of critical importance to our security interests where these interests are under significant threat. Examples would be the Persian Gulf and the Red Sea/Indian Ocean supply lanes; Central America; our military modernization program [and hence European defense spending as well as our own, and management of arms control negotiations with the Soviets]..

-- Western Values. This criterion defines areas where our own self-respect and our broader leadership credibility require sustained political and diplomatic efforts whatever the near-term strategic advantage. Examples would be human rights; respect for the rule of law and international commitments; our program for promoting democratic development; and reciprocity in bilateral relations.

-- Unity in Strength. In the U.S.-Soviet competition, we will be obliged to act unilaterally on some occasions, but in most cases our ability to determine outcomes depends on common or harmonized action with other countries. This fact defines a criterion which focusses on issues where cohesion with Allies and friends is needed either to effect a particular outcome or to maintain a reserve of cooperative inclinations for future contingencies. Examples would be Afghanistan, Kampuchea and INF deployments in Europe.

-- Initiative. Maintaining the initiative in our own hands has independent political value as an element for effectiveness everywhere. In determining priorities we would therefore need to consider issues which permit us to display mastery of events, even if they are not in areas of preeminent strategic interest to us. Southern Africa is the most salient current example.

Since we cannot yet choose priorities, it is doubly premature to identify the specific leverage at our disposal in priority situations. But, again, it is not too early to begin thinking about the kinds of leverage we would wish to bring to bear.

The key distinction here is between direct leverage on the Soviets and our capacity to shape the Soviet leadership's environment to our advantage.

The overall quality and tone of the bilateral relationship affects Soviet decisions of interest to us, and we have substantial control over it in our ability to set the style of public statements and determine the protocolary aspects of doing business. Moreover, we are in negotiation with the Soviets on a variety of arms control issues, and it may be in our interest over the next 6-24 months to engage new negotiations with the USSR on various topics, ranging from arms control [nuclear CBMs and TTBT/PNET verification] through economic issues [a maritime agreement and a new long-term grains agreement] to other bilateral topics [a new cultural agreement ensuring reciprocal cultural access to the USSR for us, new consulates in the two countries].

Nevertheless, our capacity to shape the Soviet environment indirectly will continue to provide our best leverage in this period, given the high degree of mutual mistrust and suspicion in and the current low level of direct transactions. We regularly discuss "indirect leverage" directly with the Soviets under the rubric of regional issues. In these discussions, we have the option of threatening to turn up the heat on them, or promising to turn it down, depending on Soviet conduct on a given topic, so long as we exercise it realistically and in coordination with other players on these issues.

In the main, however, we will exercise indirect leverage most productively by effecting changes in actual power configurations of interest to the Soviets. Our public posture on Soviet-related issues and our rearmament program are of course key assets here. But they are matched in importance by two others:

1. On Asian issues [Sino-Soviet relations, Kampuchea, Afghanistan, Japan], we can promote our interests and keep up pressure for genuine solutions only by strong but prudent efforts to keep our relations with China, Japan, Pakistan, Thailand and the other ASEAN states in good repair. With China, this means managing U.S.-China relations well, building the bilateral aspects of our relationship where we can and renewing our dialogue with the Chinese on strategic topics of common interest, while managing our unofficial relations with Taiwan with care. With Japan, we should give more weight in our dialogue to political/security issues that unite us, alongside trade and defense burden-sharing issues that divide us. With Pakistan, we should develop our bilateral relationship where we can; maintain our support for the Afghan national resistence and firm Pakistani insistence on total Soviet withdrawal; consult intensively on ways of advancing political solutions in Afghanistan; and not hesitate to advance them, or encourage others to do so, if common approaches are agreed. With ASEAN, we should maintain our firm support for ASEAN strategy, and continue to stress our bilateral security relationships, particularly with Thailand. In that context, our continued support for ASEAN's efforts to strengthen the Kampuchean coalition and its non-Communist elements is important. With all, we should make the point that forces reduced should be disbanded, and not redeployed against other friends of ours.

2. In southern Africa, we should maintain the considerable leverage we have by continuing to work with all interested parties for concurrent solutions in Namibi and Angola. We should consider increasing it by developing specific contingency security assurances, acceptable to the SARG, for the MPLA government, thereby preparing more specifically to tag the Cubans and Soviets with responsibility for failure if we do not succeed. Finally, we should continue working with the SARG and with Mozambique to reduce the likelihood that Cubans will be transferred to Mozambique rather than home.

3. In Europe, our multiple efforts to engineer a new post-detente consensus depend critically for success on developments in arms control negotiations, given the importance both the Soviets and the West Europeans attach to this area, and the decisive character the INF dual decision has assumed for NATO. The leverage we develop in other areas will not compensate for the loss we will sustain if we are unprepared to manage a Soviet carrots-and-sticks offensive in Europe which mixes new "proposals" or "concessions" in INF and START with heightened threats to Allies.

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The dilemma new Soviet activism could pose for us recurs so often, in case after case, that it can be considered generic to the current situation. The Soviets have a running shot a preventing success of our overall program by threatening the integrity and effectiveness of U.S. policy from two sides: we will sacrifice essential support for our tough approach, our basic "leverage," if we refuse any positive response to Soviet moves, or if our response is too positive. We have it in our power, working with Allies and friends, to pursue our own objectives by making measured responses that take credit for Soviet moves where credit is due us, give credit where it is due the Soviets, and insist on further progress toward real and potentially stable solutions of the issues we have identified.

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Task IV. US Policy: Possible Actions/Initiatives

NSSD 11-82 and NSDD establish the framework for U.S. policy towards the Soviet Union over the next 5-10 years. The question this section addresses is what we can do concretely over the next 6-24 months to implement the longer-term policies established in the NSSD and NSDD.

The preceeding three sections of this paper set out our best estimate of the context for the next two years. There are important uncertainties both about Soviet conduct and other key variables (global economy, crisis spots, US domestic consensus, etc.). However, in order to determine US policy now, we need to proceed on certain explicit assumptions -- being prepared to adjust as required by subsequent developments.

We believe the most prudent assumption is that the Soviet Union will pursue a somewhat more active diplomacy, and continue its opportunistic course in regions of instability (as opposed to an immobilized, inward-looking Soviet leadership). The probability of really radical changes in the substance of Soviet policies across the board is not high. But they are likely to be more active on the margins across a fairly broad front. By proceeding on this assumption, we can prevent being put on the defensive or caught off guard.

But we face this dilemma. Our approach has been -- and should remain -- that outstanding problems relate to Soviet behavior and they need to change. This could put us in a largely reactive mode. At the same time, in the face of a more activist Soviet approach, American policies over the next 6-24 months must be geared to meet these four concerns:

1. To preempt, counter new Soviet threats against Allies and friends (in Europe re INF) or new encroachments (Somalia, Central America).

2. To offset Soviet efforts to undermine support for our overall stance on East-West relation -- peace offensives vis-a-vis China, Japan, Europe.

3. To avoid losing the initiative or becoming irrelevant on specific outstanding problems because the Soviets make deals without reference to us, i.e. Afghanistan, Kampuchea, perhaps Poland (this is not to say that any change of Soviet behavior in which we are not involved must be bad. It is to say that certain situations which the Soviet Union and its allies created (Afghanistan, Kampuchea, etc.) are unlikely to be settled on optimal terms without the participation and weight of the United States).

4. To induce Soviet acquiescence or active cooperation in areas where this is needed, i.e. southern Africa, non-proliferation, other arms control.

The strategy of American activism, momentum, and strength which this requires does not define the content of our policy in each area. For example, we do not need to rush into a summit just to demonstrate activism. Nor should we change policies for the sake of doing something. Clearly our approach will depend in part on the situation in each area, i.e. whether in INF the Soviets make an effective presentational or substantive move determines in part whether we need to take steps in Geneva to assure that our deployments move ahead. But it does mean moving now to get the initiative in our hands in areas where there is already evidence of Soviet movement -- China, Kampuchea, Afghanistan. In general it means being acutely conscious that the Soviets have opportunities and the power to move in directions both unfavorable and favorable to the United States.

The most important determinants of the success of our policy towards the Soviet Union over the next two years will be external to the direct bilateral relationship. The major determinants will be our ability: to sustain major defense increases and restore economic growth; to keep the cohesion of our alliances; and to help shape regional situations like the Middle East where the US-Soviet relationship is of tertiary importance. But there will be an important role for action and initiative in the US-Soviet relationship as well. We will need disincentives and incentives, a willingness to penalize misconduct and to stimulate positive steps. This will require discipline and sophistication -- the ability to take limited steps while keeping from another large swing in atmospherics.

What can U.S. policy realistically be designed to achieve vis-a-vis the Soviet Union in this limited period of time.

- o First, we need to avoid another major Soviet victory at our expense and/or major new instance of Soviet misconduct (of which there was one nearly every year from 1975 to 1980), whether negative like preventing INF deployment or expansive like a Soviet-backed insurgent takeover of El Salvador.

- o Second, we need to stimulate reassessment in Moscow about the costs of using their normal policy tools vs. the benefits of a more responsible approach to international problems, i.e. that national liberation struggles are now a two-way street -- witness Afghanistan, Kampuchea, Angola, Nicaragua -- and that Soviet influence/prestige could be enhanced through participation in negotiated/peaceful solutions in places like southern Africa.

The bottom line is that in two years the Soviet Union is likely to present much the same challenge it does today no matter what policy the U.S. pursues. We will not get a broad Soviet retreat or an abandonment of their long-term view of history. But we can try to compel a pause, while we rearm, to sustain serious pressure at points where ultimately reversals are possible, and to test Moscow to determine whether and where it is prepared to engage in more constructive pursuits. Thus we need U.S. moves which are both politically effective and serious enough to engage the Soviet Union.

How should we accomplish these objectives. The following sets out under four categories a fairly rich menu of actions and initiatives. Taken together, they constitute a broad program for US actions over the next 6-24 months to deal with greater Soviet activism -- whether of the new pressure, peace offensive, or positive substantive movement variety.

A. <u>What steps should we take to head off new instances of Soviet misconduct? Warnings? Preemptive action?</u>

We need to be prepared for a somewhat more formidable Soviet challenge, particularly in the areas of covert action and military adventures, given Andropov's background and growing Soviet military projection capabilities. These could range from support for terrorism (PLO), to increased support for guerillas (El Salvador), to political/military moves (raising the fear-level in Europe, Cuban troops into Nicaragua penetration into Pakestan), to full scale invasions (a move into Somalia, Iran).

What should the U.S. do to head off these possbilities. Clearly each potential situation deserves detailed individual consideration which this paper cannot provide. But we can take steps in five areas:

1. Prediction. As the to-date success of our effort to persuade the Soviets to keep MIGs out of Nicaragua demonstrates, we need the best possible intelligence collection and assessment efforts in areas where the Soviets might move. Unless we know in advance, we will be unable to warn against them or take a counter-move. We would face a fait d'accompli, or a much more difficult and dangerous effort to reverse the Soviet/proxy action. Specifically, we recommend that intelligence community tasking set a high priority on monitoring potential areas for Soviet moves over the next 6-24 months.

2. Warnings. With advance knowledge, we can and should issue warnings to the Soviets. We should do so in future areas where intelligence raises serious concerns.

3. Reciprocity. The reason words had an effect in the Nicaragua case is that the Soviets judged that this Administration had the will and capability to back them up and/or to reciprocate in other areas. This is one of several important reasons for us to sustain our own programs to help national liberation struggles in certain countries, and keep in good repair the relations with other countries we need to do that. We also should be prepared to increase these programs inter alia if the Soviets increase their threat in situations of importance to us and to indicate to Soviets that we will.

4. Preemption/Reaction. We need to continue developing our military capabilities for preemption/reaction, notably the RDJTF. And we should encourage Allied capabilities, i.e. in French in Djibouti.

5. Dialogue. One idea which needs further development is the possibility of a dialogue with the Soviet Union about the use of force versus peaceful settlement in areas of instability. We are now in a stronger position to discuss this than in the 1970s because we are hurting the Soviets and their clients in various areas, even as they continue to hurt us. Clearly we do not want another set of principles which the Soviets proceed to ignore. Nor at the other extreme can we engage in specific trade-offs or discussions of spheres of influence, i.e. abandoning Afghanistan if they get out of Nicaragua. One positive thing we have established these past two years is that what happens

in Poland -- a Warsaw Pact country -- is a matter of serious international concern. We should continue to extend our droit de regard to the old "Soviet sphere" and that is another reason to resist its extension -- to Afghanistan. But there might be some area for useful thought and potential exchanges in between. The discussion could be over "means" -- acknowledging that we each believe in political/societal change but in different directions, that we are and will remain essentially competitors, and that the central question is whether support for armed liberation struggles, etc. isn't becoming too dangerous for both sides in the nuclear era, i.e. to use a head-clearing example, if an insurrection starts in Mexico and the Soviets arm it, would the United States respond by arming underground worker movements in Poland. We could for example make clear that there is a general relationship between the growth, necessity for and level of our programs in these areas and Soviet use of covert action and military force. This is a subject Andropov and Ustinov are particularly well equipped to address either through others or in any direct meetings with us. This perhaps could be done in dialogue between non-governmental people. It probably should not lead to any specific agreements but might result in some reciprocal and understood demonstrations of will on both sides.

6. Removing the Temptation. In a broader sense, one of the key element is to prevent the source of temptation from becoming so attractive that the Soviets intervene. The Middle East and Southwest Asia is the best example. Yugoslavia is another good one. US policy must place high priority on helping to ease Yugoslav economic problems to prevent Soviet meddling or worse. This applies in a number of other areas. Security assistance is particularly critical to friends who are potential targets of Soviet-sponsored pressure. We should work with the environment to make it less receptive to Soviet use.

7. Individual Game-Plans. Finally, as we develop individual policies for areas which Task II has identified as most likely for Soviet action, i.e. raising the fear level in Europe, Cuban troops into Nicaragua, further Soviet moves in the Horn of Africa and the Gulf we need to keep this potential for greater Soviet activism in mind. These papers should develop strategies which incorporate all of the elements listed above (warnings, reciprocity, preemption, etc.), plus

the traditional diplomatic use of Allies, the U.N., etc. As we deal with individual problem areas around the world, we must not assume that the new Soviet leadership is so preoccupied at home that it cannot cause us new troubles.

B. What steps should we take to induce both general and specific improvement in Soviet conduct? What leverage can we apply? What initiatives can we take?

1. Under the category of sustaining leverage and/or turning up the heat, there are these key areas for action:

- o East-West economic policy. As the NSSD points out, one key to our success in dealing with the Soviets and bringing about long-term change in the Soviet system is a united, firm Western approach to economic relations with the Soviets. We need to finish the first phase of the Western effort to define such a policy by the Williamsburg summit, i.e. six months from now. It will take additional time to have specific agreement and teeth for each component: credits, COCOM, energy, etc. What this means for our overall approach to US-Soviet relations in the 6-24 month period of this paper is that we can move in the right direction, but slowly and with some predictable bumps. We need to take this into account as we examine other areas of the US-Soviet relationship, i.e., our economic leverage will be growing but still limited and fragile. We need to avoid moves which could ease pressure on the Allies for a tougher economic policy, i.e., overly positive atmospherics. Equally important we need to sustain Allied consensus, not pushing them on specific near-term problems so hard that we kill the overall exercise.

- o US-China relations. We need to provide sufficient content to the US-China relationship to sustain this key factor in our relations vis-a-vis the Soviets. To accomplish this, we will need to proceed calmly to develop US-China relations on their own merits, in a manner that will avoid giving either the Chinese or the Soviets the impression that they can manipulate us.

  The series of high level US-China exchanges already planned for 1983 will be key to advancing the relationship. The aim of the Secretary's February trip to China -- the first in the series --

will be to restore an atmosphere of trust and confidence. We have already made clear to the Chinese, and have received positive responses from them, that we expect the visit to include detailed exchanges of view in areas of common interest, regionally and globally.

In the Soviet context, we need to focus more closely on ensuring that any agreement the Chinese reach with the Soviets accords with our own interests. As the US-Chinese dialogue resumes, we should seek to engage the Chinese in discussions on how to prevent the Soviets from taking advantge of any reduction in Sino-Soviet tensions in a way that would be damaging to either of our interests. For example, any Sino-Soviet agreement to reduce troop levels along the border which allowed the Soviets to redeploy southwest (e.g., Afghanistan) would be damaging to both US and Chinese interests. It is also in both of our interests to avoid increasing the burden on NATO forces. Therefore, in our dialogue with the Chinese, we should encourage them to seek genuine demobilization, rather than redeployment. We should also maintain close dialogue on Afghanistan; and, on Kampuchea, we need to keep the US-China-ASEAN consultative process intact.

Improvement in US-China relations will require not only restoring high-level rapport but also managing problem areas, and reduces Beijing's incentives for expanding relations with Moscow. We need to define our long term national security interest with China carefully, weighing export control needs against our interest in strengthening China against Moscow. We must bear in mind also China's strong sensitivity to discriminatory treatment and need for help in its modernization.

US-China defense relations offer a means to reinforce the bilateral relationship and nurture its potential vis-a-vis the USSR. Proceeding too aggressively could backfire however, furthering both Beijing's and Moscow's suspicions that we see China solely as an anti-Soviet weapon. The ball is in Beijing's court on arms sales; we can leave it there while nonetheless pursuing a visit by Secretary Weinberger, which the Chinese have indicated they would welcome.

We must handle unofficial relations with Taiwan carefully, enhancing their substance while avoiding missteps that inflame relations with Beijing and give friends and allies the impression that we are mismanaging this key area.

- o The Middle East. Here it is important that we conduct ourselves in ways which deny the Soviets opportunities for advances. We should show sufficient forward movement -- evacuation of foreign forces from Lebanon and a beginning to broadened autonomy talks -- for us to maintain the support of moderate Arabs and deter the extremists from becoming instruments of the Soviets. We should, of course, continue to deny the Soviets a role in either the resolution of the Lebanon problem or the peace process. While planning for success regarding Lebanon and Middle East peace, we should also forsee the problems which might be caused by failure. In doing so, we should recognize that if we play our hand correctly, even in failure we should be able to prevent significant Soviet gains in the Middle East.

- o Other areas for sustaining leverage and/or turning up the heat include those touched upon briefly in "A" above: programs directed at Afghanistan, Kampuchea, Nicaragua, southern Africa, the Horn of Africa, etc.

2. These same areas provide possibilities for constructive initiatives or measures in concert with key regional countries. We set forth proposals so that we cannot be undercut by Soviet initiatives, but also that can serve as the basis for genuinely useful negotiations if the Soviets are interested.

- o Afghanistan. A joint initiative on Afghanistan with Pakistan, China and possibly the EC in the next few months could have multiple benefits: it would be an early way to test the possibilities for positive movement with the Andropov regime, and make somewhat more difficult a further toughening of the Soviet position, i.e. raising troop levels, attacks on Pakistan; it would keep the U.S. in the mainstream of this key issue, where there is some danger of separate Pakistani and/or Chinese deals with the Soviets on less than optimal terms; if done carefully and in full consultation with the Pakistanis and Chinese, it would provide some additional content for our relations with these countries at a time when this is needed;

here and abroad it would show the U.S. as active diplomatically with a positive program vis-a-vis the Soviet Union. Launching a joint initiative will require considerable effort and may not succeed. But we should attempt to do so as soon as possible -- ideally prior to the Secretary's trip to Beijing. We envisage a package of four substantive elements: phased, complete withdrawals of Soviet forces; transitional leading to permanent safeguards of Afghanistan as a non-aligned state which is not threatening to its neighbors; self-determination through electoral or traditional means; arrangements for return of refugees.

- Southern Africa. As our southern Africa effort moves toward critical choices in the next 3-6 months, it is predictable that Moscow will pursue a two-track approach of (a) publicly berating us for the Angola-Namibia linkage and stirring up African dismay and allied nervousness over the possibility of a breakdown, while (b) making careful behind-the-scenes calculation of how we are doing and what degree of compromise will be needed. Moscow will formally reject linkage while indirectly participating, via its influence with Luanda and Havana, in a de facto negotiation.

In these circumstances, it is essential that the US game plan include potential moves to maximize pressures/incentives on the MPLA to deal and to strip away arguments that could shift the onus for failure to us. One element of our approach should be continued exchanges at sub-Ministerial level which give us useful opportunities to probe Soviet intentions and test Soviet flexibility. Another is continued development, with our CG allies, of proposals which give the MPLA (and indirectly Moscow) something concrete it must react to. Maintenance of CG cohesion is central, and the French involvement in developing proposals, scenarios and security assurances should enable us to keep the initiative and disarm Soviet divisive maneuvers. Assurances for the MPLA--put forward to obtain an adequate bid on Cuban withdrawal and to demonstrate our resonableness and good faith--range from SAG commitments to us, to international undertakings in the UNSC context including, perhaps, outside observers, to bilateral help in the security field from the French or Portuguese. We can best maintain the high ground by means of SAG cooperation

in a "peace offensive" that reduces conflict in southern Angola and--at an appropriate moment--considering recognition of the MPLA which would strip away the argument that our purpose was its overthrow.

We should recognize that it is highly unlikely that Moscow will come down off its "principled" position on linkage until the pieces of a package are in place--both to protect itself from the charge of selling out its clients and to maximize pressures on us. A consistent record of reasonableness--shared with both the MPLA and Moscow--and a firm reiteration that we cannot be shifted on the Cubans--will give us the best chance to track Soviet moves and shape the final outlines of a settlement on our terms. It will also give us the basis for a solid public presentation of who caused failure if the process (or the MPLA) falls short. Proceeding thus will enable us to point out that despite its principled position the Soviets were (already are) prepared to consider parallel withdrawal in Phase III. We will need to push the South Africans to gain more high ground if this becomes necessary.

- The Horn. Via our military assistance to Somalia and periodic exercises, we must create the impression in Addis Ababa and Moscow that further aggression against Somalia runs real dangers, including greater U.S. involvement. Economic pressure, both direct and indirect, must be maintained on Ethiopia to curb its adventurism. We should consider how we might facilitate a negotiated decrease in border tension.

- Poland. We should do a separate paper on the Polish-Soviet connection. Can we encourage further progress towards reconciliation in Poland by taking the same step-by-step/dosage approach to removing the Poland-related sanctions in effect against the Soviet Union? Do we want to approach the Soviets to discuss the course we would like to see in Poland over the next 6-24 months and how it would affect our relations (this issue was not addressed in the President's Dec. 10th remarks). Clearly all of this requires close consultations with the Allies.

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o Cuban Proxy Problem. This is another possible area for initiative which requires careful and more detailed consideration than this paper can give. For example, we could consider making an offer to normalize relations with Havana if they withdrew their forces from Angola and Ethiopia, and ended their destabilizing activities in the Western Hemisphere. If the Cubans and Soviets refused to accept the proposal, it would paint them as the intransigent party; if they accepted, it would constitute a major geopolitical triumph for U.S. policy. To give this project some teeth, we could try simultaneously to sustain pressure on Cuban forces/presence in these areas and in Cuba itself (at the same time, we must recognize the complexity/difficulty of carrying this out).

In considering the foregoing we should keep in mind these factors. There are areas where we could consider discussing with the USSR the desirability of reduction of withdrawal of Cuban forces (e.g., Africa, the Middle East). In Central America, while we would not wish to begin a dialogue with the Soviets, we need to warn them of the risks that arms supplies to the area can cause. Most important we need to make them continually aware of the unacceptability of the introduction of Cuban combat forces in this region.

We need to bear in mind that (a) the direct role of the USSR in the Western Hemisphere is relatively small; (b) its control over Cuban actions in this region is rather in the nature of a veto on certain possible Cuban initiatives than it is any blanket directive authority; (c) the Cuban proxy has strong interests of its own, particularly in Latin America, most of which are starkly antithetical to US interests; (d) the capacity of the United States to change the aggressive course of the Cuban-proxy are limited in nature; (e) in the Western Hemisphere the actions of third countries and their reaction to U.S. or Cuban activities will be at least as significant as the Soviet reaction.

This means that we may wish to persuade the Soviets to take specific steps of self-restraint or restraint of the Cubans but that no general dialogue on this region is desirable.

C. What should we be prepared to do in the bilateral relationship if Soviet behavior improves?

Defining an improvement in Soviet behavior is more difficult than demonstrating the reverse. In the midst of what will continue to be a basically adversarial relationship, with far more points of friction than agreement, what constitutes a significant enough improvement to warrant a U.S. move? In terms of human rights, does release of some prominent dissidents in the midst of general repression call for something from the U.S.? Does the absence of a new aggression each year, an improvement over the past decade, mean we should reward this behavior or should we continue to require progress on existing aggressions? And how much progress on these continuing problems warrants what level of response in either the direction of the overall relationship or specific areas of it?

There are no easy, abstract answers. To some extent we will need to deal with issues in their own regional and functional context, keeping in mind our overall policy of linkage and the realistic tone we want to sustain in the relationship. But perhaps we can view the next 6-24 months in terms of three general situations: no movement on the Soviets' side except presentational insincerity; some minor moves; or a fairly significant move(s) either in terms of political impact or actual major substantive changes. The following assumes the Soviets take no major new negative action which overshadows their neutral or positive moves.

We see three basic alternatives for U.S. policy towards the bilateral relationship (as opposed to Sections A and B above which ranged more broadly -- most of the actions/initiatives set forth in those sections should be done on their own merits regardless of improvement or lack thereof in Soviet conduct).

1. Maintain the Status Quo, including its Presentational Aspects: Reiterate the basic policy we have articulated since the outset of this Administration; reaffirm that we are prepared to work for better relations on the basis of mutual restraint and reciprocity, but undertake no bilateral initiatives, gestures or signals of increased U.S. flexibility on the substance of the major issues; continue to emphasize the need for changes in Soviet conduct as the precondition for improved US-Soviet relations, while pursuing an active dialogue with Moscow on the full range of issues in order to demonstrate U.S. willingness to find constructie solutions.

2. Status Quo Plus Small Steps: While reiterating our basic policy, make minor changes to our existing positions in order to reinforce minor Soviet moves and the "two tracks" we wish to pursue vis-a-vis the Soviets: building our strength, and engaging in serious efforts to improve relations on that basis. The purpose would be to reinforce any small evidene of movement and to test the intentions and flexibility of the new leadership -- without offering significant moves on the main arms control and other bilateral. US steps could include negotiation of a new long-term agreement on grains, reestablishment of government-to-government contacts on trade through the Joint Economic Commission, or minor steps forward in arms control, such as greater flexibility in Madrid on CSCE/CDE issues.

3. Bilateral Activism: Within the framework of our existing approach, announce U.S. initiatives in arms control or other bilateral areas, and perhaps even agree to an early summit as well; the purpose would be to demonstrate forcefully to the U.S. public and our Allies that we are prepared for a substantial improvement in US-Soviet relations, and to encourage further positive Soviet actions. This paper cannot and should not get into the details of possible initiatives. We just note the centrality of arms control -- particularly START and INF. In addition, if there are really substantive as opposed to political major moves in Soviet positions, we could consider other areas for U.S. moves. For example there is some room for expanded trade once we have clearly demarcated the boundaries, i.e. when we have Allied agreement on COCOM, credits, energy, etc. This would be related to confidental talks and significant steps on human rights.

In keeping with our overall approach, moves under all three options would be so designed as to yield nothing of substance unless the Soviets reciprocated.

In weighing the choice among these alternatives, we must keep in mind what the Soviet Union's main objectives are likely to be in East-West relations over the coming months: particularly, undermining the U.S. consensus in support of increased defense spending; and undercutting the cohesion of the Alliance -- derailing INF deployments in particular. To counter Soviet efforts toward these ends, we need a policy which holds firm to the principled positions we have taken on the major issues, but which at the same time convincingly portrays us as sincerely prepared to work for improved

relations. Such a policy would, at a minimum, help to defuse the Soviet "peace offensive". If a more stable and constructive relationship were to result, all the better.

The first approach would be the course to follow if the Andropov leadership were simply to maintain the foreign policy line established under Brezhnev, and avoid any substantive or presentational departures. Absent major Soviet initiatives or a stepped-up rhetorical campaign, we could successfully fend off pressures to alter our policy, and keep the pressure on Moscow to make the first move.

The third approach would be the appropriate course of action if the Andropov regime were to take the offensive either on the substance of the issues, or successfully on the atmospherics. Even if there were little Soviet flexibility behind the intensified rhetoric, it would be a mistake to yield the initiative we have seized in US-Soviet relations by simply standing pat, and we would have to develop our own program aggressively to keep the high ground. At the same time, a more activist policy would not imply a shift in our basic policy toward the USSR; we would still demand changes in Soviet behavior as the prerequisite to changes in our own positions.

The second approach is the course that many commentators are pressing for, but would have some important drawbacks. It might be seen as unjustifiably forthcoming in the face of only minor moves by a still largely unimaginative Soviet leadership. A strategy of small steps could risk overly stimulating public and Allied expectations of a "new dawn" in US-Soviet relations, yet the gestures themselves would not go far enough either to pressure the Soviets necessarily to move on to major moves or to position us as the clearly more forthcoming party in the relationship. They could also undermine domestic support for our defense buildup.

The Allied dimension is particularly important as we consider our choices. A major Soviet objective is and will remain to influence West European public opinion in the direction of opposition to U.S. policies. Sustaining Allied unity on East-West trade and defense policies will be even more difficult during the Soviet transition, when many of our Allies will be especially eager to let bygones be bygones and seek a new rapport with the Andropov regime. Thus it is vital that we coordinate closely with the Allies, including the Japanese, as we weigh the choice between a cautious and a more activist approach. Above all we should try to restrain the Allies from striking out on their own in new directions.

We also need to take into account how our policy toward Moscow will affect our relations with the Chinese. While the

basic direction of our Soviet policy will be determined by factors intrinsic to the US-Soviet relationship, we may want to consider the Chinese angle in deciding, for example, how we handle the different regional issues.

D. How can we use "process and presence" to communicate how we will respond to improved Soviet behavior, alter Soviet incentives and disincentives, and enhance our influence on and in the Soviet Union.

Assuming no new Soviet act of aggression, we need to consider how to strengthen our communication with and presence in the Soviet Union. There are three categories of "process and presence."

1. Dialogue on specific issues. We need to go ahead with our talks on non-proliferation, southern Africa, human rights and to get on with some new areas, i.e. TTBT, nuclear CBMs and perhaps CW.

2. Enhanced presence and the means to get to the Soviet population are key to enhanced influence. We need to look seriously at consulates in Kiev and Tashkent to give some meaning to our more active nationalities policy -- the Ukraine and Central Asia are at the heart of the Soviet empire question. We also should review how to gain both greater presence and greater reciprocity through exchanges and particularly exhibits, next to the radios the most powerful tool we have had to influence Soviet citizens and now absent from our arsenal because we unilaterally decided not to proceed with a new cultural agreement. The strengthening of the radios themselves must proceed in accordance with approved Presidential guidance. And finally, our overall ideological/political action offensive must move ahead.

3. Higher-level meetings are important to getting across our message and determining how far the Soviets are prepared to go.

   We envision a three stage process over the first six months of 1983.

   a. Meetings between Hartman and Korniyenko/Gromyko in Moscow, and with Dobrynin here in Washington. One objective would be to determine whether and when another meeting between Secretary Shultz and Foreign Minister Gromyko makes sense.

b. Another Shultz-Gromyko meeting could make sense before the regular one at the fall UNGA. It in turn could determine whether or not there is reason for a summit.

We could try to avoid these pitfalls by lowering our own and the public's expectations with regard to a summit but that would be no easy task. We should try to move our public line away from emphasis on the need for "positive results" to the theme that a summit should be "carefully prepared". Such an approach would attempt to demystify the whole summit question, and seek to minimize the danger that the lack of concrete results would be interpreted as a "crisis" in the US-Soviet relationship. Another possible way to make them lower key and more routine would be to establish the principle of annual summits -- this clearly requires consideration. But altering public expectations will be very difficult no matter what we do. Another question we would need to answer is whether we could control the pressure for substantive results once summit preparations were in train. (One means of lowering expectations would be to arrange a summit on the margins of some other event, e.g., an Andropov visit to the UNGA. Such a summit could be more of a "get-acquainted" session, but it is difficult to predict whether the opportunity for such a chance encounter will occur in the coming year).

The timing of a summit would be as critical a question as whether to have a summit. Seeking a summit within the next six months could be interpreted in Moscow as an attempt to meddle in succession politics, and at home as a deviation from the basic policy course we have established these past two years. On the other hand, if a large number of our Allies seek early meetings with Andropov, this could argue for an early US-Soviet summit, perhaps in late spring, after the Williamsburg Summit (a spring meeting could give INF a needed boost at a time when public opposition to deployments will be reaching a crescendo). Moreover, if the President visits Beijing, it might be prudent to consider a meeting with Andropov in roughly the same time frame, in view of our own difficulties with Beijing and tne nascent Sino-Soviet rapprochment.

No decisions on a summit are needed at the present time. Until we have a better fix on Andropov's policies, and until we can better judge whether a summit would be beneficial, we should avoid discussing it with anyone.

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SUBJECT: BACKGROUND PAPER FOR 16 DEC NSC MTG ON NSSD 11-82 RE DRAFT NSDD

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December 14, 1982

MEMORANDUM FOR:

Mr. Donald P. Gregg
Assistant to the Vice President for National Security Affairs

Mr. L. Paul Bremer, III
Executive Secretary
Department of State

Mr. David Pickford
Executive Secretary
Department of the Treasury

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Mr. Joseph Presel
Executive Secretary
Arms Control and Disarmament Agency
Department of State

Ms. Teresa Collins
Chief, Secretariat Staff
Executive Secretariat
United States Information Agency

SUBJECT: NSSD 11-82: NSC Meeting to Review Draft NSDD Thursday, December 16, 1982 - 2:00 p.m. - The Cabinet Room ~~(S)~~

Attached is the background paper to be discussed at the NSC meeting on Thursday, December 16 on U.S. policy toward the Soviet Union. ~~(S)~~

Michael O. Wheeler

Michael O. Wheeler
Staff Secretary

Attachments:

Draft NSDD and supporting materials.

~~SECRET~~
Declassify on: OADR

~~SECRET~~

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21403

SECRET/SENSITIVE

Proposed National Security Decision
Directive Number _____

U.S. RELATIONS WITH THE USSR

U.S. policy toward the Soviet Union will consist of three elements: external resistance to Soviet imperialism; internal pressure on the USSR to weaken the sources of Soviet imperialism; and negotiations to eliminate, on the basis of strict reciprocity, outstanding disagreements. Specifically, U.S. tasks are:

1. To contain and over time reverse Soviet expansionism by competing effectively on a sustained basis with the Soviet Union in all international arenas -- particularly in the overall military balance and in geographical regions of priority concern to the United States. This will remain the primary focus of U.S. policy toward the USSR.

2. To promote, within the narrow limits available to us, the process of change in the Soviet Union toward a more pluralistic political and economic system in which the power of the privileged ruling elite is gradually reduced. The U.S. recognizes that Soviet aggressiveness has deep roots in the internal system, and that relations with the USSR should therefore take into account whether or not they help to strengthen this system and its capacity to engage in aggression.

3. To engage the Soviet Union in negotiations to attempt to reach agreements which protect and enhance U.S. interests and which are consistent with the principle of strict reciprocity and mutual interest. This is important when the Soviet Union is in the midst of a process of political succession.

In order to implement this threefold strategy, the U.S. must convey clearly to Moscow that unacceptable behavior will incur costs that would outweigh any gains. At the same time, the U.S. must make clear to the Soviets that genuine restraint in their behavior would create the possibility of an East-West relationship that might bring important benefits for the Soviet Union. It is particularly important that this message be conveyed clearly during the succession period, since this may be a particularly opportune time for external forces to affect the policies of Brezhnev's successors.

Shaping the Soviet Environment: Arenas of Engagement

Implementation of U.S. policy must focus on shaping the environment in which Soviet decisions are made both in a wide variety of functional and geopolitical arenas and in the U.S.-Soviet bilateral relationship.

A. Functional

1. Military Strategy: The U.S. must modernize its military forces -- both nuclear and conventional -- so that Soviet leaders perceive that the U.S. is determined never to accept a second place or a deteriorating military posture. Soviet calculations of possible war outcomes under any contingency must always result in outcomes so unfavorable to the USSR that there would be no incentive for Soviet leaders to initiate an attack. The future strength of U.S. military capabilities must be assured. U.S. military technology advances must be exploited, while controls over transfer of military related/dual-use technology, products, and services must be tightened.

In Europe, the Soviet must be faced with a reinvigorated NATO. Worldwide, U.S. general purpose forces must be strong and flexible enough to affect Soviet calculations in a wide variety of contingencies. In the Third World, Moscow must know that areas of interest to the U.S. cannot be attacked or threatened without risk of serious U.S. military countermeasures.

2. Economic Policy: U.S. policy on economic relations with the USSR must serve strategic and foreign policy goals as well as economic interests. In this context, U.S. objectives are:

-- Above all, to ensure that East-West economic relations do not facilitate the Soviet military buildup. This requires prevention of the transfer of critical technology and equipment that would make a substantial contribution directly or indirectly to Soviet military power.

-- To induce the USSR to shift capital and resources from the defense sector to capital investments and consumer goods.*

-- To avoid subsidizing the Soviet economy or unduly easing the burden of Soviet resource allocation decisions, so as not to dilute pressures for structural change in the Soviet system.

-- To seek to minimize the potential for Soviet exercise of reverse leverage on Western countries based on trade, energy supply, and financial relationships.

* The Departments of State and Treasury object to this statement and would like it removed.

-- To refrain from assisting the Soviet Union with developing natural resources with which to earn, at minimal cost to itself, hard currency.*

-- To permit mutually beneficial trade -- without Western subsidization or the creation of Western dependence -- with the USSR in non-strategic areas, such as grains.

The U.S. must exercise strong leadership with its Allies and others to develop a common understanding of the strategic implications of East-West trade, building upon the agreement announced November 13, 1982. This approach should involve efforts to reach agreements with the Allies on specific measures, such as: (a) Enhanced COCOM controls on the flow of critical and certain

* The Departments of State, Treasury and Commerce object to this sentence and would like it removed.

non-critical items used in the Soviet military, and critical technology and equipment used in Soviet defense-priority industries; (b) Alternative energy proposals so that the Europeans eschew future gas projects with the USSR; (c) Restrictions on future exports of oil and gas technology to the USSR; (d) Stricter limits on the terms and volume of government supplied credits; and (e) Strengthening of the role of the OECD and NATO in East-West trade analysis and policy.

In the longer term, if Soviet behavior should worsen, e.g., an invasion of Poland, we would need to consider extreme measures such as a total trade boycott.* Should Soviet behavior improve, carefully calibrated positive economic signals, including a broadening of government-to-government economic contacts, could be considered as a means of demonstrating to the Soviets the benefits that real restraint in their conduct might bring. Such steps could not, however, alter the basic direction of U.S. policy.

3. Political Action: U.S. policy must have an ideological thrust which clearly affirms the superiority of U.S. and Western values of individual dignity and freedom, a free press, free trade unions, free enterprise, and political democracy over the repressive features of Soviet Communism. We need to review and significantly strengthen U.S. instruments of political action including: (a) The President's London initiative to support democratic forces; (b) USG efforts to highlight Soviet human rights violations; and (c) U.S. radio broadcasting policy. The U.S. should:

-- Expose at all available fora the double standards employed by the Soviet Union in dealing with difficulties within its own domain and the outside ("capitalist") world (e.g., treatment of labor, policies toward ethnic minorities, use of chemical weapons, etc.).

-- Prevent the Soviet propaganda machine from seizing the semantic high-ground in the battle of ideas through the appropriation of such terms as "peace."

B. Geopolitical

1. The Industrial Democracies: An effective response to the Soviet challenge requires close partnership among the industrial democracies, including stronger and more effective collective defense arrangements. The U.S. must provide strong leadership and conduct effective consultations to build consensus and cushion the impact of intra-alliance disagreements. While Allied support of U.S. overall strategy is essential, the U.S. may on occasion be forced to act to protect vital interests without Allied support and even in the face of Allied opposition; even in this event, however, U.S. should consult to the maximum extent possible with its Allies.

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*USDA recommends that the following sentence be substituted for the sentence which now appears in the text: "In the longer term, if Soviet behavior should worsen, e.g., an invasion of Poland, we would need to consider extreme measures in which Allied cohesion would be essential."

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2. The Third World: The U.S. must rebuild the credibility of its commitment to resist Soviet encroachment on U.S. interests and those of its Allies and friends, and to support effectively those Third World states that are willing to resist Soviet pressures or are special targets of Soviet policy. The U.S. effort in the Third World must involve an important role for security assistance and foreign military sales, as well as readiness to use U.S. military forces where necessary to protect vital interests and support endangered Allies and friends. U.S. policy must also involve diplomatic initiatives to promote resolution of regional crises vulnerable to Soviet exploitation, and an appropriate mixture of economic assistance programs and private sector initiatives for Third World countries.

3. The Soviet Empire: There are a number of important weaknesses and vulnerabilities within the Soviet empire which the U.S. should exploit. U.S. policies should seek wherever possible to encourage Soviet allies to distance themselves from Moscow in foreign policy and to move toward democratization domestically.

(a) Eastern Europe: The primary U.S. objective in Eastern Europe is to loosen Moscow's hold on the region while promoting the cause of human rights in individual East European countries. The U.S. can advance this objective by carefully discriminating in favor of countries that show relative independence from the USSR in their foreign policy, or show a greater degree of internal liberalization. U.S. policies must also make clear that East European countries which reverse movements of liberalization, or drift away from an independent stance in foreign policy, will incur significant costs in their relations with the U.S.

(b) Afghanistan: The U.S. objective is to keep maximum pressure on Moscow for withdrawal and to ensure that the Soviets' political, military, and other costs remain high while the occupation continues.

(c) Cuba: The U.S. must take strong countermeasures to affect the political/military impact of Soviet arms deliveries to Cuba. The U.S. must also provide economic and military assistance to states in Central America and the Caribbean Basin threatened by Cuban destabilizing activities. Finally, the U.S. will seek to reduce the Cuban presence and influence in southern Africa by energetic leadership of the diplomatic effort to achieve a Cuban withdrawal from Angola, or failing that, by increasing the costs of Cuba's role in southern Africa.

(d) Soviet Third World Alliances: U.S. policy will seek to limit the destabilizing activities of Soviet Third World allies and clients. It is a further objective to weaken and, where possible, undermine the existing links between them and the Soviet Union. U.S. policy will include active efforts to encourage democratic movements and forces to bring about political change inside these countries.

4. China: China continues to support U.S. efforts to strengthen the world's defenses against Soviet expansionism. The U.S. should over time seek to achieve enhanced strategic cooperation and policy coordination with China, and to reduce the possibility of a Sino-Soviet rapprochement. The U.S. will continue to pursue a policy of substantially liberalized technology transfer and sale of military equipment to China on a case-by-case basis within the parameters of the policy approved by the President in 1981, and defined further in 1982.

5. Yugoslavia: It is U.S. policy to support the independence, territorial integrity and national unity of Yugoslavia. Yugoslavia's current difficulties in paying its foreign debts have increased its vulnerability to Soviet pressures. The Yugoslav government, well aware of this vulnerability, would like to reduce its trade dependence on the Soviet Union. It is in our interest to prevent any deterioration in Yugoslavia's economic situation that might weaken its resolve to withstand Soviet pressure.

C. Bilateral Relationships

1. Arms Control: The U.S. will enter into arms control negotiations when they serve U.S. national security objectives. At the same time, U.S. policy recognizes that arms control agreements are not an end in themselves but are, in combination with U.S. and Allied efforts to maintain the military balance, an important means for enhancing national security and global stability. The U.S. should make clear to the Allies as well as to the USSR that U.S. ability to reach satisfactory results in arms control negotiations will inevitably be influenced by the international situation, the overall state of US-Soviet relations, and the difficulties in defining areas of mutual agreement with an adversary which often seeks unilateral gains. U.S. arms control proposals will be consistent with necessary force modernization plans and will seek to achieve balanced, significant, and verifiable reductions to equal levels of comparable armaments.

2. Official Dialogue: The U.S. should insist that Moscow address the full range of U.S. concerns about Soviet internal behavior and human rights violations, and should continue to resist Soviet efforts to return to a US-Soviet agenda focused primarily on arms control. US-Soviet diplomatic contacts on regional issues can serve U.S. interests if they are used to keep pressure on Moscow for responsible behavior. Such contacts can also be useful in driving home to Moscow that the costs of irresponsibility are high, and that the U.S. is prepared to work for pragmatic solutions of regional problems if Moscow is willing seriously to address U.S. concerns. At the same time, such contacts must be handled with care to avoid offering the Soviet Union a role in regional questions it would not otherwise secure.

A continuing dialogue with the Soviets at Foreign Minister level facilitates necessary diplomatic communication with the Soviet leadership and helps to maintain Allied understanding and support

for U.S. approach to East-West relations. A summit between President Reagan and his Soviet counterpart might promise similarly beneficial results. At the same time, unless it were carefully handled a summit could be seen as registering an improvement in U.S.-Soviet relations without the changes in Soviet behavior which we have insisted upon. It could therefore generate unrealizable expectations and further stimulate unilateral Allied initiatives toward Moscow.

A summit would not necessarily involve signature of major new US-Soviet agreements. Any summit meeting should achieve the maximum possible positive impact with U.S. Allies and the American public, while making clear to both audiences that improvement in Soviet-American relations depends on changes in Soviet conduct. A summit without such changes must not be understood to signal such improvement.

3. US-Soviet Cooperative Exchanges: The U.S. should not further dismantle the framework of exchanges; indeed those exchanges which could advance the U.S. objective of promoting positive evolutionary change within the Soviet system should be expanded. At the same time, the U.S. will insist on full reciprocity and encourage its Allies to do so as well. U.S. policy on exchanges must also take into account the necessity to prevent transfer of sensitive U.S. technology to the Soviet Union.

Priorities in the U.S. Approach: Maximizing Restraining Leverage over Soviet Behavior.

The interrelated tasks of containing and reversing Soviet expansion and promoting evolutionary change within the Soviet Union itself cannot be accomplished quickly. The coming 5-10 years will be a period of considerable uncertainty in which the Soviets may test U.S. resolve by continuing the kind of aggressive international behavior which the U.S. finds unacceptable.

The uncertainties will be exacerbated by the fact that the Soviet Union will be engaged in the unpredictable process of political succession to Brezhnev. The U.S. will not seek to adjust its policies to the Soviet internal conflict, but rather try to create incentives (positive and negative) for the new leadership to adopt policies less detrimental to U.S. interests. The U.S. will remain ready for improved US-Soviet relations if the Soviet Union makes significant changes in policies of concern to it; the burden for any further deterioration in relations must fall squarely on Moscow. The U.S. must not yield to pressures to "take the first step."

The existing and projected gap between finite U.S. resources and the level of capabilities needed to implement U.S. strategy makes it essential that the U.S.: (1) establish firm priorities for the use of limited U.S. resources where they will have the greatest restraining impact on the Soviet Union; and (2) mobilize the resources of Allies and friends which are willing to join the U.S. in containing the expansion of Soviet power.

Underlying the full range of U.S. and Western policies must be a strong military, capable of action across the entire spectrum of potential conflicts and guided by a well conceived political and military strategy. The heart of U.S. military strategy is to deter attack by the USSR and its allies against the U.S., its allies, or other important countries, and to defeat such an attack should deterrence fail. Although unilateral U.S. efforts must lead the way in rebuilding Western military strength to counter the Soviet threat, the protection of Western interests will require increased U.S. cooperation with Allied and other states and greater utilization of their resources. This military strategy will be combined with a political strategy attaching high priority to the following objectives:

-- Sustaining steady, long-term growth in U.S. defense spending and capabilities -- both nuclear and conventional. This is the most important way of conveying to the Soviets U.S. resolve and political staying-power.

-- Creating a long-term Western consensus for dealing with the Soviet Union. This will require that the U.S. exercise strong leadership in developing policies to deal with the multifaceted Soviet threat to Western interests. It will require that the U.S. take Allied concerns into account, and also that U.S. Allies take into equal account U.S. concerns. In this connection, and in addition to pushing Allies to spend more on defense, the U.S. must make a serious effort to negotiate arms control agreements consistent with U.S. military strategy and necessary force modernization plans, and should seek to achieve balanced, significant and verifiable reductions to equal levels of comparable armaments. The U.S. must also develop, together with the Allies, a unified Western approach to East-West economic relations, implementing the agreement announced on November 13, 1982.

-- Maintenance of a strategic relationship with China, and efforts to minimize opportunities for a Sino-Soviet rapprochement.

-- Building and sustaining a major ideological/political offensive which, together with other efforts, will be designed to bring about evolutionary change of the Soviet system. This must be a long-term and sophisticated program, given the nature of the Soviet system.

-- Effective opposition to Moscow's efforts to consolidate its position in Afghanistan. This will require that the U.S. continue efforts to promote Soviet withdrawal in the context of a negotiated settlement of the conflict. At the same time, the U.S. must keep pressure on Moscow for withdrawal and ensure that Soviet costs on the ground are high.

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-- Blocking the expansion of Soviet influence in the critical Middle East and Southwest Asia regions. This will require both continued efforts to seek a political solution to the Arab-Israeli conflict and to bolster U.S. relations with moderate states in the region, and a sustained U.S. defense commitment to deter Soviet military encroachments.

-- Maintenance of international pressure on Moscow to permit a relaxation of the current repression in Poland and a longer-term increase in diversity and independence throughout Eastern Europe. This will require that the U.S. continue to impose costs on the Soviet Union for its behavior in Poland. It will also require that the U.S. maintain a U.S. policy of differentiation among East European countries.

-- Neutralization and reduction of the threat to U.S. national security interests posed by the Soviet-Cuban relationship. This will require that the U.S. use a variety of instruments, including diplomatic efforts and U.S. security and economic assistance. The U.S. must also retain the option of using of its military forces to protect vital U.S. security interests against threats which may arise from the Soviet-Cuban connection.

Articulating the U.S. Approach: Sustaining Public and Congressional Support

The policy outlined above is one for the long haul. It is unlikely to yield a rapid breakthrough in bilateral relations with the Soviet Union. In the absence of dramatic near-term victories in the U.S. effort to moderate Soviet behavior, pressure is likely to mount for change in U.S. policy. There will be appeals from important segments of domestic opinion for a more "normal" US-Soviet relationship, particularly in a period of political transition in Moscow.

It is therefore essential that the American people understand and support U.S. policy. This will require that official U.S. statements and actions avoid generating unrealizable expectations for near-term progress in US-Soviet relations. At the same time, the U.S. must demonstrate credibly that its policy is not a blueprint for an open-ended, sterile confrontation with Moscow, but a serious search for a stable and constructive long-term basis for US-Soviet relations.

Ronald Reagan