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VII. SOVIET ESTIMATE OF THE WORLD SITUATION

THE FACTOR OF COMMUNIST IDEOLOGY

120. The policy of any state is conditioned by the particular view which its leaders have of the world situation and of the dangers and opportunities which it presents to them. The Soviet leaders' view of the world situation is affected by their Communist ideology and by their isolation from the general currents of world opinion. It is of particular importance in estimating Soviet courses of action, therefore, to take into account the fact that events outside the Communist Orbit or developments in relations between the USSR and the West may frequently have for the Soviet leaders a meaning quite different from that which they have for non-Communist statesmen.

121. The ideological heritage of the 1917 revolution remains a principal determinant of the Soviet view of developments in the world situation. The Soviet leaders still view world developments in terms of an irreconcilable conflict between the "camps" of Communism and capitalism which will continue until Communism has triumphed throughout the world. In large part, this view both determines their long-term objectives and colors their interpretations of Western actions and developments. We believe that

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| By | SLB NLE/aw 1/11/96 |

the validity of the guiding principles of Communist ideology has in Soviet eyes been confirmed in the main by the course of events in the war and postwar periods.

THE POSTWAR BACKGROUND

122. Soviet leaders recognized towards the end of World War II that a situation favorable to Communist expansion existed in a large part of the non-Communist world. Hence they pursued their advantage as fast and as far as they could in expanding the Communist sphere and extending Soviet influence. After some time their progress slowed down, especially in Europe, and ran against increasing opposition as the non-Communist world gradually re-established stability. The Soviet leaders are probably aware that it was the advance of Soviet power in Central Europe and in Asia that called forth an increasingly stubborn Western counteraction and consolidated Western opposition. Beginning in 1947, and at an accelerated rate after 1950, the Western nations build up their power and cohesion to the point where further Communist expansion in Europe, and even in some parts of Asia, could no longer be accomplished without risk of general war. At the same time, and accommodation with the West, even if the USSR had wished it, came to depend upon concessions

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so costly to the USSR's power position that the Soviet leaders clearly regarded them as unacceptable.

123. Faced with a world situation increasingly inhospitable to their aims, the Soviet leaders have sought to find a middle way between the alternatives of war or accommodation at unacceptable cost. They have proceeded on the assumption that both Western fear of war and hope for peace could be manipulated to advance Soviet objectives. Consequently, a policy of alternating menace and conciliation ~~was~~ adopted to encourage the view in the West that Soviet expansionist aims would be moderated if the Western Powers refrained from measures in their own defense which the USSR portrayed as provocative. This policy required no abandonment of expansionist aims nor any cessation of Communist aggression, at least where such aggression could be carried out without grave risk of general war. In the period after Stalin's death, however, Soviet policy began to place relatively more emphasis on the element of conciliation, possibly in some degree because of the pressure of Soviet internal problems, but apparently mainly in the belief that for an interim period at least such tactics were more likely to weaken Western opposition.

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THE SOVIET VIEW OF CURRENT DEVELOPMENTS

124. The Soviet leaders probably believe that the US remains firm in its intention to oppose Communist expansion, and that it means to persist in its effort to bring all important strategic areas peripheral to the Bloc into closer linkage with the US defense system. They probably also estimate that the US is unlikely deliberately to initiate general war during the next few years. The Soviet leaders probably believe that, due to their increasing nuclear capability, a situation is approaching in which a general war involving use by both sides of nuclear weapons would bring about such extensive destruction as to threaten the survival of both Western civilization and the Soviet system. They probably estimate that a situation of mutual deterrence could develop in which each side would be strongly inhibited from initiating general war or taking actions which it regarded as materially increasing the risk of general war. However, they probably estimate that the US would not be deterred, by fear of the consequences of general war, from using its full military capabilities if it believed that its security was imminently threatened. The Soviet leaders almost certainly believe that overt armed aggression by Bloc forces against any state formally allied with the US would result

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in the employment of US military power as necessary to counter such aggression. They probably also estimate that such aggression against a state not formally allied to the US would involve risk of US military reaction, but that the degree of this risk, and the dimensions of the US reaction, would depend upon the importance to the US of the country attacked, the circumstances of the attack, and the political situation within the US and non-Communist world generally.

125. The Soviet leaders probably recognize that the success of the US effort to prevent further Communist expansion depends heavily upon the ability of the US to establish and maintain cohesion in the non-Communist world. Some developments of ~~the~~ last year, such as the failure of the Western Powers to present a united front at the Geneva Conference, their subsequent inability to associate more Asian states with the defense of Southeast Asia, and the unwillingness of most Western and Asian states to support US policy toward Communist China, may indicate to the Soviet leaders a decline in US ability to maintain such cohesion. They probably believe that the influence of India will continue to grow, and that it may become the leader of a group of states capable of an independent role in world affairs. They may also believe that Germany and Japan will become increasingly capable of taking an

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independent position. On the other hand, they probably now recognize that certain aggressive actions by the Sino-Soviet Bloc tend to increase the willingness of the non-Communists to follow US leadership. At the same time they probably estimate that there are areas and problems in which such actions would have the opposite effect. While they may not expect during the next few years to accomplish the defection of any states formerly allied with the US, they probably believe that their own policies can encourage frictions within the Western alliance, undermine the willingness of US allies to support the US in policies of firmness and weaken US influence among uncommitted states.

126. The Soviet leaders probably believe that trends in the development of Western military strength do not present them with any immediate threat, either of war or of a weakening of their position in negotiations.

While Western Nuclear capabilities will continue to improve, this development will not alter essentially the situation which the USSR has faced throughout the postwar period. Moreover the West's advantage in this respect is being reduced as the USSR.

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develops its own nuclear capabilities. The Soviet leaders probably recognize that the present rough balance of military power could be altered in favor of the West by the appearance of major military power in West Germany and Japan, but they probably now believe that German or Japanese rearmament is not likely to take place on a significant scale during the next two or three years at least. The Soviet leaders will have noted that the declining trend in Western military expenditures has continued despite the recent increase in their own military budget. Therefore, they are probably quite confident that Western military power, although remaining formidable, is not now being developed at a rate which will permit the application of substantially increased military pressure on the USSR.

127. The Soviet leaders have **always** reckoned heavily on a deterioration of "capitalist" economies to undermine non-Communist strength and to produce "imperialist contradictions" which would range the Western Powers against each other. Despite the continuing vigor of the economies of Western Europe and the failure of the long-awaited US depression to materialize the Soviet leaders are unlikely to have been shaken in their view that long-term trends point to eventual economic crisis in capitalist countries. They are aware, moreover, that the economies of some states

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of critical importance to the Western alliance, such as Germany and Japan, would probably prove vulnerable in the event of even a moderately serious decline in levels of trade. The latter they probably regard as a possibility even in the short term, and one which, if it did develop, might produce a political situation which they could exploit.

PROBABLE SOVIET ESTIMATE OF FUTURE DEVELOPMENTS

128. On balance, the Soviet leaders probably estimate that there is at present no critical threat to their security, and that there may be renewed opportunities for Communist expansion by means short of general war.

They probably estimate that Western power and unity are vulnerable to Soviet political action, and may become increasingly so. Therefore, the Soviet leaders probably believe that they can rely primarily upon political means, and in some cases military action by local forces, to carry on their struggle against the non-Communist world.

129. However, the Soviet leaders almost certainly recognize that developments may occur during the period of this estimate which would require a revision of this judgment. Some of the problems which presently

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concern Soviet policy-makers could develop in such a way as to present direct threat to Soviet security interests. Others might take a course which, while not involving Soviet security interests directly, could heighten international tensions, engage the prestige of the Sino-Soviet Bloc, and cause the USSR to revise its estimate of Western intentions. Possible developments which might lead to Soviet leaders to make such a revision would include the following: (a) a rate or scale of West German rearmament greater than that presently foreseen, or aggressive NATO policies in Europe as a result of influence exercised within NATO by a rearmed West Germany, (b) actions by Communist China which led to hostilities or imminent danger of hostilities between Communist China and the US; (c) rearmament of Japan on a major scale, including the acquisition of offensive weapons by Japanese forces; and (d) commitment of SEATO forces in Indochina to prevent the Communists from gaining control of the country by military action.

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VIII. PROBABLE SOVIET COURSES OF ACTION ^{23/}

PRESENT SOVIET OBJECTIVES

130. We believe that the developments within the sphere of Soviet power and the Soviet estimate of the world situation which have been discussed in the foregoing sections have led the Soviet leaders to assess their own situation somewhat as follows: the balance of military power in the world and the increasing destructiveness of nuclear weapons are such that general war would involve very heavy risks to the Communist sphere, extending possibly to the destruction of the Soviet regime. On the other hand, non-Communist strength is not so great nor the intentions of the non-Communist powers so menacing as to make withdrawals from the present advanced positions in Europe and Asia seem necessary. Moreover, in view of the growing military capabilities of the Bloc

^{23/} This section deals with Soviet external courses of action. Soviet intentions with respect to various internal developments are treated in preceding sections of the paper. In the summary of Soviet objectives contained in the first two paragraphs of this section, however, objectives internal to the USSR and to the Sino-Soviet Bloc are included.

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and the frictions within the non-Communist world, the Communists probably estimate that they can make progress toward their objectives through political action, or in some cases by localized military action. The Soviet Bloc faces serious internal problems which include the correction of certain weaknesses in the Bloc economy, particularly in agricultural production, and the necessity to build up economic power in the Bloc as a step toward balancing the vastly greater economic potential of the West. These problems do not imply a weakness which requires neglect of opportunities for expansion under circumstances of limited risk.

131. We believe that the Soviet leaders will concentrate on the following principal objectives during the period of this estimate:

- a. To increase the economic and military strength of the Sino-Soviet Bloc;
- b. To promote the political and economic instability of non-Communist states, and to render them incapable of decisive action by fostering and exploiting dissensions within and among them;
- c. To effect a degree of disarmament, including the outlawing of nuclear weapons, under conditions favorable to the Communists;

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- d. To bring about the withdrawal of US power from its present advanced bases around the periphery of the Bloc;
- e. To impede or offset the rearmament of West Germany and its association with the Western Powers;
- f. To detach Japan from the sphere of Western influence and encourage its closer association with the Sino-Soviet Bloc;
- g. To expand Communist influence and, as opportunities develop, to extend the area of Communist control.

COURSES OF ACTION - GENERAL

Military

132. In foregoing sections of this paper it was estimated that the Soviet leaders probably now believe (a) that general war would present formidable hazards to the survival of their system, and (b) that they can advance toward their objectives by actions short of general war. Therefore, we believe that during the period of this estimate the Kremlin will try to avoid courses of action, and to deter Communist China from courses of action, which in its

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judgment would clearly involve substantial risk of general war. The Soviet leaders are unlikely to believe that Soviet, Communist Chinese, or European Satellite forces can be used in open attacks across state frontiers during this period without running such a risk. However, the USSR or one of the Sino-Soviet Bloc countries might engage in indirect aggression or take action such as attacking Formosa or the offshore islands, which would create a situation in which the US or its allies, rather than yield an important position, would take counteraction which could lead to general war. We believe, moreover, that the Kremlin would not be deterred by the risk of general war from taking counteraction against a Western action which it considered an imminent threat to Soviet security. Thus, general war might occur during the period of this estimate as the climax of a series of actions and counteractions, initiated by either side, which neither side originally intended to lead to general war.

133. It is possible that at some time during the period of this estimate the USSR might come to believe that world developments had taken a turn that would ultimately lead to a serious impairment of Soviet security. Such a belief might develop, for example, as

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a result of developments in Germany or in connection with an armed conflict between the US and Communist China. In such a situation the USSR might feel impelled to undertake local military action in order to forestall an inevitable deterioration of its security position, even though such action would entail heightened risk of general war. We believe, however, that even under these circumstances the USSR would seek to keep any resulting conflict localized and to avoid general war.

134. By the end of the period of this estimate the USSR will have a greatly increased capability to inflict destruction with nuclear weapons, particularly / on the US itself. Nevertheless, the Soviet leaders will probably still not be confident that they could attack the US with nuclear weapons without exposing the USSR to an even more devastating counterblow. We believe, therefore, that the USSR will continue to try to avoid substantial risks of general war despite the increase of its nuclear capabilities. However, as these capabilities grow, Soviet leaders may come to estimate that the US, because of fear for itself or for its allies, *or because of pressure by its allies,* will be increasingly deterred from initiating the devastation entailed in

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a full-scale nuclear war. They may therefore come to believe that local wars will be less likely than at present to expand into general war, and thus that superior Soviet Bloc military capabilities in certain local areas can be exercised without substantial risk of provoking general war. In diplomatic negotiations the Soviet leaders will almost certainly try to take advantage of the increased urgency with which Western governments, pressed by their better-informed public opinion, will strive to escape nuclear war through peaceful solutions. We believe it unlikely, however, that in a situation of sharp and general international crisis the USSR would seek to break Western determination by direct and open threats of nuclear attack. The Soviet leaders would probably fear that such tactics would bring about a situation in which war would become unavoidable, and they might even fear that they would provoke a preventive attack by the US.

Diplomacy and Propaganda

We believe that Soviet diplomacy during the period of this estimate will not be directed toward a general settlement between the USSR and the West. It will almost certainly continue to combine moves intended to ease international tensions with other moves which increase such tensions, and with political warfare pressures calculated

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~~make concessions on some local issues, and the recent moves toward an Austrian treaty may prove to be such a case. They may also make proposals for settlements which will be plausible to some non-Communist nations but unacceptable to others. The Soviet leaders probably hope that such tactics will carry an implication to the non-Communist world of Soviet willingness to settle major outstanding issues, and stimulate doubts in the non-Communist world regarding the reasonableness of US leadership. Moves apparently intended to ease international tension will probably be alternated with political warfare pressures calculated to play upon the non-Communist world's fear of war.~~

136. We believe that the USSR will place continuing emphasis in its diplomacy and propaganda upon proposals for the control or abolition of nuclear weapons. The Soviet leaders will probably try by such maneuvers to hold out to the non-Communist world the prospect of release from the threat of nuclear warfare, and, by seeking to place upon the US the blame for failure to achieve workable control arrangements, to stimulate doubts about the reasonableness and moderation of US policies in this field. We believe it highly unlikely that the USSR during the period of this estimate

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will agree to any plan which would involve inspection within the USSR under provisions acceptable to the Western Powers. Soviet proposals regarding the control of nuclear weapons will probably be designed primarily to erect political, psychological, and moral barriers to US freedom of action in the use of nuclear weapons.

Trade and Technical Assistance

137. Basic Soviet economic philosophy, and the shortages of commodities which the non-Communist world is willing to accept from the Bloc will continue to act as deterrents to any major change in the present Soviet trade pattern. ^{nevertheless} the Communist probably estimate that political dividends can be earned from even small increases in their current volumes of trade with individual non-Communist states. The countries most vulnerable to this form of political warfare, in the Soviet view, would probably be in underdeveloped areas. Moreover, the Soviet leaders might be willing to accept certain economic losses for political gains in areas of prime strategic significance, such as Germany or Japan. In any case, they will almost certainly seek to increase trade with these

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countries during the course of this estimate. The Soviet leaders will probably also try to expand Soviet economic influence in selected areas through technical assistance or the sponsorship of development programs. In some cases these programs could take the form of technical training missions or the sponsorship of training programs for foreign technicians within the USSR and could consequently be carried out at small cost.

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COURSES OF ACTION IN PARTICULAR AREAS

Europe

138. The principal objective of Soviet policy in Europe during the period of this estimate will be to obtain a solution of the German problem favorable to Soviet interests. Prevention or slowing down of West German rearmament and blocking the development of West Germany's ties with the NATO powers have first priority. The Soviet leaders probably recognize that the three principal Western Powers are committed to West German rearmament at present, and probably estimate that any direct Soviet attempt to foster differences among them with the aim of halting the implementation of the Paris Agreements would fail. They recognize and, in particular, French apprehension concerning German rearmament, that Franco-German differences/will remain and may even sharpen during the next few years, but they know that France alone does not have the power to stop West German rearmament once it has begun. The West Germans themselves, however, do have this power, and the Soviet leaders probably believe that the continuing desire for unity will make West Germany susceptible to influences within the power of Soviet policy to apply.

Consequently, the USSR will almost certainly make great effort

139. Consequently, Soviet policy will probably tend increasingly to influence the situation in West Germany itself. It will almost certainly concentrate directly on West Germany for the achievement of its ~~certainly in-~~ objectives. Included in this policy will almost certainly be increase ~~of~~ propaganda and political warfare measures designed to encourage the existing anti-rearmament sentiment in West Germany.

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Beyond this, the USSR will probably seek to increase points of contact on trade and other matters between itself and the West German government. These contacts could be used to prepare for the resumption of diplomatic relations and could be represented by propaganda as leading to the possibility of direct political negotiations on German reunification. The Soviet leaders probably calculate that a sedulous encouragement of German hopes for unification will, over the course of time, increase neutralist feeling in West Germany, greatly complicate the relations of the West German government with its NATO partners, and undermine ~~the~~ unity of purpose ~~that has hitherto obtained~~ within the NATO alliance. Moreover, they may calculate that with the passing of Adenauer from the scene, the internal political balance in Germany will change, and that consequently a political climate will develop which would be more favorable to attempts to detach West Germany from its ties to the NATO powers.

140. While increasing its efforts to undermine West German support for rearmament, the USSR will not relax its efforts to weaken Western unity by playing upon fears and hopes elsewhere in Western Europe. Soviet propaganda and diplomacy will be designed to promote French confidence in the USSR's peaceful intentions and

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in the reasonableness of Soviet proposals, to stimulate French fears of future German aggression, and to sow resentment of US policy. In Italy, as in France, the USSR possesses a powerful weapon in the large native Communist party, and Italy will probably continue to be an important target in the Soviet campaign to alienate Western Europe from the US and undermine NATO.

141. If such measures did not, in the Soviet view, succeed in countering the developing threat of West German rearmament, it is possible that the Soviet leaders would accommodate themselves to the situation of increased Western strength, and would pursue a cautious and nonprovocative policy. We believe it more likely, however, that they would take rigorous measures in an attempt to offset the accretion to the strength of the West. These measures would include a sharp build-up of Soviet and Satellite military capabilities, and might also include more threatening courses of action against Berlin, or in the Far East, or elsewhere, with the purpose of arousing fear of nuclear war in the West and causing Western peoples to demand that their governments follow a cautious policy. We believe that, even at this stage, the USSR would still avoid courses of action which in its judgment clearly entailed the probability of general war.

142. It is also possible that the Soviet leaders might offer to withdraw from East Germany in exchange for a guaranteed neutralization

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and armament control of a unified Germany. Such a policy could offer the advantages of halting German rearmament, reducing the strength of US forces in Europe, and, together with an Austrian settlement, creating in effect a neutralized zone in Central Europe. We believe that the ~~likelihood~~ ^{chances} of such a development ~~is small, primarily~~ ^{are less than even, 2/} because it seems to us that its uncertainties and disadvantages, from the Soviet point of view, would far outweigh its advantages. It might be adopted, however, if the Soviet leaders believed that it offered the only means, short of general war, to prevent the development of a critical threat to the security of the USSR.

143. The USSR will probably increase its efforts during the course of this estimate to detach neutral states from the sphere of Western influence. In Europe, the states most likely to be subjected to Soviet pressure or inducements are Finland and Yugoslavia. In Finland the USSR will probably continue to use pressures to increase Finland's economic dependence upon the USSR. It might even, in the event that developments in Germany made such a course appear desirable, invoke the terms of the Soviet-Finnish Mutual Assistance Treaty of 6 April 1948. ^{24/}The USSR will persist in its aim to wean

^{24/}The terms of the treaty require Finland to join the USSR in resisting aggression by Germany or any power allied with Germany, and to "consult" with the USSR in the event of "threat" of such aggression.

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2/ The Special Assistant, Intelligence, Department of State, believes that the estimate contained in this sentence should read: "We believe that the likelihood of such a development is small, primarily because it seems to us that its uncertainties and disadvantages, from the Soviet point of view, would far outweigh its advantages "

Yugoslavia away from its present ties with the West and might make additional concessions to accomplish this. Any internal crisis in Yugoslavia, such as might follow the death of Tito for example, would probably see an intensification of these efforts.

Asia 25/

144. In Northeast Asia the principal objective of Soviet policy during the course of this estimate almost certainly will be to detach Japan from the sphere of US influence. The Soviet leaders probably believe that the political instability of Japan will render it increasingly vulnerable to Communist pressures, including that which the Japanese Communist Party exerts through its influence in other political organizations. Most importantly, in the Soviet view, Japan's critical need for markets and for raw materials will make Communist trade solicitations increasingly more attractive, and create frictions between Japan and the West. The USSR almost certainly intends, in concert with Communist China, to employ these weapons of political warfare vigorously during the course of this estimate, and probably believes that with the normalization of

25/ See NIE 10-7-54, "Communist Courses of Action in Asia Through 1957", 23 November 1954, which deals with Chinese Communist as well as Soviet intentions in Asia. A separate NIE on Chinese Communist capabilities and courses of action will appear later in 1955.

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relations with Japan which would follow the signing of a peace treaty, its opportunities to detach Japan from US influence would be greatly enhanced.

145. We believe that the USSR is in substantial agreement with Chinese Communist objectives to destroy the Chinese Nationalist Government and to gain control of all territory held by it, but is concerned to restrain Peiping from adopting policies which would clearly involve substantial risk of general war. The Soviet leaders probably believe they can derive advantage from issues in the Formosa Strait by combining public advocacy of Peiping's claims with a conciliatory posture calculated to impress the world with the sincerity of Soviet efforts to reach a peaceful settlement. The primary Soviet motivation in this is to exploit the issue in such a way as to sow distrust of the US among neutral nations and to promote a maximum of discord between the US and its allies. Moscow almost certainly does not consider that its vital national interests are involved in issues arising in the Formosa Strait. We believe that Moscow might see certain advantages in clashes between Chinese Communist and US forces, provided it believed that the clashes would be limited and localized. However, we also believe that the USSR will seek to prevent a situation from arising in the Formosa Strait which in its view would carry grave risks of major hostilities between

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the US and Communist China, since the Soviet leaders probably believe that such hostilities would also entail grave risk of Soviet involvement.

146. The Soviet leaders probably consider that if major hostilities between Communist China and the US should occur, the USSR would be presented with extremely grave choices. They would probably give the Chinese Communists support in weapons and material, and the scale of this aid would probably increase in proportion to the threat to the Chinese Communist regime. As hostilities expanded and the threat to the Chinese Communist regime increased, they would probably engage Soviet forces in defensive operations, to the extent that they felt they could plausibly deny such involvement. Should the conflict progress so far that destruction of the Chinese Communist regime appeared probable, we believe that the Soviet leaders would recognize that open intervention on their part sufficient to save the Chinese regime would involve extremely grave risk of general war with the US with its consequent threat to the survival of the Soviet system. In deciding upon a course of action, the Soviet leaders would have to weigh the strenghts which they could bring to bear in the struggle against those which would be opposed to them, and the dangers to their own regime of a possible global war with the US

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against the strategic and psychological consequences to them of destruction of the Chinese Communist regime. We believe, on balance, they would conclude that loss of the Chinese Communist regime would be sufficiently damaging and final to cause them to resort to open intervention to save that regime. 3/

147 Southeast Asia will almost certainly appear to the USSR to be the most profitable field for the extension of Communist influence, at least during the early period of this estimate. The Soviet leaders will probably continue, in concert with Communist

3/ The Director of Naval Intelligence, and the Deputy Director for Intelligence, The Joint Staff, believe that the last sentence overstates the willingness of the Soviet leaders to risk their own regime and would substitute for the last sentence:

"On balance, we believe that they would not consider the elimination of the Chinese Communist regime sufficiently damaging, or final, to warrant the risk to their own regime which open intervention would entail."

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China, to support Communist subversive activities, and possibly armed revolt if local circumstances are favorable. However, if the activities of local Communist groups stimulate anti-Communist attitudes within Asian states or tend to unite these states in joint resistance with Western powers, the Kremlin may choose to exercise its influence to hold local Communist movements in check. The USSR will consider the interests and possible gains of local Communist movements as subordinate to the broader purpose of Soviet strategy in the world conflict.

148. The Soviet leaders almost certainly believe that the US will make substantial efforts to prevent South Vietnam from falling under Communist control. In attempting to frustrate such efforts, Soviet policy will be guided by the concern to avoid actions which would consolidate the Western allies on the Indochina issue and bring them wider support in Asia. The Soviet leaders probably believe that the US will accede to the initiation of negotiations in preparation for the elections in 1956, but will cause conditions and issues to be introduced with a view to obstructing the negotiations and preventing or delaying the elections. If the US succeeds in postponing the elections, or if it adopts measures which seriously reduce Communist capabilities for further expansion in Indochina through

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legal means, the USSR would still regard Communist opportunities for expansion through subversion as good. It would probably support military action by local guerrillas and infiltrated Viet Minh military elements, but would probably seek to restrain the Viet Minh from openly crossing the demarcation line with large organized forces, at least as long as military intervention by the Manila Pact powers seemed likely to result.

149. The principal concern of Soviet policy in South Asia will be to encourage and exploit the neutralism already present in the area. The Soviet leaders probably hope thereby to promote differences within the British Commonwealth over ways of dealing with Communism in Asia. They would expect such differences to affect Anglo-American relations adversely, and to render difficult the efforts of the Western powers to enlist the support of Asian peoples in effective opposition to further Communist advances in Asia. India in particular is likely to receive increasing attention and consideration in the USSR's conduct of the world struggle.

Middle East

150. The USSR has devoted increased attention to the countries of this area during the last year. It has settled long-standing

border and financial issues with Iran and has achieved a growing influence over the economy of Afghanistan, mainly through expanded trade and economic development programs. The USSR has attempted through propaganda and diplomacy to prevent the extension of Middle East defense plans, and in particular has warned Iran of the undesirable consequences that would stem from formal Iranian adherence to any non-Soviet military bloc. If Iran moves openly to take such a step, the USSR would almost certainly adopt a more truculent attitude, and would probably threaten to invoke its ⁽¹⁹²¹⁾ treaty agreements with Iran, which provide for Soviet occupation of northern Iran under certain circumstances. We believe, however, that the USSR would not openly intervene in Iran with military force unless it had decided for reasons of policy unrelated to Iran to accept substantial risk of general war. The USSR will probably step up its activities throughout the Middle East in proportion to the success of present Western efforts to build toward a situation of strength through regional alliance and external military support. The USSR will probably in any case press its present effort to gain a controlling position in Afghanistan.

Latin America

151. The USSR will continue its efforts through local Communist parties and front groups, appealing particularly to labor,