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MEMORANDUM

SUBJECT: The View from Moscow, November 1983

1. Uncertainty must be dominant in Moscow. Uncertainty about who is in charge. Uncertainty whether the frail 69 year old Andropov is temporarily indisposed or fatally ill. Uncertainty whether the economic good fortune of 1983 can be sustained. Uncertainty about the future course of the relationship with the United States -- whether it will be a continuing spiral downward or change course and lead to some sort of accommodation. Uncertainty whether the Soviet Union has reached the apex of its power and now both militarily and in foreign policy is beginning a long slide.

2. The following paragraphs are an attempt to place ourselves in Soviet shoes, to look at the world as they look at it. Of course, it is only shorthand to speak of "they" or "the Kremlin". In fact, each of the leaders brings a peculiar perspective to the USSR's internal and international affairs. For example, it seems reasonable to assume that the younger leaders have a more optimistic view of the USSR's prospects than described below, especially if the older generation would just get out of the way and let them deal with Russia's problems. What follows then is a composite that would represent something like the consensus coming out of the Politburo, blending the different views of its members.

1. The Internal Scene: Politics

3. The view from Moscow must begin where it always begins with Soviet leaders -- the political condition of the leadership itself. The leader of the Soviet Union has now been out of sight for over a hundred days. While statements continue to be issued in Andropov's name, there are signs of confusion, if not struggle, in the Kremlin. The show of leadership unity and the appearance of business as usual that Soviet officials initially maintained during Andropov's absence has begun to break down. Soviet bungling of the end game during INF and of the KAL shootdown both suggest that neither Andropov nor his Politburo colleagues were on top of things. Only a year after laying Brezhnev to rest, physical vulnerability at the top again has intruded into politics and policy, a feeling of drift has re-emerged, and succession politics again preoccupy the leadership. Even if Andropov returns, the momentum of his programs and of his consolidation of power has been interrupted and, absent a dip in some fountain of youth, he will return still frail and subject to frequent ups and downs of health.

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4. The result is threefold. First, uncertainty surrounding Andropov's health and longevity in power in turn has created uncertainty throughout the Soviet hierarchy and bureaucracy. No one is going to stick his neck out for a leader who may be gone in weeks or months. This will make dealing with the Soviet Union's internal problems all the more difficult should Andropov linger in power. Second, the other leaders will have begun maneuvering for position in the new succession, with Marshal Ustinov likely playing king maker and factions emerging more likely than not around Party Secretaries Romanov and Gorbachev. There are indications of policy differences between the two that could constitute the basis for divergent political platforms designed to appeal to different interests within the leadership. Third, if and when Andropov returns, he will have to move boldly to regain the momentum he has lost; while this will entail more physical and political risk than his course heretofore, not to do so would relegate him to being a caretaker -- and make him vulnerable to challenge.

5. In sum, the Politburo and other key figures in the Soviet hierarchy almost certainly have been preoccupied for weeks with the implication of Andropov's poor health and for months to come will be preoccupied with political maneuvering associated with replacing Andropov or preparing to do so. Attempts at bold political moves on his part would likely provoke intense internal conflict and add to uncertainty about the future. Should he linger in power frequently incapacitated and unable to advance his program, the drift and ennui of Brezhnev's last years quickly will return to the Kremlin.

The Internal Scene: The Economy

6. Current economic performance is the one bright spot from the Kremlin window. After several years of slow growth, the economy seems in the midst of an economic rebound with GNP likely to grow this year by 3.5 to 4 percent -- almost twice the rate of growth in 1981 and 1982. All major sectors of the economy are doing better this year than in 1982:

- Agriculture is experiencing a recovery from several years of little or no growth, with the best grain harvest in five years and greater total farm output than any other time in Soviet history.
- Growth of industrial production is up and may be around 3 percent for the year.
- Food supplies available to the consumer were greater in the first six months of 1983 than last year. And the USSR stands a good chance of achieving record high per capita consumption of meat this year.

7. Over the longer term, realists in the leadership must recognize that much of the improved economic performance in 1983,

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especially in sectors such as agriculture and transportation, is because of favorable weather conditions. There is considerable uncertainty whether the basic factors constraining economic growth since the late 1970s will not force growth next year and for the remainder of the decade back down to the levels of 1981 and 1982.

8. Poor economic performance in the late 70's and early 80's derived from serious mistakes in investment planning; a growing shortage of key raw materials (iron ore, steel, lumber, and non-metallic minerals); poor harvests; fuel shortages adversely affecting the production of electricity and resulting in frequent power outages, brownouts and other malfunctions in most branches of industry; rapidly developing bottlenecks in rail transportation; military priorities; frequent changes in rules governing incentives; and rigidities in the conduct of foreign trade limiting the use of imports to alleviate domestic shortages.

9. For the balance of the decade, at least four other factors will add to longer range economic problems: greatly reduced annual increments to the labor force as a consequence of demographic factors; the continued sizable priority claim of the military on materials, investment and transportation; accelerated pressure on enterprises to economize on all resource inputs simultaneously; and incentive schemes of Byzantine complexity. The imposition of discipline by Andropov may have had a favorable initial affect, but such tactics probably cannot circumvent the long range task of solving chronic productivity problems. Indeed, even if major systemic reforms were launched, they would be unlikely to boost industrial growth and productivity for many years.

10. Some Soviet leaders, of course, view the economy's unusually poor performance in the period 1979-82 as due to transitory problems and probably believe that these can eventually be overcome, even though likely not in this decade. Indeed, improved performance in 1983 presumably has strengthened those who argue there is no need for major reform -- just good weather, better management of the existing system, and patience.

11. By the same token, those like Andropov, who seem to realize the need for some fundamental changes -- even if limited to a more rational management system -- probably know that even if major economic reforms were launched, they could be disruptive in the short run and, at best, would be unlikely to boost industrial growth and productivity for years. This helps explain Andropov's caution and apparent willingness to work up to now from a long-range plan rather than make quick spectacular changes. His physical, and probably political, debilitation place not only this long-range strategy in doubt but force the Soviet leadership to make fundamental decisions about the next five-year plan not knowing exactly how and by whom the economy is likely to be run.

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12. This uncertainty apart, however, all in all the Soviet leaders probably feel themselves under less pressure right now in terms of economic performance than in several years. As they consider important investment decisions -- for example, among the military, other industry, agriculture and the consumer -- at least for this year there will be a larger pie to slice.

11. The International Scene: Foreign Policy

13. Soviet foreign policy finds its definition in terms of the United States. Just as the strategic bilateral relationship with the principal adversary dominates their thinking, their efforts in Europe, the Far East and the Third World also are viewed in the perspective of that relationship. The Russians consider themselves in a global zero sum game. Any American victory or advance is a defeat for the Soviet Union; any US defeat, a gain for the USSR -- and vice versa. Thus, the view from Moscow of the international scene begins and ends with the United States.

The US

14. The Soviets know first of all that the decline in the relationship with the United States from the halcyon days of detente did not begin with this Administration. They originally conceived of the "peace program" as a way to stabilize the strategic bilateral relationship in ways that preserved their advantages, opened a flow of Western technology and economic assistance to the USSR, countered the US opening to China, and simultaneously preserved Soviet freedom to pursue advantage in the Third World. As early as the mid-70s, however -- beginning with defeat of the US-USSR Trade Act in the US Senate in January 1975 and then the souring of US-USSR relations after the Soviet-Cuban intervention in Angola, the Soviets knew that their original hopes for detente would not be realized.

15. From the Soviet perspective, since at least the mid-1970's -- with only a few brief promising moments -- the relationship has deteriorated more or less steadily. That said, there is no doubt that Moscow sees this Administration as more dangerous than its predecessors -- both because its attitudes and rhetoric convey an implacable ideological hostility to the USSR previously absent but also, and perhaps most important, because it has been more successful than its predecessors in countering the USSR in at least three major areas:

- Defense. A massive US rearmament longed feared by the Soviets threatens to erode their strategic gain twenty years in the making.
- Third World. The US and its friends are causing the Soviets or their surrogates real trouble in Afghanistan, Angola, Central America, and the Caribbean. The kind of moves the Soviets made easily in 1975-79 are now more

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complicated and difficult. The momentum seems to have shifted away from the USSR.

16. INF. With the decline of US-USSR detente in the mid-1970's, the Soviets set their sights on "differentiated" detente which set the US aside and focused on Western Europe. European deployment of INF, therefore, represents a major Soviet defeat, calling into doubt a major remaining Soviet hope for detente -- undermining the European commitment to strengthening NATO militarily.

17. The Soviets see in this President a formidable adversary and they presently appear to expect (and doubtless greatly fear) that he will be reelected. This will mean not only a continuation of US defense and foreign policies challenging to Soviet interests but also will represent a reassertion of the stability of the American political system -- meaning that for the first time since 1960 policies can be sustained for more than a four year term. The danger posed by a politically strong, determined and hostile US Administration creates great uncertainty for the Soviets about what the future holds.

18. From the Soviet vantage point, the US is asserting its power and influence against the USSR in every region. Even though each area has its own unique place in Soviet eyes, over them all looms the American shadow, pervasively intruding wherever the USSR has set its sights.

-- Europe. As noted above, the deployment of INF represents a major political and strategic setback for the Soviet Union. Not only does it confront the USSR with a new military situation that affects the way they will have to fight a war in Europe, it represents a reaffirmation in the mid-1980's of the military viability of the NATO alliance -- the undermining of which was a principal objective of detente.

There is, of course, the hope in Moscow that full deployment can be prevented and that the US victory will be Pyrrhic, with deployment causing serious internal political divisions in Europe, problems between the US and its closest allies, and perhaps even a major long-term weakening of NATO. Nonetheless, the Soviet Union at the end of 1983 faces politically strong and ideologically committed foes in Prime Minister Thatcher, Chancellor Kohl and President Mitterand, all of whom are tough competitors who will not simply sit back and let the Soviet Union exploit their domestic political problems. Thus, the immediate outlook from the Soviet vantage point in Western Europe is one of a major defeat with the only consolation being some hope of future political benefits in Europe.

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At the same time, the economic relationship with Western Europe remains strong and, taking the long view, the Soviets may believe that in Western Europe, as in Eastern Europe, the economic tie may ultimately be more binding and consequential than any political tie.

In Eastern Europe, the situation from Moscow's vantage point is mixed. While the situation in Poland has stabilized, progress has been slow in reasserting the primacy of the Party and the basic economic condition remains poor. The Soviets probably see both opportunities and dangers in the unsettled conditions in Romania -- the opportunity to rid themselves at some point of Ceausescu and yet the danger of spontaneous, serious unrest in an East European state.

The Soviets do not admit to themselves that the failure of Communism to take hold in Eastern Europe is systemic. But they now appear to believe that political problems there grow out of the failure to eradicate thoroughly after the war remaining Western "bourgeois" elements and therefore are long term. By the same token, they still almost certainly believe that their problems in the region, particularly in Poland, have been magnified by Western (and especially US) subversive activity. There is ample evidence that while they recognize the failures of the Polish Party, they also believe that Solidarity was to a significant degree the creation of the US and the Pope and, moreover, that Poland's economic problems derived substantially from too great a dependence on Western banks and markets.

The Soviets almost certainly do not see Eastern Europe as being as weak a link in their empire as do we. The region has important economic strengths and makes a significant contribution to the Soviet Union in terms of manufactured goods and even agriculture. Nonetheless, the Soviets realize that there are changes underway in Eastern Europe, that they are potentially significant, and likely to be dangerous. This in turn contributes to Soviet long range uncertainty.

The Middle East. After 30 years of effort, the Soviets find their position in the Middle East confined almost exclusively to Syria. And this ally finds at his doorstep a large American military presence associated with the most powerful military force in the region. The Soviets know, and undoubtedly have communicated to Damascus, that a misstep will lead to a crushing defeat which the Soviet Union will do nothing to prevent. The Soviet Union is left as the spoiler but even then is subject to the whim of an unpredictable ally who may choose to strike a deal. While the Soviets take consolation from the lack of progress toward a

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settlement either in Lebanon or between the Arabs and Israelis more broadly, as for the past ten years the Soviets know that Washington holds the high cards in this game because only Washington can talk to both sides.

The Iranian revolution and expulsion of the US from Iran continue to represent a major strategic step forward for Soviet interests in Southwest Asia and the Middle East. Still, their own position there has deteriorated since the 1979 revolution, with military supply and trade links developed during the Shah's time disrupted, the Tudeh party persecuted and Soviet diplomats expelled. Meanwhile, that regime's war against Iraq has provided the Soviets the opportunity to reestablish a strong arms relationship with Iraq even though making little political headway.

Afghanistan for the Soviets is a very mixed picture. Over the long term the seizure of Afghanistan is the culmination of an historic objective; from a strategic standpoint, it is an important gain. In the shorter term, it is at minimum a continuing headache for the USSR as their forces seem to do worse and worse against the insurgents. Again, the Soviets see the fine hand of the United States behind the performance of the insurgents and know that the US is bleeding them in that country. While the political, human and financial costs are relatively low and tolerable, right now the Russians are losing. Because defeat is unthinkable, the leadership must do what is necessary to avert it.

-- Africa and Latin America. Here too the view from Moscow must be one of uncertainty and concern. What appeared for a half a dozen years after Vietnam to be a one-sided advance is turning into a costly and difficult competition. Putative Soviet allies in Angola, Mozambique, and Nicaragua find themselves engaged in bloody conflict against insurgents supported either by the US or its friends. Reports abound of Soviet clients in Ethiopia, Angola, Mozambique and elsewhere expressing unhappiness with their Soviet and Cuban patrons and interest in Western economic ties. The Soviet effort to cause trouble for the US in its own backyard in the Caribbean and Latin America has been set back through steadfast US support for the governments of El Salvador and Honduras and the US intervention in Grenada -- sending a strong message to all regional powers and erstwhile revolutionaries such as Bouterse that they must consider themselves at risk.

Potential opportunities exist in Soviet eyes in Central Africa (Zaire), southern Africa, Peru, Bolivia, Chad, the Philippines and perhaps eventually Mexico.

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20. As a result of 20 years of massive efforts -- and most Soviet experts would agree that estimates that 13 - 14 percent of Soviet GNP is spent on defense do not fully capture the scope or level of the overall burden of national security -- the Soviet Union has achieved what is essentially a standoff with its combined adversaries.

-- In strategic nuclear forces, the USSR on one side and the US, UK, France, and the PRC on the other have almost an identical number of deliverable nuclear weapons -- about 10,500.

-- In general purpose forces in Europe, the Warsaw Pact has some 2,745,000 troops and nearly 60,000 tanks opposed by 3,100,000 NATO soldiers with 25,000 tanks. The Chinese add another 3,200,000 to the forces opposing the Soviet Union. NATO and the Warsaw Pact have about the same number of combat and transport aircraft (a little over 9,000 each), although NATO has 6,000 helicopters to the Warsaw Pact's 2,650. The Soviets also must take into account nearly 5,600 Chinese combat aircraft.

-- On the Sino-Soviet border alone, the Soviets have 458,000 troops and over 13,000 tanks opposed by a 1,500,000 Chinese soldiers with 5,000 tanks. Each side has over 2,000 combat aircraft along the border.

-- In naval forces, NATO deploys 435 combatants to the Warsaw Pact 278, although the Soviets deploy 267 submarines to NATO's 204. The Soviets must also take into account 44 Chinese combatants and 110 Chinese submarines.

21. From the Soviet vantage point, however, there are even now disparities in forces that trouble them:

-- While Soviet forces have a sizable advantage in delivery vehicles and hard-target capability, there is parity in deliverable warheads with the US enjoying large advantages in weapons delivered by survivable intercontinental bombers and SSBNs.

-- The US has a particularly important edge in aircraft tankers that allows it not only to support its bomber forces but also to deploy tactical fighters and transports to distant areas.

-- The US is modernizing its SLBM force with the Ohio class SSBN and now has three of the leviathans.

-- US ground forces are receiving the M1 tank and M-2/3 infantry and cavalry fighting vehicle.

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- US and other NATO air forces are being modernized with a new generation of fighters.
- Chinese forces outnumber Soviet forces along the border. While they have less combat power, fewer and older tanks, less mobility and greatly inferior air forces, they do have greater strategic depth while important Soviet facilities and lines of communication are close to the border.
- The US and its allies outnumber the Soviet navy in all but a few categories.
- The US enjoys a 6:1 advantage in aircraft carriers with a 24:1 advantage in carrier aircraft.

22. More worrisome from the Soviet standpoint are future programs underway or in planning:

- The US has begun to flight test the Peacekeeper and plans to deploy one hundred of these hard target missiles beginning in 1986, which will help offset the current Soviet advantage in hard target capability.
- R&D is underway in the US on a small single RV missile that may well be deployed as a mobile ICBM and in larger numbers than Peacekeeper.
- The US continues to develop the B1 and is working on a Stealth bomber that stands to negate much of the air defense systems currently deployed at great expense in the USSR.
- The US is beginning deployments of INF with both the Pershing II and GLCMs, one having a short flight time and both with high accuracies that will pose a threat to Soviet strategic missiles and command and control centers in the Western USSR.
- A sixth French SSBN will become operational in 1985 and a new class of submarine with as many as 20 launchers is scheduled for 1994. Introduction of MIRV missiles in British and French forces will cause their total warheads to rise to about 1,000.
- NATO air defenses in Central Europe will soon be strengthened with the Patriot surface to air missile system, which in the Soviet view may have a capability to destroy SS-20 and SS-12/22 reentry vehicles.
- The US is developing a family of remotely delivered precision guided munition to attack airfields and armored forces, posing a grave threat to Soviet tanks, the backbone of their ground force.

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23. The Soviets, of course, have many modernization programs of their own underway. But evidence of the West's continued willingness to compete confronts the Soviet Union, with its much more limited economic resources, with the prospect of continuing, extremely expensive weapons developments and deployments which in their eyes, will for the most part only allow them to keep up with the US. This comes at a time when their ability to build and deploy new weapons is limited to some degree by a combination of factors including technological problems, steeply rising costs for more complex weapons, bottlenecks in raw materials, energy and transportation problems that disrupt production, and policy decisions. Military production is no longer insulated from the longer range fundamental economic problems described above. These problems increase as the technological sophistication of the weapons being produced increases.

24. Coupled with these problems is Moscow's recognition that its East European allies are falling further behind in the modernization of their forces with much of their equipment rapidly becoming much older and less sophisticated than that of Soviet forces. The ability of the East Europeans to pay for modernization of these forces is extremely limited.

25. Against this backdrop, announcement of a US program to develop a space-based ballistic missile defense must leave the Soviets gasping. There is no doubt, however, that whatever sacrifice is required, the Soviet Union will sustain the military programs it regards as necessary to match the efforts of all its adversaries -- and strive to obtain advantage wherever possible. But the prospect must be both daunting and discouraging.

#### Conclusion

26. Because this paper has described the view from the Moscow, the above description is a more pessimistic portrayal of the Soviet position than we would draw. They certainly do not consider themselves "on the run". Indeed, as suggested at the outset, some leaders undoubtedly are more optimistic, if not about the potential achievements of the USSR then about the likelihood that US policies will falter. They would point to the "zig-zags" in US policies over the past dozen years and, while acknowledging that the USSR appears to have hit a plateau after several years of consistent successes, express confidence that the US will flag again in the race thereby permitting the USSR to resume its advance.

27. At the same time, most Soviet leaders -- including the "optimistic" ones -- almost certainly see themselves currently under pressure and even under attack politically if not militarily in all important international arenas. And what is worse, this pressure comes at a time of uncertainty and drift with respect to their own leadership.

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28. What does all of this mean for future Soviet actions?

-- It is possible that the Soviet leaders may see their position as having peaked for the foreseeable future and therefore contemplate some action to seize advantages while they are still able to do so. Concomitant with this is the possibility that, considering themselves under growing pressure and challenged at every turn by the US, the Soviets might consider themselves backed into a corner and lash out dangerously.

-- Alternatively, and more likely, the Soviets may take the longer view and conclude that present adverse trends are simply part of a cycle, that ultimately history will see them prevail, and that it is only a matter of time until they can recapture the initiative as they did in the mid to late 70's. They are aware, for example, that economic trends in the Third World could precipitate major disorders, weaken US influence and create unforeseen opportunities for the USSR. They may have strong doubts that the US can sustain its defense program or its will to bring to fruition its political and military initiatives. Thus, they would be content to work their way through present problems, make the necessary sacrifices to stay in the game, get their licks in whenever and wherever they can, and count on new successes to come.

29. If this second appraisal of the view from Moscow is accurate, some of the practical implications are likely to be as follows:

-- Absent Andropov roaring back from his incapacitation with a series of dramatic moves to recapture the political initiative -- which seems unlikely -- little is likely to happen domestically in the coming months. There are no internal Soviet problems needing urgent resolution. The leadership has not made dramatic changes in economic policy in many years; in view of 1983's economic performance, there certainly is no need to do so over the next several months.

-- Nor are we likely to see abrupt departures in Soviet foreign policies in the coming months in light of the lack of a vigorous hand at the Soviet helm and their concern not to provoke any crisis that might enhance the President's re-election prospects. (In this connection, any overt US effort to re-open the US-USSR dialogue will be seen purely as pre-election maneuvering, although the Soviets almost certainly would participate in a private dialogue as a way to keep lines of communication open in a difficult period.) Moreover, at a time of leadership uncertainty, the Soviets are likely to have difficulty dealing with new challenges quickly or well. Soviet

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hugling of several foreign policy issues in recent weeks lends weight to this judgment and suggests that tactics to deal with new developments even on familiar problems are likely to be harder to develop and execute effectively. This would certainly have application for situations such as post-INF deployment moves and the Middle East.

- By the same token, the Soviets will not forego opportunities that emerge and offer advantage. They will try to exploit openings in the Third World (e.g., perhaps a qualitative change in military support to defend the Angola regime). They will do all they can to disrupt or block full INF deployment, including resumption of negotiations if they think it would help achieve that goal. They probably will try to hurt the President politically at home through active measures, including propaganda that paints him and his policies as increasing the danger of war.
- After the setbacks of the last several months, they likely will be willing to take greater risks than previously to prevent another defeat, or to inflict a defeat on the US, especially where they have local advantages. By the same token, Moscow will not confuse boldness (which we should expect) with dangerous "adventurism" (which would be uncharacteristic).
- Should the President be re-elected, the Soviets would almost certainly be receptive at that time to resumption of a serious dialogue for all of the longer range political, economic and military reasons described above.

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