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December 14, 1979

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TO: The Secretary

FROM: S/MS - Marshall D. Shulman

SUBJECT: Possible Conclusions of a Soviet Policy Review

Assuming that the primary purpose of Dobrynin's return to Moscow is to participate in a high level review covering foreign policy, defense and economic planning with emphasis on US-Soviet relations, I want to give you some thoughts on how such a review may come out. Our conclusion is that Dobrynin will return prepared for a further limited deterioration in US-Soviet relations.

What follows is our best effort to delineate the picture from Moscow's standpoint.

General Outlook

The "holding pattern" Moscow had expected to follow Vienna pending SALT ratification has been eroded by a series of bilateral controversies for which the Soviet leadership does not consider itself primarily responsible. The sheer number of these controversies has had a multiplier effect, each magnifying the significance of the other, and causing both sides to react with greater stridency and rigidity than might otherwise be the case. Heightened tension has affected each side's media treatment of the other. The Soviets probably see themselves as victims of officially-inspired US press accusations -- just as we see ourselves as the injured party in an escalating public dialogue.

Faced with these trends, the Soviets are concerned that US-Soviet relations are moving inexorably toward a continuing downslide, in which the whole range of our cooperative activities, including arms control, would come into question. We believe the Soviets would see such a development as contrary to their interests, and that they would hope to avoid it. Developments since Vienna have given them cause

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to doubt this will be possible, however, and there is a good chance that the review now under way is designed to develop concrete policy options for dealing with a bilateral relationship they may conclude will continue to deteriorate. This would be reflected in their approach to the following specific issues.

SALT

We believe the Soviets still want SALT. But despite our reassurances they must increasingly doubt that the Treaty will be ratified, unless the President's increased standing reverses the erosion of SALT support. Also, much of the Treaty's attraction for them has been dissipated by growing demands -- some of them sparked by the ratification debate itself -- for increased US defense efforts. The President's speech Wednesday will be seen as evidence that the administration is unable or unwilling to resist such demands. In any case, they must see little to be gained, as of now, by making policy sacrifices in order to improve the Treaty's chances.

US Elections

Reports a few weeks ago indicated the Soviets had concluded they would be dealing with a new President after January 1981. The rise in President Carter's public standing as a result of the Iran crisis will force them to reassess this conclusion. While they will consider this a temporary phenomenon they should conclude that it would be very risky to burn their bridges with the Carter administration now.

TNF

The Soviets will conclude they have little choice but to take up NATO's offer to negotiate on TNF. To do otherwise would guarantee full NATO deployments, forcing them to take costly countermeasures and cede the propaganda high ground they have sought so hard to hold on this issue. More important, an intransigent position would undermine the alternative of "Eurodetente" -- turning their back on the US and embracing Europe. It is possible the Soviets will begin to foreshadow additional military programs, as their "bargaining chip" for future negotiations.

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China

The Soviets view the growing strains in our relationship as accelerating US-Chinese rapprochement. While the military threshold has yet to be crossed, they see developments such as the Brown visit as steps toward that end. To counter this trend, they may be tempted to emphasize a "China card" of their own by adopting a more forthcoming approach in the next round of Sino-Soviet talks. But the Soviet response could also take a more militant form.

Iran

The growing Western European and Soviet energy crunch, coupled with natural concerns for a stable and non-hostile neighbor on its southern borders, have caused the Soviets to pursue a policy of calculated ambiguity on the hostage issue. Soviet policy during the crisis has been predicated on the realization that US reactions to an overtly unhelpful Soviet role would have disastrous implications for US-Soviet relations -- particularly should harm come to the hostages. This has been counter-balanced by the fear that unambiguous Soviet support for our position would undermine Moscow's position with Khomeini. When the hostage situation is resolved -- one way or the other -- the Soviets may feel they can afford to take on the role of Khomeini's superpower supporter without fear of a lasting harsh US reaction. Intensive Soviet media coverage of US military preparations since the crisis could reflect genuine concern over how they would respond to US intervention in Iran, or it may be designed to camouflage the Soviet movement into Afghanistan.

Afghanistan

The Soviets appear to have concluded that the advantages of more direct intervention in Afghanistan now outweigh the inevitable price the Soviets will pay in terms of regional and US reactions. The confusion in Tehran and the prospect of US military action there have been factors in arriving at this conclusion.

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South East Asia

The Soviets see their interests in the region as best served by preserving their predominant influence in Hanoi. This has inevitably locked them into a policy of backing SRV adventurism throughout Indochina. They believe the price they are paying in terms of international and US criticism over their unwillingness to take a more positive humanitarian and security role in the region is outweighed by the real and potential political and military advantages they enjoy as a result of their patron relationship with the SRV.

Bilateral Issues

The bombing of the Soviet UN Mission, US visa denials and Soviet retaliation, public US concern over technology transfer and diversion of sensitive technology, continued lack of progress on MFN, deadlocked negotiations on the renewal of the exchanges agreement, and similar irritants should lead the Soviets to conclude that they would pay little in bilateral terms for a heating-up of the relationship.

Conclusion

If the policy review in Moscow were to follow lines such as these, the Soviet leadership could conclude that hobbling their own policies out of concern for US reaction is too high a price to pay for an elusive improvement in relations. In these circumstances, there is little to be gained from invoking potential damage to US-Soviet relations as a means of affecting Soviet behavior. Thus, there is probably rougher sledding ahead in US-Soviet relations unless conscious steps are taken to remedy the situation.

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