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THE SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

VIA ALPHA CHANNEL

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Date: MAR 11 2016

April 30, 1979

THE ASSISTANT TO THE PRESIDENT FOR NATIONAL
SECURITY AFFAIRS (~~EYES ONLY~~)

CNA-78(U)

A. ~~TS~~ The Comprehensive Net Assessment, 1978, is a much needed review of the elements of our competition with the Soviet Union. However, I believe that in many ways it paints too optimistic a picture of our current position. In particular, your assessment of world attitudes, although correct as of today, does not consider adequately the relation among the dislike, the respect, and the fear with which the USSR is regarded. Is it better to be feared or loved (or rather, not disliked)? "The Prince" gave one answer. Another comparison that is inadequately addressed, I think, is the respective vulnerability of the US and the USSR to economic and political forces over which we may have little control. In a number of areas we, perhaps more than the Soviet Union, face serious risks that could significantly alter the current balance. I would like to note some of these for your consideration. Further, in keeping with the format of your assessment, I would like to comment on the military balance, where I would again take some exception to the picture you present; in some cases it seems too optimistic, in others perhaps too pessimistic.

~~TS~~ The most important changes in the non-military aspects, of our world position vis-a-vis the USSR, have been (not necessarily in order of importance):

1. The President's stress on human rights, which has been instrumental in improving our image throughout the world.
2. Our increasing energy vulnerability, coupled with the recent upheavals in Iran and Soviet penetration of Afghanistan and the Red Sea area.
3. The achievement of an Egyptian-Israeli peace treaty, reaffirming the US role as the only major power who can talk effectively to most if not all of the significant Middle East players.
4. The widening PRC door to the West, including the Sino-Japanese treaty, and a major (though tactical and perhaps temporary) PRC attempt to play "the American card."

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5. Continuing US-Soviet competition in Africa, with the Soviets setting the pace, increasing their influence and also African apprehensions about them.
6. Continued and perhaps increasing strains in the Warsaw Pact alliance.
7. FRG reexamination of its policies toward Eastern Europe and the USSR, prompted both by internal politics and perhaps a perceived change in the balance of external factors.
8. Continued turmoil in Southeast Asia and increased Soviet influence there.
9. Aborted US efforts to establish normal relations with Cuba, and the increasing violent opposition to repressive regimes in Central and South America.
10. The growth of Euro-communism and terrorism, with increased general political instability from Portugal to Turkey.

B. ~~(S)~~ Although the President's personal involvement and moral leadership have given the US again an image of decency and fairness in world affairs, we cannot count on friendships alone to preserve US interests. In areas where changes have occurred, even to our benefit, there remain serious risks. My review of the above list suggests to me we live in a less benign world than we did two years ago, and that we face increased chances for major political and economic setbacks. The question is how nations now friendly to us will behave if faced with internal upheaval or external threats backed by Soviet power. As but one example, we have more friends in Africa today than two years ago, but the Soviets and their Cuban allies are more of a military force in that area because of their successful operations in Ethiopia and their demonstrated willingness to intervene militarily in their interest. Thus, I do not believe that any estimate of the numbers of our friends in the world, as provided in your assessment, is a reliable measure of our influence -- especially as in that table Botswana, Belgium and Brazil are counted equally.

1. ~~(S)~~ Of central concern is our continuing vulnerability to interruption (political or military) of oil from the Persian Gulf. In spite of the Administration's intensive efforts to produce a coherent energy program with Congress, we cannot foresee independence from Gulf oil for more than a decade -- perhaps much longer than that. Our Allies will remain dependent through the turn of the century. Should that oil

flow be cut off, the western alliance would have few alternatives but to try to reopen the Gulf by military force or to accommodate politically in whatever way was demanded to restore the flow. The prospects of successful use of military force to this end are at best uncertain. Continued loss of Gulf oil would not only destroy western economies, it would threaten fragmentation of the alliance itself. I believe that this situation poses a most grave risk to us, one which has increased dramatically in the past two years, and with no counterpart that the Soviets face.

~~TOP SECRET~~ There is the additional economic threat posed by even the current oil situation. Our and our allies' economies are vulnerable to major oil price increases -- say of a factor of two or more in real dollars. In the long run such a price rise would create alternative energy sources; in the short run it would be disastrous. We now pay \$45 billion to foreign nations to import oil -- roughly one third our Defense budget. That number will surely increase this year with adverse effects on our balance of payments and further stimulation of inflation. So long as these trends continue, our own economic health lies in the hands of others. The Soviet Union's energy problems are not of this magnitude, nor so susceptible of manipulation by others.

2. ~~TOP SECRET~~ Oil is not our only strategic import. We must likewise import cobalt, chrome, and a variety of other materials which may be subject to cut-off or arbitrarily increased prices. We will be increasingly dependent on world trade in the coming years. Again, though the Soviet empire is not at times self-sufficient in agricultural commodities, it remains so in raw materials. And it can accommodate, albeit painfully, to agricultural deficit by shifting its ratio of consumption of meat to cereal.

3. ~~TOP SECRET~~ I am convinced that, as your assessment notes, we will continue to maintain and expand our world trade and political leadership in international affairs. The appeal of western concern for the individual citizen and his economic welfare remains in stark contrast to Soviet oppression. Yet it is this very contrast that, in my view, continues to pose problems for the Soviets -- problems they may choose to solve internationally by subversion or force, their own or surrogates'. Thus, it is in part because of our political and economic appeal, and their lack of it, that we may face increased risk of the use of military force from the Soviets.

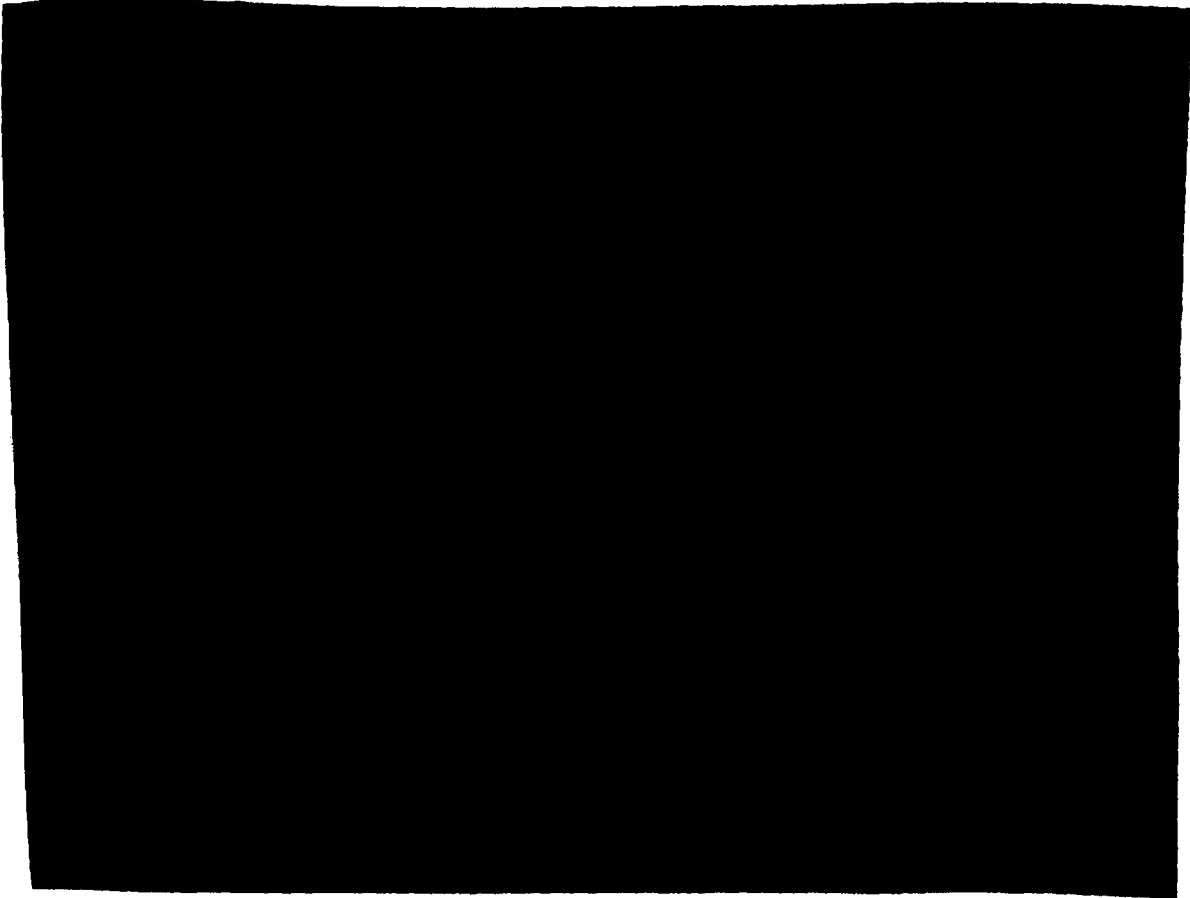
4. ~~TOP SECRET~~ In a different way, our international economic competition with the USSR is affected strongly by the Soviet concentration on military research and development. The opportunity cost of this concentration is a deprived non-defense industry which cannot compete in the worldwide commercial market. Soviet technology might instead be used to improve production of commercial aircraft, autos, trucks and oil, and to develop

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a petro-chemical industry -- but it is not. We and our Allies, in contrast, exploit our technology in non-defense industries to develop and sustain a clear competitive advantage vis-a-vis the Soviets in world markets. In the past two years, we have maintained this advantage, with concomitant international, economic and political benefits. For example, China's interest in normalized relations with us has been driven in part by US technical superiority. This coupling of our commercial leadership with a free, political tradition is, in my view, our strongest international asset. Thus, I would be loath to trade to the Soviets our technical lead in any area for short-term or unsure political accommodations. In this regard I differ with some of the suggestions in your assessment.

C. ~~(S)~~ On the general military balance, I believe your assessment may be in some places too stark (on strategic forces) and in others too optimistic (general purpose forces).



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~~1~~ I do not wish to imply I am content with our strategic position. Indeed, the trends are quite bad over the next five years. Deficiencies in our C³ survivability and endurance are particularly troubling. And we cannot be other than greatly concerned about Soviet advantages in many measures of strategic force capability -- and in TNF and conventional forces as well -- in the early-to-mid 1980's. A confident, aggressive Soviet leadership is likely to have a relaxed attitude toward precipitating crises, and in them. The potential for miscalculation and catastrophe will be substantial. I therefore think we need to increase our strategic force programs above what is now approved. Without that, I foresee grave difficulties. But I do not feel that the nation is now in peril because of the strategic balance or that we are now so perceived by our friends and Allies.

2. ~~2~~ Conversely, I am concerned about your estimate that we have begun to achieve a better balance in NATO. I certainly agree that the LTDP is a great step forward, but it is as yet only promise. The actions of both Congress and inflation on our FY 1980 budget are yet to be seen. We have not yet achieved any major changes in our actual capabilities in Europe. The Pact strength grows on the basis of its previously established momentum. Soviet theater nuclear forces are being modernized to the alarm of our Allies. In addition to strengthening our forces and our lift, we must improve our C³, electronic warfare, and intelligence. All of this will take time and money, which we have decided to provide but whose results do not yet show. The US will need to exercise vigorous leadership in NATO on the LTDP, and especially on theater nuclear forces.

~~3~~ Currently, the Soviet Union fields forces that would cost us 40 percent more than we are now spending annually, and is increasing its expenditures by not less than three percent per year. In total, NATO and the Warsaw Pact today spend about the same amounts on defense. Unless we can match Pact expansion in the long term, we will slide behind rapidly in military capabilities across the board. In five years, certainly before ten years time, the military balance will in that case have shifted adversely. But well before it does, it will cast before it a political shadow. In any era of strategic nuclear parity (which is the most favorable situation we are likely to have at any time in the 1980's), Soviet conventional capabilities will be more able to threaten our global (what used to be called "strategic") interests.

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~~3.~~ Because of their larger military forces, and because many of the areas for potential military action are near Soviet borders, the Soviets hold some advantage over us in mounting limited intervention operations. Key areas of concern include the Mid-East, Persian Gulf, and Korea. We are pressing development of quick reaction plans and capabilities, but remain limited by our strategic lift.

3. ~~3.~~ I must stress that planned funding will not by itself allow us to maintain the precarious military balance that now exists, if the Soviets continue their trends of the past fifteen years. Our FY 1980 obligational authority, the best measure of our long term funding, increased only 1.7 percent in real dollars over 1979 based on 6.5 percent inflation. Our actual FY 1980 obligational authority may show little or no real increases over FY 1979. Furthermore, if current inflation rates persist, the preliminary budget targets for FY 1981 would allow for no real growth. It is unlikely that we will be able to sustain even current force levels should this no-growth policy continue. At the same time, opportunities exist (and will have to be exploited in any event) for greater Allied contributions to military efforts, better cooperation with them to produce greater effectiveness, and several areas of opportunity for exploitation of technological breakthroughs. If we can exploit these various potential advantages while avoiding political dissolution in our alliances and the perhaps even greater risk of an attitude, associated with some in the new generation, that sees little to choose between democratic and dictatorial values, we may be able to avoid a military-political crisis that would require a return to a defense share of GNP corresponding to that of the 1950's and 1960's (or even the early 1940's). It is less likely that we will be able to hold to the present share. I will present a more detailed analysis of some of these issues in the forthcoming PRC meeting on Defense Consolidated Guidance.

4. ~~4.~~ In the past two years, the Soviets have continued to stress technology to improve significantly their military capabilities. Military R&D in the Soviet Union is of high priority; the current level of effort as measured in dollars approaches twice that of the US. They are moving forward with an intensive and comprehensive program of development -- and deployment -- of systems: strategic and tactical; ground, air and naval; nuclear and non-nuclear weapons. We are just now seeing the results of this emphasis in systems being deployed or in advanced testing:

- a. Their new ICBM guidance systems (SS-18 and SS-19) will have approximately the accuracy of Minuteman III.
- b. Their new SLBM (SS-N-18) has a MIRV system [REDACTED] comparable to TRIDENT I.

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mounts, so apparently does their willingness to use military forces to intervene on a global scale. Thus, I feel we are entering an era where direct military confrontations between the US and the Soviet Union will become more rather than less likely. Should that be true, it is my firm belief that we must be prepared to meet the Soviets wherever we must rapidly and with whatever military capabilities are necessary. The first task of US forces must be to deter military action; they can only do so when it is clear that they are capable of success in any ensuing conflict. Today our military forces are marginal for such deterrence. Tomorrow they may be inadequate. ←

~~NS~~ In light of these problems, I believe a major review of US policies and forces and budgets should be undertaken by the National Security Council, based on a further assessment of the risks we now face, and the details we will present to the PRC on our programs. I concur that PD-18 remains a valid framework for national strategy, but I believe the problems we now face demand more than the "certain changes in emphasis" that your assessment recommends.

Harold Brown

cc: Secretary of State (~~EYES ONLY~~)

zbig - I believe there should be an NSC meeting on this subject.

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5 U.S.C. § 552

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