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CENTRAL INTELLIGENCE AGENCY

21 January 1960

MEMORANDUM FOR THE DIRECTOR

SUBJECT: Some Implications of Khrushchev's Speech to the Supreme Soviet

1. For the first time, a Soviet leader has publicly announced the personnel strength of the Soviet armed forces. Khrushchev's figure is 3,623,000; our most recent estimate in NIE 11-4-59 was 4,265,000 (security forces are excluded from our figure and almost certainly from Khrushchev's as well). We believe that Khrushchev's figure should be accepted as substantially correct. Moreover, assuming no domestic or international crises of serious proportions, we believe that Khrushchev will probably carry out the plans he proposes for further reductions in strength and alterations in the structure of Soviet armed forces. Reduction in forces seems to make good military sense; the massive size of Soviet forces in being has appeared unnecessarily large. And the plans certainly make economic sense, in that a considerable proportion of the sources released and a great deal of badly needed manpower will become available to assist in the fulfillment or overfulfillment of the Soviet Seven-Year Plan.

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Military Policy and Strategy

2. The Khrushchev speech is the clearest statement to date of Soviet acceptance of the proposition that both sides in the world struggle are deterred from resort to general war, and that the contest must therefore be conducted in a manner which avoids serious risk of a nuclear holocaust. In Khrushchev's image of future war, even with surprise missile attack neither great power could prevent devastating retaliation by the other side. He refers to Soviet development of an intercontinental missile structure in this deterrent and retaliatory context. He promises that the USSR will have an assured second strike capability with missiles duplicated, triplicated, dispersed and concealed. And in this connection he recognizes, more clearly than in any other authoritative Soviet pronouncement, that future war would "little resemble previous wars" and would be characterized from the very start by massive nuclear strikes into the homelands of both sides.

3. Khrushchev (and still more markedly Malinovsky on the next day), stress that while nuclear-armed missile forces, are becoming there remains a need for balanced and varied capabilities, even in general war. While the precise nature of this balance in the new, projected force structure is not revealed, Khrushchev does declare

that the ground forces are being reduced in size, that in the future the surface naval force "will no longer play its former role," and that "almost the whole of the air forces is being replaced by missiles." Thus the weapons systems which can be replaced by rockets -- bombers, fighters, surface warships, and some artillery -- are increasingly to be superseded by missiles. Other combat components will be reduced, but their effectiveness will be enhanced by modernization of equipment and increased firepower. Moreover, the mobilization potential will still remain very high, as Khrushchev pointed out in his speech.

4. We do not believe that Soviet capabilities for limited military action in peripheral areas will be impaired. For such purposes, the reduction in numbers will be offset by the continuing emphasis on firepower and mobility -- among other things, by the improvement in Soviet airlift capabilities.

Economic Implications

5. Khrushchev derided the notion that the USSR was compelled by economic consideration to reduce its armed forces. He asserted that the Seven-Year Plan could have been fulfilled without troop reductions, and that the USSR was proceeding from economic strength,

not from budgetary weakness. In our judgment, the USSR would probably have fulfilled the industrial goals of the Seven-Year Plan even without these cutbacks. Nevertheless, the force reductions will have marked and favorable economic implications for the USSR, and it is clear that Khrushchev views these as important.

6. Transfer of 1.2 million men from the military establishment to the civilian labor force, together with other measures presently underway, would virtually solve the manpower shortage which was estimated in NIE 11-4-59 to be one of the main problems in fulfilling the Seven-Year Plan. Moreover, rough calculation indicates that if (as Khrushchev says) the Soviets have 600,000 fewer men under arms than we estimated, the cost of their military establishment may be of the order of 20 billion rubles less than our estimate. ^{For the future} /if Khrushchev's plans are carried out, total military costs will still probably increase slightly, since the savings occasioned by reductions in personnel strength will be more than offset by rising costs of new weapons systems. The greater availability of resources, particularly labor, for Plan fulfillment makes virtually certain that the basic industrial goals of the Plan will not only be met but to some extent overfulfilled.

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7. The shifts in military policy proposed by Khrushchev have aroused considerable discussion, and probably some disagreement, in the upper ranks of the Soviet hierarchy. A number of private statements by Khrushchev have indicated that his ideas on the reduction and reorganization of the armed forces have met with opposition from military leaders. Much of Khrushchev's speech was devoted to reassuring his Soviet audience that the security of the USSR will not be impaired. The unusual attention which Khrushchev paid in his speech to the attitude of military personnel, and the promises he made for their future employment when demobilized, suggest that he was particularly eager to quiet apprehensions among them. But Khrushchev's plans almost certainly will not arouse opposition on a scale likely to prevent him from carrying them out.

Foreign Policy

8. Khrushchev's speech was exuberant with confidence in the strength and destiny of the USSR. "Never before," he declared, "has the influence of the Soviet Union in international affairs, its prestige as a stronghold of peace, been so great as today." Once again he proclaimed that a fundamental shift has taken place in the balance of power between the "socialist" and "capitalist"

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states, and that realization of this was increasingly spreading in the Western countries. The speech appeared in many ways to be especially designed to indicate Soviet strength vis-a-vis the US on the eve of the summit conference. We do not consider, however, that the speech was provocative or especially bellicose, despite many references to Soviet military strength and a reiteration of an assertive position on Berlin and Germany. On the whole, we believe that the speech offers nothing requiring a change in our general estimate of Soviet foreign policy as contained in Chapter VI of NIE 11-4-59.

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