The Soviet challenge to US security interests is rooted in Moscow’s conception of its relationship with the United States as fundamentally adversary. This concept, based on ideological antagonism and geopolitical rivalry, governs Soviet behavior and also shapes Soviet perceptions of US policies toward Moscow. Its most dramatic manifestation is growing Soviet military power and capabilities which form the cutting edge of Moscow’s persistent efforts to extend its global presence and influence at the expense of the United States and the West.

Although Soviet leaders regard military power as the USSR’s principal currency as an international actor, they also view the East-West relationship as a more encompassing struggle involving political, economic, social, and ideological factors—a totality which the Soviets characterize as “the correlation of forces.” Soviet leaders profess confidence that this correlation is “changing in favor of socialism” and Soviet policy, in turn, has sought to further this transition through the exploitation of a variety of means including military and economic aid, the use of proxies, covert activities, and the political alignment of the USSR with regimes or revolutionary movements opposed to US policies.

The Soviets believe that they enjoy some strategic advantages over the United States and view their current overall position as supporting the conduct of an assertive foreign policy and the expansion of Soviet influence abroad. However, they do not believe that they currently enjoy decisive strategic advantages over the United States and do not wish a major confrontation. They have an abiding respect for US military capabilities and are confronted themselves with the dilemmas of declining economic performance and the increasing burden of defense spending for the economy as a whole. They are unlikely to initiate military hostilities in an area of crucial importance to the United States like the Persian Gulf. However, they will seize opportunities offered by instability in the Third World to enhance their geopolitical influence and also to divert US attention from areas of direct US-Soviet interaction, even in situations where the USSR has little prospect of making significant gains for itself. Moreover, they may increasingly expect that the burden of avoiding potential confrontation, particularly in areas contiguous to the USSR, should shift to the United States. The Soviets’ perception of their own opportunities is reinforced by a sense of US frustrations and geopolitical vulnerabilities, partic-
ularly in the Third World, where US regional equities appear to Moscow to be increasingly threatened by political radicalism and economic nationalism.

The advent of a new US administration, openly critical of the premises of detente and avowedly intent on increasing US military might, has not changed this basic perception but has raised Soviet concerns about a reinvigorated US effort to counteract Soviet expansionism and exploit underlying Soviet economic and geopolitical vulnerabilities. However, the Soviets view Washington's ability to heighten the economic and military costs of the East-West competition to Moscow as subject to competing US domestic economic priorities and to reluctance on the part of US allies to incur the costs of increased defense expenditures, deferred economic opportunities, or increased tensions with Moscow. West European unease over a perceived lack of US commitment to arms control and US 'allies' resistance toward US-restrictive policies on East-West economic relations are viewed by the Soviets as presenting opportunities to provoke divisions between the United States and its principal allies.

In their current efforts to exploit these perceived divisions, the Soviets have been especially active in the clandestine realm. They have been engaged in a range of "active measures," including the dissemination of forged documents intended to embarrass the United States and the covert financing of activities by some elements of the "peace movement" in Western Europe—particularly those groups either closely associated with indigenous Communist parties or anti-American in orientation.

The balance of strategic intercontinental nuclear forces is a critical index for Moscow's assessment of relative military power between the United States and the USSR. The Soviets believe that in the present US-Soviet strategic relationship each side possesses sufficient capabilities to devastate the other after absorbing an attack. Soviet leaders state that nuclear war with the United States would be a catastrophe that must be avoided if possible and that they do not regard such a conflict as inevitable. Nevertheless, they regard nuclear war as a continuing possibility and have not accepted mutual vulnerability as a desirable or permanent basis for the US-Soviet strategic relationship. Although willing to negotiate restraints on force improvements and deployments when it serves their interests, they prefer possession of superior capabilities to fight and win a nuclear war with the United States, and have been working to improve their chances of prevailing should such a conflict occur. A tenet in their strategic thinking appears to be that the
better prepared the USSR is to fight in various contingencies, the more likely it is that potential enemies will be deterred from initiating attacks on the Soviet Union and its allies, and will be hesitant to counter Soviet political and military actions.

The sustained expansion and modernization of Soviet general purpose forces—both conventional and theater nuclear—highlight the broader aspects of Moscow’s military challenge to the United States and its allies. The persistent Soviet effort to upgrade these forces demonstrates Moscow’s intention of dominating the regional military balances in Central Europe and along the Sino-Soviet frontier. Moreover, Moscow’s military salient in Afghanistan and the Soviet military presence in Ethiopia and South Yemen underscore the vulnerability of pro-Western Arab regimes to potential Soviet military action and the implicit threat to Western oil supplies.

In many respects, the Third World is seen by Moscow as the Achilles heel of the West, where the radicalization of postcolonial elites and the anti-US orientation of many “nonaligned” states have created tempting opportunities for the USSR to insinuate itself through offers of military and technical assistance. The USSR has developed only limited forces for operations beyond the Eurasian periphery, but modest improvements in Soviet airlift and amphibious capabilities enhance Soviet options for dealing with Third World contingencies in the future. In addition, the Soviets have been willing on occasion to use naval deployments to signify their political support for clients and friendly regimes, or to demonstrate Soviet interest in a regional conflict. The Soviets also hope to capitalize on opportunities to gain access to facilities for naval aircraft and ships.

Moscow’s presence in the Third World is furthered by means of arms sales and military advisers. Arms sales do not necessarily translate directly into political leverage but they are a keystone of Soviet entree into the Third World and an important source of hard currency income to Moscow. The apparatus for administering arms sales and military training programs is highly centralized and, by drawing on existing large stockpiles, the Soviets possess an impressive capability to respond rapidly to the needs of clients or friendly regimes.

Another significant trend in Soviet Third World involvement is the continuing use of Cuban and East European proxies and other intermediaries together with covert Soviet involvement in supporting insurgent groups and the military adventures of client or dependent regimes. For the Soviets, the proxy relationship minimizes the level of direct Soviet involvement while achieving Soviet aims and projecting the ideological-
image of "socialist solidarity" with the recipient regimes. Covert Soviet military support for clients allows Moscow the defense of "plausible denial" of Soviet involvement, as in Moscow's support for Cuban activities in Central America. Along with these efforts the Soviets also are involved with allied or friendly governments or entities—notably Libya, certain Palestinian groups, South Yemen, Syria, and Cuba—which in turn directly or indirectly aid the subversive or terrorist activities of a broad spectrum of violent revolutionaries.

Increasing foreign debt obligations and hard currency shortages could affect the level of Moscow's commitment to client regimes in the Third World. Even under present conditions, the hard currency crunch probably will make the Soviets reluctant to provide other clients with economic aid as extensive as that provided to Cuba or Vietnam. Soviet military assistance, however, probably will not be seriously affected and arms sales are unlikely to be affected. The net result is that Moscow will be more dependent on military aid as an entree of influence in the Third World.

The Soviets, nevertheless, recognize that even in areas where they have substantial political or military investments, they remain vulnerable to US and Western economic and diplomatic leverage, and that their ability to project military power into the Third World—with the important exception of the immediate periphery of the USSR—remains inferior to that of the United States. They have suffered dramatic failures in the past—as in their expulsion from Egypt in 1972—and they view current US initiatives, such as the attempt to broker political settlements in southern Africa and the Middle East, as threatening to erode Soviet influence. Regional hostilities, moreover, often present the Soviets with difficult policy choices.

Over the next three to five years, Soviet policies will be motivated—by a desire to build upon the Soviet Union's status as a global superpower. Soviet policies, however, will also be determined by leadership anxieties about an uncertain—and potentially more hostile—international environment, the consequences of an ongoing political succession, and declining economic growth. The Soviets view as a serious problem the prospect of a mutual arms buildup with the United States which threatens to tax Soviet economic resources during a period of domestic political uncertainty. On the other hand, the heightened military challenge that the United States poses to the USSR, specifically in terms of strategic nuclear programs planned for the latter half of the 1980s, is an ominous development from the Soviet perspective. But, in
Moscow's assessment, US plans could be curtailed as a result of domestic political and international factors affecting US policymakers.

It is doubtful, however, that Soviet leaders perceive a "window of opportunity" stemming from an overweening confidence in present Soviet nuclear forces relative to future prospects. From the perspective of the Soviet leadership, there will remain important deterrents to major military actions that directly threaten vital US national interests. These include the dangers of a direct conflict with the United States that could escalate to global proportions, doubts about the reliability of some of their East European allies, and an awareness of the greater Western capacity to support an expanded defense effort. These concerns do not preclude action abroad, but they act as constraints on military actions in which the risk of a direct US-Soviet confrontation is clear.

Strategic nuclear arms negotiations are likely to remain a central Soviet priority even in a post-Brezhnev regime. Moscow will continue to see the strategic nuclear arms control process as a means of restraining US military programs, moderating US political attitudes, and reducing the possibility of a US technological breakthrough that might jeopardize Moscow's strategic nuclear status. But any US decision to go beyond the putative SALT restrictions would induce a similar move by the Soviets. Some Soviet options, however, are reversible—such as an eventual failure to dismantle older missile submarines and land-based missiles as new ones are deployed. The Soviets might therefore undertake such measures either as a means to pressure the United States to refrain from certain weapons deployments or to induce Washington to resume the strategic arms dialogue within the general framework of previous strategic arms agreements.

Despite declining economic growth, we have seen no evidence of a reduction in Soviet defense spending. Indeed, on the basis of observed military activity—the number of weapon systems in production, weapon development programs, and trends in capital expansion in the defense industries—we expect that Soviet defense spending will continue to grow at about its historical rate of 4 percent a year at least through 1985. Such continued growth in defense spending could well lead to declines in living standards. Per capita consumption probably would continue to grow marginally for the next few years, but by mid-decade would almost certainly be in decline.

Although absolute cuts in defense spending are highly unlikely, declining economic growth will further intensify competition for resources, compelling Soviet leaders to weigh the effect of constant—
increases in defense spending on the overall development of the economy.

The Soviets believe that, without strong West European support, the United States would have little leverage to affect future Soviet economic choices. Although the Soviets would prefer to expand trade with the United States, particularly to achieve access to US credits and technology, they assess US attitudes toward such expansion as embodying unacceptable political linkages. Past experience undoubtedly has contributed to this assessment, and expanded trade with Western Europe is probably seen by Moscow as an acceptable substitute. The Soviets are likely to look increasingly to Western Europe and Japan as sources of trade and technology, dependent upon the willingness of Western bankers and governments to extend long-term credits to Moscow. In addition, the Soviets view security and trade divergences between the United States and other NATO members as major opportunities to undermine NATO’s cohesion as a military alliance and to negate the possibility that the United States might involve its NATO allies in support of a more extended Western defense role beyond Europe.

The specific foreign policy options of a successor leadership will be conditioned not only by the level of East-West tensions but by the prevailing consensus within the new leadership. Fairly radical policy adjustments cannot be excluded as new leaders review existing policies. A new leadership, for instance, may attempt “breakthrough” policies toward Western Europe or China, designed primarily to undercut the US geopolitical posture. Moscow’s principal assets in these instances would be the unique ability to offer greater intercourse between East and West Germany in Europe and, with China, to offer significant concessions on contentious military and border issues.

On the negative side, Moscow is probably concerned about the potential for renewed social and political turbulence in Eastern Europe. The economic conditions that engendered the political crisis in Poland in 1980 are present to varying but significant degrees in the other Warsaw Pact states. Increasing foreign debt obligations, diminishing hard currency reserves, and deteriorating economic performance throughout Eastern Europe will worsen these conditions. Soviet policymakers as a consequence will be confronted with the dilemma of weighing the increasing burden of economic subsidization of the East European economies against a political reluctance to accept greater economic reform. The result could be a recurring pattern of Soviet repression and intervention.
The Soviets are probably also pessimistic about the prospects for a significant moderation of US-Soviet tensions over the next several years, particularly in light of planned US weapons programs and the likelihood of a prolonged redefinition of the terms of the strategic arms dialogue. But, even in the event of an improved climate of US-Soviet relations, the fundamentally antagonistic nature of US-Soviet interaction will persist because of conflicting political and international goals. Limited accommodations in the areas of arms control or other bilateral issues are possible, but a more encompassing accord on bilateral relations or geopolitical behavior is precluded by fundamentally divergent attitudes toward what constitutes desirable political or social change in the international order. Moreover, factors that go beyond tangible or measurable indexes—such as ideological conviction and a lingering sense of insecurity and of hostile encirclement—as well as a contrasting confidence and sense of achievement in the USSR's emergence as global superpower, collectively will tend to reinforce Moscow's commitment to sustain the global dimensions of Soviet policy.

Despite uncertainties, the Soviets probably anticipate that they will be able to take advantage of trends in international politics, particularly in the Third World, to create opportunities for the enhancement of Moscow's geopolitical stature. The persistence of regional rivalries, economic disorder, and the political undercurrents of anti-Americanism are viewed by Moscow as developments that will pose continuing dilemmas for US policy and, conversely, relatively low-risk opportunities for Soviet exploitation of regional instabilities. Active Soviet efforts to exploit such instabilities are particularly likely in those areas—such as southern Africa, the Middle East, and Central America—where US policy is closely identified with regionally isolated or politically unpopular regimes. A basic Soviet objective, consequently, will be to frustrate US diplomatic and political attempts to resolve regional disputes in the Third World. In Third World regimes that experience successful economic growth, however, the Soviets will be poorly equipped to offset the economic benefits to such regimes of closer association with the industrialized West.

As the Soviet leadership moves further into a period of political succession, Soviet policies will become less predictable. The potential confluence of greater Soviet military power, increased regional instabilities, more assertive US policies, and the potential for expanded US military capabilities in the late 1980s could make a successor Soviet leadership increasingly willing to exploit opportunities in what it perceives as low-cost, low-risk areas. This attitude, in turn, could increase the possibilities of miscalculation and unpremeditated US-Soviet confrontations, most likely in the Third World.