



USDAO MOSCOW USSR
% Department of State
Washington, DC 20521

W
11 April 1974

Dear General Walters:

Now that I'm back in Moscow, and feeling, in some ways, as though I had never left, I should like to express appreciation for the considerable time that I was able to spend with you, both at dinner and in your office.

Recalling your interest in the Soviet budget process, I should like to invite your attention to two reports:

a. A message IR done by CDR Manthorpe while I was in Washington, Conf. IR 6 901 0294 74, message number 525, DTG 011426Z April 1974.

b. An in depth analysis of Soviet economics and budgeting done by Lt Col Odom, IR 6 901 0475 74 of August 1973.

You can read the message IR in five minutes; Odom's report requires half an hour for digesting. Believe you would find both of them worth requesting. Odom plans a follow-on report further developing the Manthorpe message, and I will ensure that a copy goes directly to you.

HAVE
REQUESTED
COPIES OF
THESE FOR
YOU.
TAL

DIA review(s) completed.

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June joins me in wishing you continued good health and the greatest of success in your very important assignment.

Very respectfully,


J. O. MAYO

Lieutenant General Vernon A. Walters
Deputy Director
Central Intelligence Agency

Copy to: Major General Samuel V. Wilson
Deputy Director for Attache Affairs
Defense Intelligence Agency

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EZ11
C O N F I D E N T I A L NDFORN EX UK/CAN 525 APR 74
EZ21
FROM USDAO MOSCOW USSR
THIS IS IR 6 901 0294 74

1. USSR
2. (U) CONVERSATION WITH ADM YASHIN (RET)
3. NA
4. MAR 74
5. MOSCOW, USSR 29 MAR 74
6. F-6
7. CONVERSATION WITH ADM YASHIN (RET)
8. 0-901 0294 74
9. 1 PAR 74
10. 7 PAGES
11. DIRM: 1B4A, 1F, 1M2, 1K4C, 4A, ICR: N-430-22545,
C-SR-3-57381, D-3F3-30251; USDAO MSG IR 6-901-0278-74 DTG
271313Z MAR 74.
12. USDAO MOSCOW USSR
13. W.H.J. MARTHORPP, JR, CDR, USN, ASST NAVAL ATTACHE
14. D.L. PRITCHARD, COL, GS, ACTING DATT
15. (CNFD EX UK/CAN) TEXT: A. (C) SUMMARY. (1) REPORTS
STATEMENTS OF RETIRED ADM ON (1) RETIREMENT OF SENIOR OFFICERS,
(2) SOVIET BUDGET PROBLEMS AND NAVAL BUDGET PROBLEMS, (3) NUCLEAR
SECOND STRIKE, (4) ADM GERSHKOVS DECHA.
- B. (CNFD BY UK/CAN) BACKGROUND: ON 29 MAR 74 WAS GUEST AT
LUNCHEON GIVEN BY UNAPPORNAADM (RETT) AND MRS. BORIS D. YASHIN,
UKRA/UKANA, BUSY AS GRACIOUS HOSTS, PERMITTED ADM TO MONOPOLIZE PRE
FIRST LUNCHEON CONVERSATION WITH ADM, WHO RESPONDED YIELDING
AND POSED NO QUESTIONS HIMSELF. ADM YASHIN IS FORMER EDV
NAV ATT TO WASH/LONDON, RETIRED SINCE EARLY 1972, HE IS CURRENTLY
EMPLOYED 6 DAYS PER WEEK AS SENIOR RESEARCHER ON U.S. NAVAL POWER
AND STRATEGY BY USA INSTITUTE. HE DESCRIBES DUTIES AS:
HEADING ALL U.S. MATERIAL AVAILABLE (PAPERS, COND RECORDS, SEAPOWER
MAG, NAV INST PROC) IN ORDER TO PROVIDE "OUR STRATEGISTS" WITH
ACCURATE DEFINITIONS OF U.S. STRATEGIC TERMS. "IN OTHER WORDS, TO
ABLY DESCRIBE WHAT YOU MEAN WHEN YOU SAY "CONTROL OF THE SEA", ETC
C. (C) ON RETIREMENT OF SENIOR OFFICERS: INTRODUCTIONS LED
NATURALLY TO THIS TOPIC. ADM CONFIRMED THERE ARE TWO CATEGORIES OF

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RETIRED OFFICERS "ZAPASA" (OF RESERVE), "B OTSTAVKEN" (IN RETIREMENT). THE PENSION IS SAME FOR BOTH. DURING "ZAPASA", HOWEVER, THE OFFICER IS PERMITTED TO HOLD ANOTHER JOB AND MUST CONTINUE HIS MILITARY "UCHYDBA" (STUDIES). WITH REGARD TO WORK, ADM JAID, IF ONES JOB PAID TOO MUCH ONE LOST SOME PENSION. THUS, HE ONLY WORKS 3 DAYS PER WEEK FOR MODEST SALARY. HE INDICATED OFFICERS IN ZAPASA MUST ATTEND MONTHLY MEETING, AS "UCHYDBA", AT THEIR LOCAL RAYON "VOYENNY KOMMISSARIAT". BECAUSE OF HIS RANK, HOWEVER, AND BECAUSE HE WOULD RATHER NOT GO TO A LARGE MEETING "WITH ALL THOSE OLD SOLDIERS" HE ATTENDS MONTHLY MEETING AT THE MAIN NAVY STAFF AS DO "SOME" OTHER RETIRED ADMIRALS. SOMETIMES "IN THE CHAIR" AT SUCH MEETINGS ARE HIS OLD CLASSMATES, ADM AMELKO AND ADM ALEKSEYEV. HE ALSO USES THIS AS OPPORTUNITY TO TALK WITH OTHER FRIENDS ON ACTIVE DUTY WITH MNS. COMMENT (C) THUS, ADM YASHIN AND OTHER RETIRED ADM, HAVING ACCESS TO NAVY POLICYMAKERS, ARE PROBABLY AWARE OF DEVELOPING NAVY POLICY AND PROBLEMS.

D. (C) ON SOVIET BUDGET PROCESS. RO HAD CHOSEN THIS AS TOPIC OF DAY AND PURSUED SUBJECT DOGGEDLY FOR 45 MINUTES AFTER LUNCH. AFTER RO INTRODUCED SUBJECT AND MENTIONED INTERSERVICE RIVALRY OVER BUDGET ALLOCATIONS, ADM COUNTERED "THERE ARE NO DISPUTES" AND DESCRIBED FUND ALLOCATION PROCESS AS CARRIED OUT BY "SUPREME MILITARY SOVIET" IN RATIONAL AND AMICABLE FASHION, AS RO EXPRESSED DISBELIEF, ADM ADMITTED SOME QUESTIONS HAD TO BE REFERRED TO "SUPREME SOVIET" FOR RESOLUTION. WHEN RO ASKED ABOUT EXPERTISE OF SUP. SOV TO MAKE SUCH DECISIONS, ADM SAID HE MEANT "AN EXECUTIVE COMMITTEE" OF SUP SOV CONSISTING OF "CIVILIANS", ASSISTED IN MAKING DECISIONS BY "THE COMMITTEE FOR SCIENCE AND TECHNOLOGY" AND "STRATEGISTS". RO ADMIRER IDEAL PROCESS BUT QUESTIONED IF USSR WAS SO RICH THAT IT COULD DEVELOP ALL WEAPONS THAT WERE TECHNICALLY FEASIBLE AND STRATEGICALLY DESIRABLE, ESPECIALLY WITH SLOW USSR GROWTH RATE, NEED MEET CONSUMER DEMAND AND PLANS FOR VAST NEW AGRICULTURAL DEVELOPMENT. YASHIN REPLIED THAT "ECONOMIC EXPERTS OF OUR LEADING PARTY" DECIDE HOW FUNDS ARE ALLOCATED IN SUPPORT OF PARTIES PROGRAM. "GOVT EXPERTS" DECIDE WHAT CAN BE DONE WITHIN FUNDS ALLOTTED "TO INDUSTRIES" FOR MILITARY. HERE HE GRATUITIOUSLY POINTED OUT THAT IN USSR NO MILITARY-INDUSTRIAL COMPLEX WAS PUSHING MILITARY TO BUY MORE WEAPONS. HE SAID "EACH INDUSTRY" AND "MOST FACTORIES" HAVE A CIVILIAN AND MILITARY PLAN TO FULFILL AND IF MILITARY FUNDS SHRINK AND CIVILIAN INCREASE THEY SIMPLY SHIFT THEIR PRODUCTION. WHEN RO ASKED IF, THEN, ARMED FORCES DIDN'T PRESSURE INDUSTRY TO EMPHASIZE THEIR PROGRAMS AT EXPENSE OF CIVILIAN PROGRAMS WITHIN FUNDS AVAIL- ABLE TO INDUSTRY, ADM REPLIED "GENERAL STAFF HAS NO CONTROL OVER INDUSTRY". TO RO'S REPHRASING OF EARLIER QUESTION, ASKING IF PERCENT OF SOV BUDGET DEVOTED TO MILITARY WAS GETTING SMALLER, YASHIN AGAIN REPLIED INDIRECTLY BUT MORE USEFULLY. HE SAID, "ONCE (SOVIET) NAVY WAS ABLE TO SAY, U.S. HAS THREE SUBS SO WE NEED SIX SUBS OR EVEN, U.S. HAS 15 AIRCRAFT CARRIERS THEREFORE WE NEED CARRIERS, NOW IT IS MORE DIFFICULT FOR NAVY TO GET SUBS OR AIRCRAFT CARRIERS. THE SUPREME SOVIET NOW ASKS WHY." RO PRAISED ADM GORSHKOV'S ABILITY TO GET FUNDS IN PAST AND ASKED NOW THAT IT IS HARDER TO GET FUNDS WOULDNT THERE BE INTERSERVICE RIVALRY FOR LIMITED FUNDS? TO A FIRM "NO" FROM YASHIN, RO SAID IT LOOKED TO HIM LIKE ADM GORSHKOV'S RECENT ARTICLES WERE THE BEGINNING OF AN EFFORT TO CONVINCE THE SUPREME SOVIET OF THE IMPORTANCE OF THE NAVY AND, THUS, GET LARGER SHARE OF FUNDS. STILL PLEASANT, BUT TAKING RO FIRMLY BY THE ARM AND STEERING HIM TOWARD THE LADIES, YASHIN CONCLUDED THE CONVERSATION SAYING, "I AM NOT SURE, BUT IT SEEMS TO ME THAT ADM GORSHKOV IS NOT GETTING ALL THAT HE WANTS, BUT UNDERSTAND THAT IN OUR SYSTEM ALL OUR MILITARY LEADERS RECOGNIZE THE LEADERSHIP OF THE PARTY AND IT IS EASIER TO SAY: COMRADE GORSHKOV, HERE IS YOUR PORRIDGE, GO SIT IN

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THE CORNER AND BE QUITE." COMMENT (C): IN LIGHT OF YASHIN'S
CONTACT WITH MAIN NAVY STAFF AND RAPID CONCLUSION OF
CONVERSATION, RO BELIEVES THIS LAST QUOTED STATEMENT IS ACCURATE
REFLECTION OF CURRENT SOV. NAVY BUDGET SITUATION.
E. (C) ON NUCLEAR STRIKE. DURING DIGRESSION IN CONVERSATION, YASHIN
MADE USUAL SOVIET STATEMENTS OF KNOWING HORRORS OF WAR, NOT WANT-
ING WAR AND PROFESSED THAT SOVIET UNION WOULD NEVER INITIATE
NUCLEAR WAR. HE SAID EVEN IF USSR HAS "5 MISSILES" COMING THEIR
WAY THEY WOULD PICK UP HOTLINE AND SAY "MR. NIXON, WHAT IS HAPPENING?"
IF THEY SAW "HUNDREDS OF MISSILES", HOWEVER, THEN "SIDE B, AS WE
SAY" WAS THE "RIGHT" THE MORAL REQUIREMENT TO STRIKE BACK AT
CITIES SINCE "THERE IS NO USE IN SHOOTING AT EMPTY MISSILE SITES."
P. (C) ON ADM GORSHKOV'S DACHA. IN RESPONSE TO ICR N-440-22945,
ADM GORSHKOV HAS DACHA ON RIVER AT ZHUKOVKA (5544.4N/3716.0E) NEAR
ARKHANGELSKOYE WEST OF MOSCOW. HE IS ONLY RESIDENT PERMITTED TO
MAINTAIN A BOAT ON RIVER IN AREA FROM WHICH MOSCOW DRINKING WATER
COMES. COMMENT (C): AREA CLOSED TO DIPLOMATIC TRAVEL. END COMMENT.
K005-3 INDEF.

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| Remarks: | | | |
| <p>Have attached the IR message from Moscow you had called about; however, the IR Report #6 has not been published yet. Will send you a copy as soon as we have it.</p> | | | |
| FOLD HERE TO RETURN TO SENDER | | | |
| FROM: NAME, ADDRESS AND PHONE NO. | | | DATE |
| DDO/SB - Mary Beth <input type="checkbox"/> | | | |
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