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[CIA HISTORICAL REVIEW PROGRAM
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July 13, 1976

MEMORANDUM

SUBJECT: Preliminary Assessment of Ustinov's Policies

1. [] In the two months since Dmitriy Ustinov was named Soviet MOD lead us to some exceedingly tentative speculation on his policies and their conceivable impact on the Soviet defense establishment.

2. Ustinov is reported to have modified a number of policies relating to personnel and operations. He also is said to be expressing concern that the resources allocated for defense are excessive. If there is any truth to these reports, Ustinov is undoubtedly acting at the behest of the top political leadership. He also may be trying to establish his authority, a difficult task for a civilian placed in charge of the Soviet military bureaucracy.

3. [] Ustinov's new programs are designed to bring the Soviet military forces under closer party supervision. [] The CPSU leadership has been concerned for some time about the military's inclination to function separately from the party and will no longer tolerate it.

NOTE: This memorandum was produced by the Office of Strategic Research. Comments and queries regarding it may be directed to

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Personnel Policy

4. Ustinov reportedly plans to accelerate the policy identified with Chief of the General Staff Kulikov of replacing older, senior officers with much younger officers. He probably will have the opportunity to make a number of changes in the near future. There are unconfirmed reports that Marshal Yakobovskiy, the 63-year old Chief of the Warsaw Pact Forces, is ill and will soon retire. Once the Marshal leaves the scene, Ustinov reportedly will make additional personnel changes at the top levels of all the Soviet military services.

5. The death of Army General Shtemenko has left open the position of Chief of Staff of Warsaw Pact Forces, which has not yet been filled. In addition, the First Deputy Commanding General of the Ground Forces, Army General Lashchenko, 65, reportedly will retire soon. Not every change of high-ranking Soviet commanders should be related to Ustinov's policies, however. Normal military changes and reassignments will continue to take place.

6. In general, Ustinov seems to have been favorably received by the military. Technical matters are considered one of the most important military subjects today in the USSR, and the military undoubtedly appreciates Ustinov's technical expertise in the armaments field, particularly in contrast to the late Defense Minister Grechko.

7. Ustinov is not looked upon as a military strategist; [] this too is in favor with some officers, since it enhances the General Staff, where such expertise resides.

8. High-ranking military officers reportedly also appreciate the fact that Ustinov did not diminish their opportunities for career advancement by bringing his own favored group of men with him.

9. A number of orders reportedly issued by Ustinov will, if implemented, make him more popular with both officers and enlisted men. Officers may no longer be dismissed from service without a hearing before fellow officers. In addition, Ustinov has directed stricter adherence to the rule that enlisted men be considered as equals with officers in party meetings, and the enlisted man will be free to express their gripes, though not to the extent of challenging decisions of their commanders.

The Resource Question

10. The indications that Ustinov is concerned about excessive military expenditures are tenuous at this point. [] has reported that Ustinov feels the Soviet armed forces have absorbed an inordinate amount of resources. This view reportedly has strained relations between Ustinov and some military officials. General Staff Chief Kulikov, who had been considered by many Western analysts to be a prime candidate for the Defense Minister's position, is reported to believe that greater economic sacrifices are necessary in the interest of building bigger and stronger armed forces. Such a disagreement would not be surprising, but it remains to be seen whether this reported conflict is real and, if so, whether it will escalate into a full-scale debate on defense spending.

11. There have been hints in the Soviet press recently which suggest continuing concern within some elements of the Soviet leadership about the amount of resources devoted to defense. Ustinov's May 8th VE day order was unusual in that it failed to say anything about the USSR's effort to bolster its military arsenal. Remarks by Politburo member Andropov in his Lenin Day speech this spring and several recent Pravda articles indicate that some members of the Soviet leadership are still concerned about achieving a more rapid improvement of living standards.

12. Ustinov has reportedly suspended--and possibly cancelled--several military maneuvers scheduled for this year, including a naval exercise in the Baltic. This move was said to be motivated by a concern for economy and to avoid provoking the West.

13. Thus far, we have seen no evidence to indicate that any Soviet military exercises have been cancelled. When the annual "Defense of the Homeland" naval exercise in the Baltic Sea was not held in conjunction with the larger, Northern Fleet exercise this year, there was some speculation that it had been cancelled. The evidence now indicates that the Baltic phase of the exercise did in fact take place, albeit somewhat later than expected.

14. In any event, there would appear to be little economic benefit from suspending maneuvers, and any cancellations may be largely symbolic gestures to show that Ustinov is concerned about the high cost of defense. If he were serious about reducing military expenditures, expensive weapon procurement programs would be a more fruitful target. So far there is no evidence that he has considered any cuts in these programs.

15. If Ustinov has in fact taken a tough line on the allocations of resources for defense, there may be some belt-tightening in the Soviet military, perhaps moderating the long-term trend of growth in Soviet defense spending. Defense spending might be more closely tied to a more integrated plan for actual defense posture needs, with some short-term asymmetry in allocations among forces. In the past, however, the Soviet concern for economic growth and consumer satisfaction has not prevented steady increases in military programs. Major defense programs have been generously supported, even in periods of economic setbacks. Serious cost constraints on the armed forces would be such a radical departure from Soviet habits that we will need substantial evidence, of course.

THE DIRECTOR OF
CENTRAL INTELLIGENCE

MICRO ONLY

Special Agent in Charge

14 July 1976

TO: The Honorable William Hyland
Deputy Assistant to the President
for National Security Affairs

SUBJECT: Musing Beyond the Ustinov
Appointment

Although it takes considerable mental discipline to imagine the Soviet defense establishment modifying its habits of overinsurance and massive investment in all directions even a trifle, I am also concerned that we not dismiss the possibility out of hand for all time.

Therefore, I call to your attention this
overly speculative memorandum done by []
[] CIA's Office of Strategic Research, with some
collaboration by [] CIA's Office of Current
Intelligence.

National Intelligence Officer
for USSR-EE

Attachment
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14 July 1976

MEMORANDUM

SUBJECT: Moving Beyond the Ustinov Appointment

Distribution:

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