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14 April 1977

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REVIEW OF SOVIET INTERNAL AFFAIRS

February-March 1977

Domestic Politics

We believe February may have been the political low point of the winter for General Secretary Brezhnev. There is evidence suggesting that he had been under pressure for some months--probably from Suslov, Mazurov and others--because of economic difficulties and serious food shortages. At the same time, Soviet participation in CSCE and the Conference of European Communist Parties--two international conferences that Brezhnev had pushed through and exploited to burnish his image at home--began to boomerang badly over the winter. The CSCE Final Act, signed by Brezhnev, had made the USSR vulnerable to charges of violating its commitments to improved human contacts and freedom of movement. Soviet agreement to disagree with certain East and West European parties at the Berlin conference last June contributed to the erosion of international communist discipline, which in turn fed dissent in Eastern Europe and resulted in even more pronounced independence on the part of the West European parties.

February brought no relief from these problems and, in fact, added to them two more foreign policy disappointments. Despite small Soviet gestures since last fall to convey to the new Chinese leadership a willingness to improve state-to-state relations, by February it was evident that no

This review is based on analysis and research work completed by CIA's Directorate of Intelligence through April 1, 1977. Questions relating to any part of the review and suggestions for making it more useful may be directed to Robert Gates, Soviet and East European Affairs, Center for Policy Support [redacted]

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improvement in Sino-Soviet relations is presently in the cards. More importantly, by late February, Soviet hopes for quickly restoring the bloom to US-Soviet relations and obtaining a quick SALT agreement probably had begun to fade in the face of the new Administration's human rights policy and indications of seriously divergent approaches to strategic arms limitations.

In recent weeks, Brezhnev has helped to cover his embarrassment over foreign policy setbacks and domestic problems by taking the lead in voicing what we believe to be unanimous leadership hostility toward the new US policy on human rights. Through this expedient, and perhaps by trimming his sails on certain contentious policies, Brezhnev seems again to have re-established himself in the front rank of the leadership consensus--at least for the time being.

The one significant change in the leadership during the past two months would seem to bear out Brezhnev's continued political strength. On March 16, Central Committee Secretary for bloc relations Konstantin Katushev was appointed Deputy Premier and Soviet representative to CEMA. While on the surface this might seem to represent an important promotion for Katushev, in fact we expect him to lose his position on the Secretariat, and thus his participation in the leadership collective and higher rank than deputy premiers. (Dual positions in the Secretariat and government are highly unusual: since 1945, only Stalin, Khrushchev, Ponomarenko, Shelepin, Brezhnev, Malenkov and Shepilov have held such positions simultaneously--the latter two respectively for only a week and for six months. Defense Minister Ustinov's position is unclear, but we know that most of his Secretariat functions have been taken over by Ryabov--see following item.) USA Institute Director Arbatov remarked to Ambassador Toon on March 17 that if precedent is followed, Katushev probably would relinquish his Secretariat position at the next Central Committee plenum.

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-2-

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Just as Brezhnev seems to be coming on strong again, we have been puzzled by the extended absences from public view of two of his purported critics--Suslov and Mazurov. Mazurov underwent surgery in mid-February and has not been seen since. Suslov, age 74, in early April made his first public appearance since mid-December. It is certainly possible that he too has been ill.

In sum, we believe Brezhnev had a hard winter politically but, by the time of Secretary Vance's visit, had exercised his considerable skills to emerge with his influence and power at least temporarily intact. We have no information yet as to the effect on Kremlin politics of the Secretary's visit and the new US SALT proposals. We would speculate that Brezhnev's colleagues approved of his handling of the visit and that, for the short term, this too will help keep him at the forefront of the leadership consensus. It remains to be seen, however, how many times he can lower his sights on arms negotiations and Soviet-US relations without eroding his ability over a longer period to achieve a consensus for forward movement in these fields.

Meanwhile, Kosygin's surgery and long absence last fall, Mazurov's hospitalization, the extended absences of Suslov and Pelshe, Kirilenko's apparently sudden hospitalization the night before Brezhnev met with Secretary Vance, and Brezhnev's own pallor at the end of the Secretary's visit underscore the toll age is taking on the leadership and the actuarial limits to the continued grip on power of the present cast of characters.

-3-

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Economic Affairs

Food Shortages: Unusually serious food shortages, mainly of meat and vegetables, continue in many rural areas and cities of the USSR. The overall food situation is difficult to assess from the fragmentary evidence available, but shortages stemming in part from the disastrous 1975 harvest apparently have eased substantially only in major cities. Although overall supplies of staple foods are generally adequate, especially in large cities, free market prices are higher.

The shortages have caused some unrest and even work stoppages. While the situation does not represent a threat to the regime, as noted above it has exposed Brezhnev to criticism in the Politburo. In fact, the General Secretary noted in late March the "special importance" of ensuring an uninterrupted supply of quality food.

Because of a lag effect, meat supplies at the retail level will not turn upward until late spring even if output from government controlled packing plants increases sharply in March and April. Moreover, a reasonable volume of fresh vegetables will not appear in the northern industrial cities before July at the earliest. This outlook for food supplies raises the prospect of more civil discontent over current conditions.

Meanwhile, as of late March crop prospects remain favorable for the 1977 Soviet winter grain. So far, winterkill losses are expected to be less than normal with the most significant damage occurring in parts of the non-black soil zone and the North Caucasus. Winter losses normally average about 16 percent. Winter grains were sown in the fall of 1976 over 38.5 million hectares, the largest area since 1968 and one million hectares greater than the previous year. Soil moisture reserve in both the winter and spring grain regions have continued to be excellent.

Industrial Performance in January-February: Soviet industrial production during the first two months of 1977 continued to grow at a sluggish rate, only slightly faster than the 3-1/2 percent posted in 1976--the slowest growth year since World War II. The results of industry's attempt to rebound have been dismal so far, except in the processed food and machinery branches. Despite the increased production of important food products, meat production during the first two months dropped

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below the depressed output for the comparable period in 1976. This is attributable primarily to Soviet attempts to rebuild livestock herds to pre-1975 levels. As this process is taking longer than expected, meat production may not be to recover until much later this year.

Military Affairs

Ryabov Replaced Ustinov on Party Secretariat: As noted above, [REDACTED] party secretary Ryabov has taken over Defense Minister Ustinov's duties as party secretary overseeing the defense industry. Promoted to the Central Committee Secretariat last October, Ryabov has been occupying Ustinov's office space there. [REDACTED]

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Changes in Soviet Military Service Law: The USSR has adopted two important amendments to the 1967 Law on Universal Military Obligation. The first exempts officers in the ranks of general of the army, marshal of branch of service, and admiral of the fleet from the 1967 law's age limit of 60 and permits them to serve indefinitely. The amendment also permits extensions of active duty for lesser officers up to ten years past the retirement age. The amendment legalizes the existing situation in which many Soviet generals have been retained on active duty past the legal retirement age.

The second amendment lengthens the term of service for draftees with higher education. Male university graduates who do not obtain commissions through the military departments in many civilian universities will have their period of service extended from one year to 18 or 24 months depending on the branch of service. The Soviets' decision to lengthen the service of this category of conscript suggests that there are more such men than we would have thought. The extension may be intended to reduce the incentive for Soviet university students

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MEMORANDUM

THE WHITE HOUSE

WASHINGTON

TOP SECRET-SENSITIVE
CONTAINS CODEWORD

July 6, 1977

1. The CSCE Observation Group: According to Embassy Moscow, Aleksandr Ginzburg faces up to 10 years in prison on charges of anti-Soviet activity. The authorities are continuing their attack on the CSCE group, and as their repression increases the Soviets will probably become even more hostile on the subject of human rights in the next few months. (Moscow 9647)

State Dept. review completed

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