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Cuba: Protecting the Armed Forces From Austerity

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An Intelligence Assessment

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*ALA 86-10030
June 1986*

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Cuba: Protecting the Armed Forces From Austerity

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An Intelligence Assessment

This paper was prepared by
 Office of African and Latin American
Analysis

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Comments and queries
are welcome and may be addressed to the Chief,
Middle America Caribbean Division, ALA

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Cuba: Protecting the Armed Forces From Austerity 

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Scope Note

This paper examines the pressures on the Castro regime to reduce military expenditures as a result of Cuba's deteriorating economic situation. It examines the fragmentary evidence of limited spending cuts noted intermittently in 1985 and evaluates the possible types of cutbacks that Castro may institute in an effort to limit the impact of austerity on the military. It also assesses the impact of any spending limitations on the Cuban armed forces and assesses the implications for the United States. 

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**Cuba: Protecting the Armed
Forces From Austerity**

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Key Judgments

*Information available
as of 15 April 1986
was used in this report*

The deterioration of Cuba's economy since 1982 has forced Cuba to impose wide-ranging austerity measures. Although most of these actions have been directed at the civilian sector, there is evidence that some limited spending cuts were undertaken by the military in early 1985. So far, however, these cuts have had no significant impact on the operational capabilities of the Cuban armed forces, nor are there present indications of military plans for additional cuts that would significantly affect internal defense or Castro's ability to project power into areas of US foreign policy concern.

The issue of spending cuts probably will continue to arise in Castro's inner circle, however, as Havana is likely to face economic difficulties for some time. Cuba is unlikely to earn enough hard currency to replace aid shortfalls, and its prospects for persuading Moscow substantially to increase economic aid to Cuba remain doubtful. The Castro regime is therefore likely to examine which categories of military spending—construction, personnel, procurement, operations and maintenance, or overseas activity—it can best afford to cut back.

Even if major adjustments are not made, there are a number of areas where relatively easy savings can be realized. Cuts in military construction appear to offer Havana the most attractive means to hold down spending—most of the major airfield, naval base, and underground bunker construction projects initiated since the mid-1970s have been completed or are nearing completion. In addition, Havana probably will continue to accomplish limited savings by retiring ineffective personnel or transferring them to the militia and by reducing benefits for personnel on active duty. Cutbacks in these two areas are not likely to have a significant impact on the military's capabilities.

From a foreign policy perspective, the issue of funding the Cuban military involves not only the defense of Cuba but also Havana's ability to project power abroad. Perhaps the least palatable cuts for the Castro regime would be reductions in the level of Cuban support for Marxist regimes in Angola or Nicaragua—unless such a move followed a victory for Havana's allies. Castro repeatedly has emphasized his support for these governments, and he recently warned Washington not to underestimate his tenacity in defending them.

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As a result of the major expansion and modernization that has taken place in the armed forces since the mid-1970s, Cuba's military capabilities and operational readiness are at an alltime high. We do not expect the present economic setbacks to affect seriously the ability of the Castro regime to maintain and operate the large numbers of modern fighters, missiles, tanks, armored vehicles, and naval combatants that have been added to the Cuban inventory. However, there is evidence suggesting that the cycle of record Soviet arms deliveries to Cuba, which has been under way since the beginning of this decade, may have begun to level off.

If, as we expect, economic problems continue over the longer term, the Castro regime ultimately may find it necessary to reduce the number of its troops on active duty. Personnel reductions pose a difficult problem for Havana, however, because they most clearly highlight the conflict between the size of military force the Castro regime believes it should have and what it can reasonably afford. We believe it will be in this area, rather than procurement—which is paid for almost entirely by the Soviets—that decisions on how to allocate Cuban military spending will be the most contentious. However, in our view, Cuba's economic conditions will not cause a repetition of the severe reduction of Cuba's armed forces that occurred during the early 1970s. The economic dislocations in Cuba today are not as severe as they were then, and relations with the Soviets are moderating—after a period of apparent disharmony over the past two years.

Only if the expected decline in the Cuban economy is accompanied by a drop in Soviet aid to well below 1985 levels—an unlikely eventuality, considering the recent rapprochement between the two countries—would we expect to see indications of the kind of sustained cutbacks that could seriously affect military capabilities: reduced flying or ship steaming hours, sharp reductions in exercise activity, shortfalls in fuel or other consumables, or severe undermanning of some units. Fragmentary evidence of some of these developments was seen in 1985 but

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may have reflected temporary rather than permanent measures.

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[Redacted]

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Cuba: Protecting the Armed Forces From Austerity [Redacted]

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Introduction

In late 1984, the Cuban Government—evidently motivated by a cap on Soviet economic assistance—publicly announced an economic austerity program and began imposing strictures on many state organizations. The new economic austerity measures announced by the Castro regime did not address military spending, but measures to streamline the officer corps and reduce fringe benefits were subsequently reported [Redacted]. Spot shortages of fuel and supplies at some military installations were also noted intermittently in 1985. These temporary disruptions, coupled with an apparent drop in Soviet military shipments to Cuba last year, raise questions about the impact that austerity could have on the growth and effectiveness of the Cuban military in the late 1980s. [Redacted]

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This is not the first time Castro has had to face the issues of poor economic performance and its effect on military capabilities. In the early 1970s, the severe economic problems caused by a disastrous sugar harvest led to a major reduction in the size of the armed forces, in both manpower and bases. Not until the mid-to-late 1970s—after a period of relatively good economic performance because of higher sugar prices and following Cuba's successful military interventions in Angola and Ethiopia—did the Cuban armed forces resume a pattern of growth. [Redacted]

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Pressures for Reducing Military Costs

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Limits on Soviet Aid

The Cuban military is affected directly and indirectly by the amount of Soviet assistance provided to the Castro regime. Virtually all of Cuba's major weapons originate in the Soviet Union or the Warsaw Pact countries. Because this equipment and the associated spare parts are provided by the Soviets free of charge, it is Moscow that decides the quantity and complexity of weapons that Cuba will receive. In addition to

Soviet military assistance, the volume of economic aid from Moscow affects the Cuban armed forces through its impact on the Cuban economy. Soviet economic assistance to Cuba comes in three forms: oil deliveries to compensate for Cuba's chronic energy shortage, the purchase of Cuban sugar at a fixed price well above the world market rate, and a variety of soft trade credits and grants. Only the last category is officially counted as debt by the Soviets. [Redacted]

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It has been clear for some time that the Soviet leadership is unhappy with the rising cost of supporting the Castro regime. [Redacted]

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[Redacted] For example, Cuba's unpaid debt to the Soviet Union—estimated at some \$13-20 billion—is described by the US Interests Section in Havana as the largest per capita debt burden carried by any Third World country to a single creditor. Despite preferential prices paid by the Soviets for Cuban products, the level of debt has not diminished. In fact, during the last five years, it has increased by some \$6.5 billion, according to a Cuban defector. Cuba's apparent inability to get its economic house in order—a point underscored by this unabated rise in debt—may have provoked the Soviet Government's decision to cap economic aid at 1981-85 levels that have averaged \$4.5 billion per year. [Redacted]

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[Redacted]

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[Redacted] there is no evidence that the Soviets plan to impose similar restraints on the level of military aid they provide the Cubans. We believe that Moscow's arms deliveries to Cuba depend principally on Soviet and Cuban perceptions of the military threat to Castro and power projection needs rather than on any

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[Redacted]

calculation of Havana's ability to pay. Although Soviet arms deliveries have fallen off some 40 percent from the record high levels of the early 1980s—dropping from an average of 58,000 metric tons per year during the period 1981-84 to only 34,000 tons last year—they remain well above the 18,000- to 20,000-ton level that was common during the previous decade. [redacted]

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Cuts in Cuban Military Expenditures

Very little is known about the Cuban defense budget or about costs within the Cuban armed forces. Because Cuba acquires virtually all of its major weapons systems and most of its military-associated equipment and spare parts at no cost from the USSR, Cuba's own outlays are limited to personnel-related expenditures, costs incurred from the construction of military facilities, operations and maintenance expenses, and, to a lesser extent, the procurement of small arms, ammunition, and military-associated equipment from non-Soviet sources. [redacted]

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An item that purports to cover "defense and law enforcement" has been published in the official state budget of Cuba each year since the mid-1970s. In January 1986, Cuban officials announced that the declared budget for defense and law enforcement would be cut from \$1.60 billion to \$1.42 billion in 1986, representing a drop of some 11 percent from 1985. While there is no direct correlation necessarily between the declared military budget and actual military spending, the announcement strongly suggests that the military, which thus far has been largely sheltered from spending cuts, may be obligated to share in some of the hardships associated with Cuba's worsening economic conditions. [redacted]

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Cutbacks . . . And Contrary Indicators

The first indications that the military had initiated limited austerity measures were seen shortly after Castro announced his "economic war" against waste and mismanagement in December 1984. Although the evidence noted intermittently throughout much of 1985 is fragmentary, the measures seem aimed at cutting some personnel costs and conserving energy. [redacted]

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**Table 1
Declared Military and Law Enforcement
Budget, 1980-86**

	Billion US \$	Share of Total Budget (percent)
1980	1.1	8
1981	1.2	8
1982	1.1	9
1983	1.3	11
1984	1.4	10
1985	1.6	13
1986	1.4	11

[redacted]

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[redacted] Cuban Minister of the Armed Forces Raul Castro launched a campaign early last year to streamline the officer corps and improve the efficiency of the armed forces by retiring ineffective senior officers or transferring them to the Territorial Militia (MTT). The government's austerity program and its effect on the military budget were specifically cited as reasons for reducing the number of officers drawing full salary, [redacted]

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[redacted] Later reporting [redacted]

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[redacted] confirmed that the unpaid Territorial Militia had become a dumping ground for disgruntled or incompetent officers. Other reliable information has described similar measures initiated in the Cuban army during early 1985 to retire ineffective personnel, primarily reservists. Although the small number of personnel involved in these reductions—probably only a few hundred—will not significantly affect overall manning levels, the actions may represent the initial steps in a cost-effectiveness program [redacted]

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Other signs of limited belt-tightening have also been seen. Raul Castro announced last year that impending budget cuts would force officers to accept a reduction in benefits. [redacted]

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[redacted] a number of benefits were cut for active-duty army personnel. Free medicine was no longer available, special prices on

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Force Reductions in the Early 1970s

The Cuban armed forces have gone through four distinct phases of development. From 1959 to 1965, they were in a period of consolidation, when Castro secured his command over the revolution and established internal control mechanisms. From 1965 to 1970, the military underwent a period of expansion, when the armed forces were enlarged and attempts were made to extend the revolution to other Latin American countries. From 1970 to 1975, Havana undertook a period of rationalization, when the armed forces were cut to less extravagant dimensions. From 1975 until the present, the Cuban armed forces have undergone a period of extensive modernization—substantially improving the quality of their weaponry—while at the same time launching a series of overseas adventures in support of Marxist regimes.

[Redacted]

The reduction of Cuba's armed forces that began in 1970 followed the catastrophic failure of the Castro regime to achieve its unrealistic goal of a 10-million-ton sugar harvest that year and the ensuing Soviet criticism of the size of Havana's military establishment. Cuba's Ground Forces bore the brunt of the reduction. Ground Forces personnel were reduced in the early 1970s some 50 to 60 percent—in line with

the view of the Deputy Chief of the Cuban General Staff that the size of the armed forces in peacetime should be no more than 2 percent of the population. Of this, no more than 30 to 35 percent of personnel were to be regular troops and the rest reservists. In addition, the Frontier Brigade—the Cuban unit deployed opposite the US naval base at Guantanamo—was reduced and its components consolidated into other ground force units. At least two military schools were closed, air defense artillery units were disbanded or transferred to the reserves, and many ground force weapons were put into long-term storage. Although the Air and Air Defense Force suffered the deactivation of about one-third of their surface-to-air missile sites, including virtually all those in eastern Cuba, no aircraft were withdrawn from active service.

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Offsetting measures were taken to minimize the impact of these cuts on the military's capabilities. For example, to compensate for the reduction of surface-to-air missile forces, a number of fighter aircraft were transferred to eastern Cuba. Personnel cutbacks were partially offset by an increase in the ready reserves and the passage in 1973 of a compulsory service law that gave the military access to more highly qualified personnel than it had previously been able to attract.

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clothing and appliances were discontinued, and allotments of tobacco products were terminated.

[Redacted]

In addition to the modest savings effected by these measures, they may serve a symbolic purpose in showing civilians that military personnel are bearing their fair share of austerity-induced cutbacks.

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In addition to personnel-related measures, evidence of limited cuts in operations and maintenance spending was noted sporadically last year.

[Redacted]

[Redacted]

Sharp cutbacks also reportedly were ordered in Eastern Army spending late last year. However, we cannot establish whether these episodes resulted from genuine or continuing shortfalls; fuel reductions, for example, may simply reflect the transfer of some units to new bases or the inefficiency of the Cuban distribution system. The Eastern Army cutbacks came at the end of an annual budget cycle and may have reflected a severe but temporary situation. In any case, while

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Coping With Cutbacks

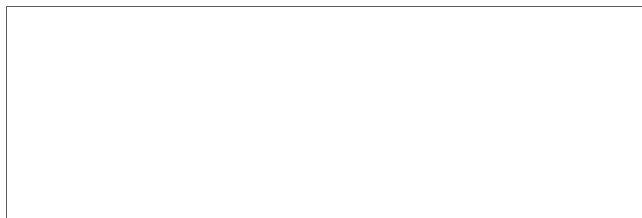
We believe Havana will try in various ways to forestall the necessity for meaningful military reductions. Such an approach would involve trying to improve hard currency earnings while simultaneously pressing Moscow to exempt the Cuban military from aid cuts. If these efforts fail, Cuba could try to cope by reallocating existing funds to minimize damage to its military capabilities. [redacted] 25X1

Bleak prospects for rapid improvement in the domestic economy appear to have prompted the Castro regime to adopt a more conciliatory tone toward the Soviets as a means of persuading them to be more generous with aid. Despite the apparent disharmony between Havana and Moscow during the past two years—punctuated by Soviet criticism of Cuba's inability to meet its economic commitments and Castro's notable absence at the Council for Mutual Economic Assistance summit in June 1984 and at Chernenko's funeral in March 1985—Castro now appears to be taking a more moderate approach to his Soviet sponsors in an effort to win their support. For example, at the Third Cuban Communist Party Congress in February 1986, the Cuban leadership publicly emphasized the approach Moscow had been pressing for—austerity, economic discipline, and a priority for development over consumption. [redacted]

The clearest indication that Castro might be willing to trade greater political flexibility for a relaxation

of the Soviets' line on aid, however, came during the Cuban leader's speech before the 27th Soviet Party Congress in late February this year. Castro alternated between unusually effusive praise for the Soviet party and an impassioned call for Soviet economic assistance to the Third World—including, implicitly, Cuba. Coming from the foremost revolutionary to address the Soviet congress, Castro's speech was particularly well received, and, according to the US Embassy in Moscow, even the Politburo seemed to become more animated and attentive while Castro was speaking. [redacted]

Whether Castro's effective oratory at the Soviet party congress will translate into a softening of the Soviet position on aid, however, is by no means clear. In our judgment, military aid from the Soviets will probably be determined by the perceived value to the Soviets of their military and intelligence facilities in Cuba, by Moscow's assessment of the seriousness of the US threat to Cuba, and by the prevailing climate in US-Soviet arms negotiations. [redacted]



the shortages affected the readiness of some units, the overall capabilities of the armed forces were not seriously degraded. [redacted] 25X1

Meanwhile, some high-cost programs, such as fighter operations and paramilitary construction, appear to have continued at high levels despite any budget pinch. [redacted]



Military Spending Flexibility

Uncertain prospects for increased Soviet aid and the poor outlook for improvements in the domestic economy make it increasingly likely, in our view, that the Cuban leadership will come under pressure to reduce—or give the appearance of reducing—at least some military expenditures. Havana can be expected

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to make every effort to shield the armed forces from such cutbacks—particularly if they impinge upon the readiness or effectiveness of the Cuban armed forces. We do not believe the scale of cuts, however, will approach the severity of the drawdowns in the early 1970s. []

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In deciding how to implement meaningful cost reductions, the Castro regime, in our view, has five major categories of expenditure—military construction, personnel, operations and maintenance, overseas activities, and procurement—in which cuts can be made. While some initial savings are possible, a review of each category of spending shows how difficult any more than cosmetic changes would be. In assessing these categories, Havana will most likely try to minimize the impact of any cuts on its priority military objectives—defense of the nation against the United States, maintenance of domestic security, and continuation of Cuba’s foreign policy, including overseas military activities. []

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Military Construction

In our judgment, the scheduled completion of many major military construction projects probably affords the Castro regime an opportunity to demonstrate savings at little real cost—other than perhaps to defer some additional plans. Since 1975, construction and upgrading of military facilities have been stressed as integral parts of the regime’s expansion and modernization program. Overhead imagery shows that during this period:

- A major new airbase—including a primary pilot training facility—has been built, additional dispersal airfields have been constructed, runways at most existing bases have been extended, and hardened aircraft shelters have been completed.



- Some 20 additional surface-to-air missile sites have been constructed, and other sites have been modified to accommodate new missile systems.

- Two major naval bases have been constructed since the late 1970s, and two additional bases—including the primary arms receiving port at Mariel—have undergone considerable expansion.

- Ground forces construction—including improved regimental facilities, fuel and munitions storage areas, and field fortifications—also have been completed recently.

In our judgment, based on analysis of overhead imagery, most of these extensive programs are substantially complete. The termination of these major military construction projects will reduce a major category of expenditure and afford the Castro regime a means of significantly reducing military spending without affecting readiness or lessening combat capabilities. []

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Personnel

Of all major categories of military spending, personnel outlays pose the most difficult problem for Havana in our view because they most clearly highlight the conflict between the size of military force the Castro regime believes it should have and what it can reasonably afford. In our estimation it will be in this area—rather than procurement, which is paid for almost entirely by the Soviets in any case—that decisions on how to allocate Cuban military spending will be the most contentious. []

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Havana probably will be reluctant to cut armed forces manpower because of military challenges to Cuba at home and abroad. Judging from the scope of Cuba’s defensive military buildup, we suspect Castro perceives the threat of a US invasion or attack on Cuba—largely as a result of the situation in Central America—to be higher than at any time since the Cuban missile crisis. To meet this perceived threat, the military’s extensive expansion and modernization programs since the late 1970s have created a large and technologically rather advanced force maintained at high readiness levels and requiring comparatively large numbers of technically skilled personnel. As a result of growth and modernization, the number of

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Personnel. Troops in major active-duty combat units (air and missile forces, armor, artillery, and infantry) probably will not undergo major reductions in the near term. If, as we expect, economic problems continue to mount, however, Havana ultimately may find it necessary to reduce the number of personnel on active duty. [redacted]

active-duty personnel in the armed forces is some 30 percent greater than in 1975 and totals over 170,000 (see tables 2 and 3). [redacted]

Moreover, unlike the situation in the early 1970s, over 40,000 Cuban military personnel are now serving overseas in Africa and Nicaragua, maintaining a credible role for Cuba as an important Soviet ally. Havana needs comparatively large military forces to meet its commitments at home and abroad, and it probably will resist efforts initially to reduce troop strength significantly unless it believes the threat to Cuba and its allies has diminished. In the wake of the US military action in Grenada, however, the Cuban leadership probably holds the opposite view. [redacted]

Table 2 *Number of persons*
Cuban Revolutionary Armed Forces and Militia, 1985

	Total	Ground Forces	Air and Air Defense Forces	Navy
Total Armed Forces and MTT	1,805,750			
Active				
In Cuba	130,750	97,000	20,250	13,500
Abroad ^a	40,000	33,000	7,000	
Total	170,750	130,000	27,250	13,500
Ready reserve	135,000			
MTT	1,500,000			

^a Mostly reservists on active duty.

[redacted]

Soviet opinion is also a factor. The Cuban presence in Africa serves an important function for the Soviets, and it would not be in Moscow's interest to cut back on the number of Cuban troops in Angola, for example, while the military balance in that country remains uncertain. Even so, there is some evidence that the Soviets believe the Cuban military establishment overall is too large for its present budget and that in the long run it may have to be cut back. [redacted]

[redacted] in 1979 the Soviets considered the Cuban army to be too large for the country's budget and proposed establishing guidelines for streamlining and improving the Cuban armed forces from 1979 through the year 2000. The principal Soviet goal in the plan was the reduction of the Cuban armed forces to a maximum strength of 100,000 personnel by the year 2000. Although later reporting [redacted] indicated that Moscow was in basic agreement that Cuba needed to maintain strong military forces to discourage the United States from invading, there are probably continuing Soviet efforts to limit the number of Cubans on active duty. [redacted]

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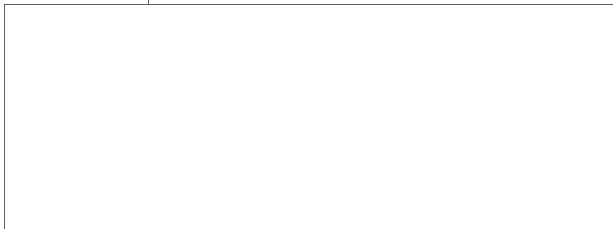
Irregular Forces. Because it is a lower cost—albeit less effective—alternative to the regular Armed Forces and provides a useful means of party control, the Territorial Militia is unlikely to be cut back by the Castro regime in response to growing economic pressure.

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As Cuba's economic difficulties continue to mount, cuts in personnel spending may also become more attractive to Cuban planners. Personnel outlays probably constitute the largest category of Cuban military spending and are therefore likely to be scrutinized carefully as economic policy makers search for ways to cut back.

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Even if significant reductions eventually become necessary, Havana can be expected to try to preserve as much as possible the combat capabilities of the existing force. We do not expect troops in major

active-duty combat units (air and missile forces, armor, infantry, and artillery), which constitute Cuba's first line of defense, to undergo major reductions in the near term. Instead, Havana is more likely to try to achieve economies in such units through organizational restructuring, the shift of some functions to the reserves or militia, and reductions in pay, benefits, and promotions. If economic problems continue to deteriorate, the regime ultimately may be forced to reduce active-duty personnel, but it would probably try to absorb needed reductions as much as possible in support and service functions rather than in frontline combat units. The delivery of large numbers of modern weapons to Cuba in recent years, and the need to repair and maintain them, will make such decisions especially difficult, however.

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In our view, Cuba's approximately 135,000 ready reservists—who train with active-duty units—are likely to remain at about current levels because they cost less than active-duty forces and are critical to Havana's military philosophy of being able quickly to mobilize forces that are well trained and well equipped. Moreover, the reservists play an important role in Cuba's overseas military missions.

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more than half the Cuban military personnel in Angola and Ethiopia are reservists. Some cost reductions could be gained by cutting the relatively long period of active service—45 days—many reservists are paid to perform annually. Because the reserves provide Cuba with large numbers of experienced personnel at comparatively low cost, however, we believe they would be less likely to suffer reductions in a budget squeeze than active-duty forces.

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Operations and Maintenance

Unlike reduced spending on construction or modest cutbacks in personnel, reductions in the area of operations and maintenance would have an almost immediate impact on Cuba's military readiness, in our judgment. This is a result of the expansion of the armed forces in recent years and the acquisition of new, more advanced equipment that has increased the

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Castro's Irregular Forces: Immune From Cuts?

Cuba's paramilitary forces have three functions—to provide a large irregular military force at low cost to defend the island in case of invasion, to furnish a plentiful supply of cheap agricultural labor, and to politicize and discipline Cuban youth.

The largest and most effective paramilitary force, the Territorial Troops Militia (MTT), was created in May 1980 to strengthen combat readiness without the expense of enlarging active military forces. An equally important role, however, is to tighten government control over women, students, and older citizens not effectively controlled through civilian mass organizations. More than 1.5 million irregulars have been trained to serve in the MTT, according to official statements. The MTT has independent access to its own arms, is controlled by the party, and enjoys nearly a 5-to-1 advantage over the military in personnel strength.

Although initially voluntary, service in many MTT units is now compulsory, according to a Cuban defector. Unlike reservists, who must be paid their full civilian wages during periods of military service, MTT personnel are expected to donate one weekend a month, one night a week, and half their annual vacation time to militia duties, and they must buy their own uniforms. Because it is a lower cost—albeit less effective—alternative to the regular armed forces and provides a useful means of party control, the MTT is unlikely to be cut back by the Castro regime in response to growing economic pressure. In fact, the recent order for 100,000 assault rifles from North Korea suggests that the MTT may be projected to increase in manpower.

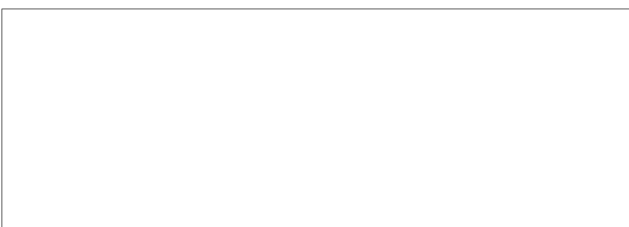
than double the amount of technical and maintenance support, [redacted]. The greater variety of equipment now in the Cuban inventory also contributes to maintenance requirements. While Cuban surface-to-air missile forces in 1975 operated only one basic type of surface-to-air missile, they now operate five major systems. Maintenance needs for the Navy also have increased as a result of the delivery of whole new classes of combatants—frigates, submarines, hydrofoils, amphibious transports, and missile patrol boats—since 1978. [redacted]

Cuba's emphasis on military readiness in recent years has meant more training, more exercises, and greater realism in training events—all entailing greater wear and tear on equipment, more demands on skilled technicians, and high consumption of fuel, lubricants, and other consumables. [redacted]

[redacted] The establishment of a new flight school at San Julian Airfield in western Cuba and the massive retraining needed to absorb new aircraft into the Air Force probably contributed to the dramatic increase. [redacted]

[redacted] the cost per flying hour—depreciation, rations, and pay—exceeds \$1,000 for helicopters and presumably much more for jet fighters, easily bringing the total cost of even a relatively modest air defense exercise to some \$500,000. Economies could be achieved by consolidating weapons and equipment in fewer locations, scrimping on scheduled maintenance, mothballing equipment, reducing flying and, ship steaming hours, and cutting back on training and unit readiness exercises. However, all of these measures would adversely affect combat readiness, and, for that reason, the Castro regime probably would be reluctant to implement them unless it were particularly hard pressed. Even then, it would probably turn to Moscow for relief, citing the impact a cutback would have on the readiness of Cuban troops both on the island and abroad. [redacted]

military's operations and maintenance needs.² An Air Force unit transitioning from MIG-17s to late-model MIG-21s or MIG-23s, for example, requires more



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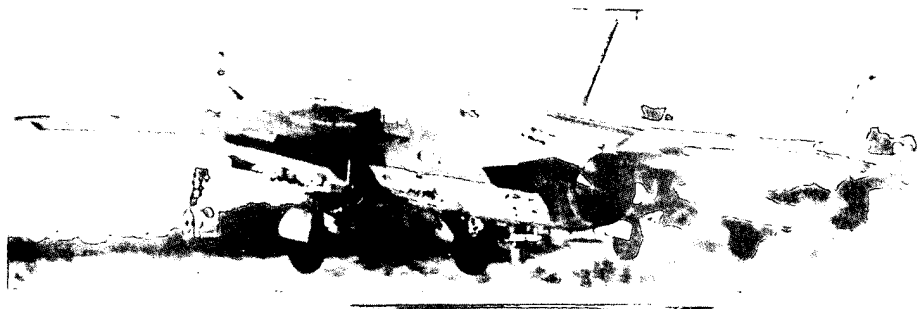
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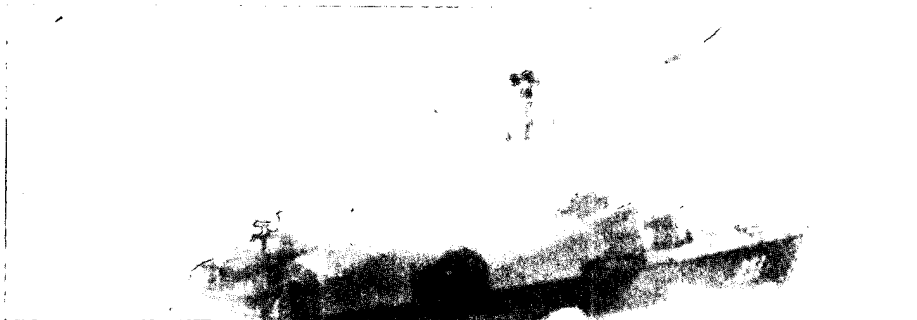
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Operations and Maintenance.
Reductions in operations and maintenance funding would adversely affect combat readiness, and, for that reason, the Castro regime probably would be reluctant to implement them unless economic conditions became particularly severe and the Soviets failed to provide relief.



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Internationalist Activity. Although unpopular at home, Cuba's involvement in Angola increases Havana's value to the Soviets and enhances Castro's prestige among black African leaders. Reduction in the level of Cuban support to the Marxist regimes in Angola or Nicaragua would be unpalatable to Castro, unless it followed a victory for Havana's allies. Shown is a Cuban armored column in Angola.

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Internationalist Activity

Perhaps the least palatable cuts to the Castro regime would be reductions in the level of Cuban support to the Marxist regimes in Angola or Nicaragua—unless such a move followed a victory for Havana's allies. Castro has repeatedly emphasized his support for these radical Marxist regimes, and he warned in his concluding speech at the Third Communist Party Congress in February that Washington should not underestimate Havana's tenacity. According to Castro, Cuba was willing "to remain in Angola 10, 20, or 30 years" and would do everything possible to step up aid for Managua if the United States increased assistance to the anti-Sandinistas.

Cuba's foreign policy objectives are furthered by some 40,000 military personnel serving abroad, mostly in Angola and Ethiopia. [redacted] the Castro regime's involvement in the Angola war is unpopular among the Cuban

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people, but we believe Cuba's aid to the Luanda regime offers advantages to Havana in furthering its relations with the Third World and enhances Castro's prestige among black African leaders. More important, Moscow's use of Cuban troops as surrogates increases Havana's value to the Soviets, thereby strengthening Castro's case for maintaining Soviet aid levels. [redacted]

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Direct economic benefits to Cuba from its involvement in Angola are probably overshadowed by the costs associated with maintaining such a large overseas force—for which we believe Havana supplies at least salaries, fuel, and provisions. Cuba bills the Angolan Government for some services—for example, Luanda is charged \$150,000 plus fuel for each Cuban airline flight to Angola on at least one major route, and Havana insists on payment from Luanda of some \$28-30 monthly for each Cuban enlisted man and \$40 for each Cuban officer in Angola, according to a Cuban defector. Such fees may make overall Cuban expenses in Angola more bearable but probably do not begin to approach the total costs to Havana of maintaining a 35,000-man expeditionary force in southern Africa to defend its Marxist ally. [redacted]

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Havana's burden, however, is compensated not only by foreign policy advantages but by domestic considerations as well. A major cutback in overseas activity resulting in large numbers of Cuban troops returning from Angola and seeking to reenter civilian life in Cuba would swell the ranks of Cuba's unskilled laborers at a time when the island's economy is ill equipped to receive them. Although such a reduction in internationalist activity would probably be an effective way to cut some military costs, it could also result in increased levels of dissent in Cuba unless employment could quickly be found for most of the returning troops. [redacted]

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Procurement

In our view, this category of military spending is the least likely to undergo major cuts as a result of economic pressures on Havana. Almost all of the

[redacted]

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Table 3
Cuban Armed Forces
Personnel^a

	1970	1975	1980	1985
Total	215,000	191,000	242,500	305,750
Ground Forces	190,000	166,000	216,000	265,000
Navy	9,000	9,000	10,500	13,500
Air and Air Defense Forces	16,000	16,000	16,000	27,250

^a Figures are based on [] analysis of Cuban Armed Forces order of battle. In some cases this provides only fragmentary information from which the organization of units can be reconstructed. Confidence levels are high for air and naval units; for ground force units, somewhat lower.

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major weapons and spare parts Cuba receives are provided by the Soviets free of charge. As a result, Havana spends only relatively minor amounts on military procurement. Cuba has spent some hard currency in recent years on arms and military-associated equipment—including machineguns and other equipment from Eastern Europe, munitions-related machinery from Spain, and a small amount of ammunition from Japan. In addition, Castro recently announced an agreement to purchase 100,000 assault rifles from North Korea. []

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Because Havana spends relatively little on procurement, it can save little by cutting back. However, some economies might be achieved as Cuba's principal military construction programs wind down, thus reducing expenditures on building materials. Indeed, most Cuban procurement spending is devoted to such military-associated items as steel, tires, construction materials, and transport equipment. Beyond this, however, given the Castro regime's active interest in finding additional sources of small arms and munitions, we do not believe Havana has any intention of limiting procurement expenditures. []

Outlook and Implications for the United States

Constraints on Soviet aid, Cuba's poor economic prospects, and the recent leveling off of Soviet military assistance to Cuba suggest that the cycle of rapid expansion and modernization of the Cuban armed forces may be nearing an end. However, because Havana's military capabilities are now at a high level, the climate of austerity that we expect to prevail in Cuba over the next year or so probably will not affect its ability to maintain or operate the large numbers of fighters, missiles, tanks, armored vehicles, and naval combatants in the armed forces inventory. Moreover,

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[] the upgrading of air and naval facilities have significantly improved the military's effectiveness. In addition, the recent completion of many military construction projects affords Havana an opportunity to cut back on military spending without appreciably curtailing combat capabilities.

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A slowdown in the pace of military construction, cutbacks in some benefits for military personnel, and a limited drawdown of less effective personnel are the most likely areas for reductions in military spending—at least for the near term. Only if economic conditions decline significantly in Cuba over the course of the next few years and Soviet aid fails to keep pace are further cuts in personnel or operational funds—cuts that could materially affect readiness or combat effectiveness—likely to arise. []

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So far, Castro has protected the armed forces from austerity more than any other major institution—and we expect he will continue to try to do so, using the state of tension with Washington and the Soviets' need for a proxy army as rationale in his discussions with Moscow. The continued weakness of the Cuban economy and the increased size of the Soviet Military Advisory Group in Havana over the last several years

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Table 4
Inventory ^a of Selected Cuban
Weapons and Equipment

	1975	1980	1985		1975	1980	1985
Air and Air Defense Forces				Navy (cont.)			
Modern jet fighters/trainers ^b				Minesweepers			
MIG-23	0	12	47	Yevgenya	0	7	12
MIG-21 ^c	(95)	138	160	Sonya	0	1	4
L-39 trainers	0	0	30	Polnocny landing ship	0	0	2
Other aircraft ^b				Ground Forces			
MI-24 attack helicopters	0	0	12	Modern medium tanks			
MI-8/17 helicopters	(3)	30	56	T-62	0	50	(200)
AN-24/26 transports	(2)	24	30	T-54/55	(300)	630	780
Surface-to-air missile launchers				Other armored vehicles			
SA-2	175	175	175	BMP infantry combat vehicle	0	45	81
SA-3	6	24	42	BTR-60 armored personnel carrier	(80)	340	426
SA-6	0	20	20	BRDM reconnaissance vehicle	(40)	90	130
SA-9/13	0	0	20	Field artillery			
Navy				M-1973SP 152-mm howitzer	0	0	6
Foxtrot submarines	0	2	3	M-1974 SP 122-mm howitzer	0	6	18
Koni frigates	0	0	2	B-21 122-mm multiple rocket launcher	(0)	40	72
Guided-missile patrol boats				130-mm field gun	(100)	110	175
Osa-I	5	5	5	122-mm howitzer	(140)	160	225
Osa-II	1	7	13	ZSU-23/4 SP air defense artillery	0	28	40
Torpedo boats							
P-4/P-6/Komar conversion	(24)	(19)	13				
Turya hydrofoil	0	4	9				

^a Operational inventory only.

^b Through 1980 there were also decreasing numbers of older aircraft.

^c Includes MIG-21H (reconnaissance) but excludes older MIG-21 variants whose operational status is uncertain.

Note: () Denotes substantially greater uncertainty.



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Indicators To Watch For

If a serious downturn in the economy forces the Castro regime to make substantial reductions in the military—an outcome we believe is less likely than moderate cuts not directly affecting readiness—possible indicators could include:

- *A sharp drop in naval, ground, or air defense exercise activity.*
- *Substantial and sustained reductions in military fuel allocations.*
- *Disestablishment of some Ground Forces units.*
- *Sharp increases in length of time that major equipment is out of commission for repairs.*
- *Undermanning of major combat units.*
- *Severe reductions in the number of reservists supporting active units or in the weeks of annual training required of reservists.*

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suggest an even greater future Soviet role in determining Cuba's long-range military plans. For now, however, Castro's implicit prioritization of armed forces needs and Soviet near-term tolerance for Cuban force levels indicate that it is unlikely that Cuban force readiness or deployment capabilities will be degraded.

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