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 **CENTRAL INTELLIGENCE AGENCY**
Office of Congressional Affairs
Washington, D.C. 20505
Telephone: 482-6136 15 March 1988

TO: Mr. Peter Stein
House Armed Services Committee
2343 Rayburn Bldg.
Washington, D. C.

Dear Peter:

Enclosed is our review of the NATO paper.

If you have any further questions, please feel free to call.

House Branch
Office of Congressional Affairs

Enclosure

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Comments on Draft Paper

Why Is NATO Grossly Inefficient in Getting Force Strength

If the changes detailed in the following paragraphs are made to the paper, we agree to the unclassified release of the dollar values of defense activities cited therein.

1. In numerous points throughout, the paper refers to estimates of the dollar cost of Soviet defense activities as Soviet "spending", the "Soviet Union spends...", "spending practices..." etc. Our dollar cost estimates do not measure Soviet spending. Statements about Soviet spending should be based on estimates of Soviet outlays in rubles. For purposes of comparing US and Soviet defense activities, dollar estimates are appropriate. Although it can be a bit cumbersome, I suggest that the text be modified to refer to the dollar figures as "the estimated dollar cost of..." rather than "Soviet spending for..."

2. Table I. For use on an unclassified basis and to avoid falsely implying high degrees of precision, the dollar figures for NATO and the Pact should be rounded to 3.5 billion and 3.1 billion 1985 dollars. The other data in the chart were not taken from our recent paper, A Comparison of Warsaw Pact and NATO Defense Activities, 1976-86 (U). I do not know the source that was used and thus I cannot comment on their classification. They are, however, different from the data presented in our comparison paper.

3. In the text and in Table III the term "budget category" is used for what we normally call a "resource category." Although this is not an issue of right or wrong, classified or not, to avoid possible confusion I recommend the paper use the term "resource category."

4. Table III and related text. For use on an unclassified basis and to

avoid false implications of precision, delete the estimated dollar costs and show only the NATO/Pact ratios rounded to the nearest tenth. Thus, they should read .9, 1.0, .9, 1.0, 1.8, 1.3, .6, 1.2. (Note that the 3087 total figure in the second column should be 3075).

5. Table IV. For use on an unclassified basis and to avoid false implications of precision, round all figures to the nearest 5 billion dollars. These data were apparently taken from our May 1986 US/Soviet comparison paper. We have more recent, but as yet unpublished, estimates. If you wish I could provide those estimates which are expressed in 1986 dollars.

6. Table V. Round dollar cost data to the nearest 5 billion. Change the title to indicate that for non-US NATO countries the dollar values are estimated dollar costs of non-US NATO defense activities by resource category.

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