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**DIRECTORATE OF INTELLIGENCE**

10 July 1987

**Gorbachev and the Defense Budget: the Prospects for Glasnost**

**Summary**

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[Redacted] The Soviets have long limited their disclosure of defense spending data to the publication of a single line "budget", which is widely agreed to comprise only a small part of their total defense expenditures. [Redacted]

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Releasing more defense spending data would almost certainly be tied to revived Soviet proposals for international agreements to freeze or reduce military expenditures, proposals which Western countries have generally sharply criticized, in part on the grounds of the Soviets' failure to disclose their true defense costs. Such an action

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would also strengthen the image of reasonableness and honesty that Gorbachev is trying to cultivate in the foreign policy sphere and might succeed in putting Soviet advocates of faster growth in military spending on the defensive. On the other hand, release of expenditures data alone would not overcome Western objections to Soviet proposals for limitations on defense spending and would almost certainly prompt Western calls for further data on Soviet defense activities. It would also create resentment in the military which might eventually be politically damaging to Gorbachev. [Redacted]

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Although the political and security costs of fuller disclosure of defense expenditures might seem small to Western governments, previous Soviet regimes have judged them to be formidable and so far at least, Gorbachev has done the same. He has, however, also shown himself willing to make moves that his predecessors would have deemed too risky to advance his political and policy goals. [Redacted]

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Should Gorbachev opt for a fuller disclosure of Soviet defense expenditures, the difficulties of verifying the reported total defense spending figure would be so great that he would have ample room for deception. He could, for example, announce a figure which, while understating what we believe the Soviets actually spend, would be large enough to win wide acceptance from Western governments and publics. [Redacted]

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Table 1  
The Official Soviet Defense Budget, 1975-87

	Official Defense Budget (billion current rubles)	As a Percentage of Total Reported State Budgetary Expenditures
1975	17.4	8.1
1976	17.4	7.7
1977	17.2	7.1
1978	17.2	6.6
1979	17.2	6.2
1980	17.1	5.8
1981	17.1	5.5
1982	17.1	5.0
1983	17.1	4.8
1984	17.1	4.6
1985	19.1	4.9
1986	19.1	4.1
1987 (planned)	20.2	4.6

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### Potential Benefits of Disclosure

A fuller Soviet disclosure of defense spending data would probably come in conjunction with a proposal for an international agreement to freeze or reduce military expenditures. The Soviets and their Warsaw Pact allies have pushed such proposals in multinational forums on numerous occasions in recent decades. One proposal led to a 1973 UN resolution that called for a 10-percent reduction in the military budgets of all five permanent members of the Security Council and the allocation of a portion of the savings to development assistance. Since then, the Soviets have continued to promote similar measures in the United Nations--most recently on 8 June 1987--and in various arms control forums such as the Conference on Disarmament in Geneva. The Soviets have enjoyed little success getting their proposals adopted, however, in part because of their unwillingness to reveal the full extent and details of their own defense budget. A UN experts group established to study the feasibility of the limitation of military expenditures designed a standard format for the reporting of military spending (see figure 1). Several Western countries, including the United States, and Romania--a member of the Warsaw Pact--have provided data on their defense budgets in this standard format, but the Soviet Union still refuses to comply. 

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A fuller disclosure of Soviet defense expenditures would do much to bolster the image of openness and honesty that Gorbachev has cultivated with his much-publicized campaign for glasnost. To the extent that it does so, the prospects for winning international support for Soviet arms control proposals and foreign policy initiatives unrelated to agreements on the reduction of military budgets could improve as well. 

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Fuller public disclosure of Soviet defense expenditures could also help Gorbachev on the domestic political and policy front. He has publicly complained about the USSR's heavy defense burden and the problems it causes the economy. There are indications, however, that other Soviet leaders may disagree with this view and believe that defense should receive even more. At the January 1987 Central Committee plenum, for example, Gorbachev emphasized the need for reconstruction and greater attention to efficiency in the armed forces, while the concluding resolution demanded a "comprehensive strengthening of defenses." The differing emphases suggest a leadership debate on the allocation of resources between defense and non-defense uses. Because the high-level advocates of faster growth in military outlays would almost certainly be privy to actual Soviet defense expenditures, a fuller disclosure of Soviet defense costs would probably have little or no direct impact on their thinking about the allocation of resources to defense. Still, such a disclosure might be a politically effective move for Gorbachev, for by revealing to the Soviet people that the armed forces have been receiving more resources than previously claimed, he could put the advocates of more rapid growth in military outlays on the defensive. 

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Figure 1  
UN Format for Reporting Military Expenditures

Resource costs	Force groups										
	Strategic forces	General purpose forces		Central support, administration and command		Para-military forces	Civil defence	Military assistance			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
<b>I. Operating costs</b>											
1. Personnel											
(a) Civilian											
(b) Conscripts											
(c) Other military											
2. Operations and maintenance											
(a) Materials for current use (purchases of food, clothing, petroleum products, training materials, medical materials, office supplies and the like)											
(b) Maintenance and repair											
(i) Contract services for repair and maintenance of equipment and facilities											
(ii) Purchases of parts, materials and tools for repair and maintenance of equipment and facilities											
(c) Travel expenses, postal charges, printing expenses and payments for other current services											
(d) Real estate rents											
<b>II. Procurement and construction</b>											
1. Procurement*											
(a) Aircraft and engines											
(b) Missiles, including conventional warheads											
(c) Nuclear warheads and bombs											
(d) Ships and boats											
(e) Tanks, armoured personnel carriers and other armoured equipment											
(f) Artillery											
(g) Other ground force weapons											
(h) Ordnance and ammunition**											
(i) Electronics and communications											
(j) Vehicles											
(k) Other											
2. Construction											
(a) Airbases, airfields											
(b) Missile sites											
(c) Naval bases and facilities											
(d) Electronics, communications and related structures and facilities											
(e) Personnel facilities											
(f) Medical facilities											
(g) Warehouses, depots, repair and maintenance facilities											
(h) Command and administration facilities											
(i) Fortifications											
(j) Shelters											
(k) Other											
<b>III. Research and development</b>											
1. Basic and applied research											
2. Development, testing and evaluation											

*Subdivision of general purpose forces*  
 Cols. (2) Land forces  
 (3) Naval forces  
 (4) Air forces  
 (5) Other combat forces

*Subdivision of central support, administration and command*  
 (6) Central support (supply, maintenance, construction, training, medical, etc.)  
 (7) Central administration and command, including intelligence and communications

*Subdivision of military assistance*  
 Cols. (10) Contributions to allied forces and infrastructure  
 (11) Military assistance to allies and non-allies

\* Subdivided by  
 Domestically produced vs. imported;  
 Allocation to forces vs. stockpiled.

\*\* Excluding elements in (h) and (i) above.

Source:  
 United Nations Disarmament Yearbook, UN Center for Disarmament, Department  
 of Political and Security Council Affairs, Vol. 3: 1978, UN, NY, 1979, pp. 420-1.


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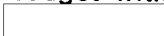
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**Drawbacks of Disclosure**


Making more data available, however, would entail some political costs. Because the problems of verifying an international agreement on the limitation of defense expenditures are so formidable (see inset), a fuller disclosure of Soviet defense expenditures would not silence Western objections to Soviet proposals for agreements of this sort. Rather, it would almost certainly prompt Western calls for further data--for example, on the numbers and types of weapons the Soviets plan to procure and on the nature of Soviet military research and development programs. The Soviets regard such information as highly sensitive on national security grounds. 

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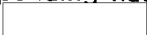
**Problems with Verification**

Verification of any defense spending figures announced by the Soviets would be extremely difficult in the absence of highly detailed data on the coverage of the reported outlays and the prices and quantities of the programs and activities included in defense. Even if detailed data were available, the state's control of the prices of weapons and military equipment would make it possible for Gorbachev to change the defense budget without affecting the level of resources actually going to the military. 

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Reconciling Western estimates of defense spending with Soviet reported figures would be especially difficult. CIA estimates of Soviet defense spending are useful in portraying general trends in the resources allocated to defense. They are not, however, directly comparable to actual Soviet outlays because our estimates are in 1982 constant rubles whereas Soviet data would probably be expressed in either current prices or Soviet-style "constant" (comparable) prices that have no Western counterpart. Estimates of Soviet defense expenditures derived from published Soviet economic and financial statistics might avoid the price base problem, but contain so many uncertainties that they would be useless for verification purposes. 

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Disclosures in any detail would also probably generate resentment within the military, which would be leery of revealing its force development plans to the West and unwilling to run the risk of appearing to be a major drain on resources in the eyes of Soviet citizens. Gorbachev currently appears confident of his ability to control the armed forces, but the military's dissatisfaction could eventually be damaging to him--as it was to Khrushchev--if he encounters a serious political challenge to his leadership. Moreover, Gorbachev has, to some extent, associated himself with the sham defense budgets--the 1986 and 1987 budgets were formulated, approved, and released to the public during his tenure as General Secretary. As a result, a public acknowledgement that Soviet defense spending has been greater than reported to date might be politically embarrassing to him. 

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**Prospects**

Although the political and security costs associated with a fuller disclosure of defense expenditures might seem small to Western governments, previous Soviet regimes and--so far at least--the Gorbachev leadership have apparently judged them to be formidable. Gorbachev has, however, shown himself willing to advance his political and policy goals in ways that his recent predecessors would have deemed too risky. The glasnost campaign, for example, has already entailed the public disclosure of widespread corruption among the Soviet elite and the discussion of other once taboo subjects such as Stalin's purges. Thus, we cannot dismiss the possibility that he may agree to a fuller disclosure of Soviet defense expenditures. 

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Should Gorbachev release additional defense spending data, the difficulties of verifying the reported defense spending total would be so great that he would have considerable room to deceive. The Soviets, for example, might release an estimate of defense spending considerably higher than the published defense budget of 20 billion rubles, but still much lower than Western estimates of total expenditures. This would allow Gorbachev to achieve his goal of making the USSR appear more forthcoming and to score propaganda points in the West without giving away any secrets. At the same time, Western experts would be put on the defensive to try to disprove Gorbachev's number and validate their own estimates, particularly if the Soviets also provide a breakdown which is externally plausible but still incorrect. 

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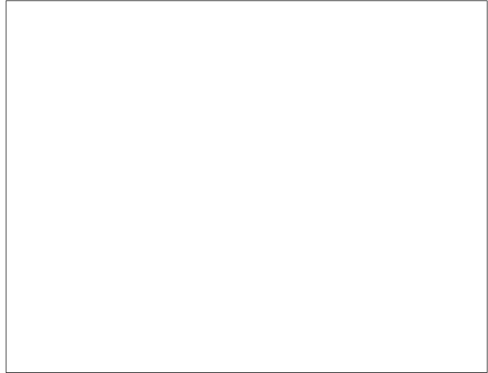
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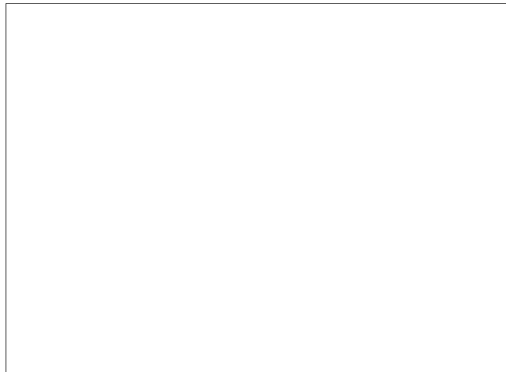
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