

AVIATION WEEK & SPACE TECHNOLOGY
18 March 1985

CIA, Defense Intelligence Diverge On Soviet Arms Spending Growth

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Washington—Central Intelligence Agency estimates of a 1-2% Soviet rate of defense spending growth for 1983 differ from the 5-8% estimated by the Defense Intelligence Agency but do not indicate any split between the two agencies, according to Robert Gates, chairman of the National Intelligence Council and deputy director for intelligence at the CIA.

The CIA figures became available with the publication of a censored version of testimony given by Gates before a closed session of the subcommittee on international trade, finance and security economics of the Joint Economic Committee of Congress. The CIA believes that it is too

early to estimate 1984 growth, while the DIA believes growth continued at the same 5-8%.

Gates said that estimates of Soviet defense spending are subject to great uncertainties because analysts look at Soviet defense hardware and force levels and figure the cost as equivalent to what it would cost the U. S. to field a similar establishment.

Because prices are determined by different factors in the West than in the Soviet Union, the comparisons are at best indications of relative, rather than absolute, spending levels.

Both agencies agree that there was little real growth from 1975 through 1982, although Soviet defense spending remained

at a very high absolute level. "It is time for Washington to take official notice that Soviet military procurement has been stagnant for the past seven years and to stop acting like nothing has happened," Sen. William Proxmire (D.-Wis.) said. "It is true that military procurement has leveled off at a rather high level, and the Soviets have been able to add large numbers of weapons to their inventory despite the slowdown."

USSR Inventory

During the period referred to by Proxmire, 1977-83, the CIA lists the following purchases by the Soviets:

- 1,100 intercontinental ballistic missiles.
- 700 submarine-launched ballistic missiles.

- 300 bombers, including Tu-22M/Tu-26 Backfires.

- 5,000 fighters, including MiG-23/27 Floggers.

- 15,500 tanks, including T-72s.
- Substantial numbers of naval surface combatants and submarines.

Gates pointed out that even though the rate of increase slowed or stagnated during the period, the Soviets were already at such a high spending level that they were able to modernize and improve their forces substantially.

"The best measure of Soviet military capabilities for use by U. S. decision-makers is what the Soviets actually have bought, are deploying and are developing—rather than an artificial reconstruction of what it cost them," Gates said. He added that cost comparisons have value only when used as analytical tools by experts who understand their very significant limitations.

Fighter Production

Defense Secretary Caspar Weinberger made the same point last year when he said the Soviets were producing about 840 fighters a year while the U. S. was producing 350 (AW&ST Feb. 13, 1984, p. 11).

Summarizing CIA testimony over the years, Gates stated that Soviet economic growth, which military growth closely matches, was quite strong during the 1960s and the first half of the 1970s.

The mid-1970s marked a turning point when the economy began to decelerate and eventually fell below 2% growth from 1979-81. Since then, it has rebounded.

The Soviet gross national product is very sensitive to fluctuations in agricultural production, and the slump in GNP in the late 1970s is tied closely to poor har-

vests in those years. Farm output rose by 6.3% in 1983, reaching an all-time high, and 1984 should reflect similar gains.

Industrial production grew by 3.4% in 1983, and a similar rate seems likely in 1984. The most significant improvement has been in the production of raw materials and intermediate products. Poor performance here in the late 1970s created bottlenecks, which affected the entire economy as requirements outpaced supplies. In some cases, notably steel, imports have been used to take up the slack. Chemical output gains also contributed to growth.

Fuel Concern

The energy situation in the Soviet Union remains a problem. Coal production continues to fall and oil production shows scant growth. Gas production is up, though, and electric power is becoming more plentiful.

The CIA attributes the severity of the late 1970s slump to a transportation system unable to meet demands placed on it in a country whose size requires an efficient network.

A poor showing by the railroads during this period is partly to blame, and improvements in this sector have helped the industrial recovery.

The amount of gas transported by pipeline continues to rise at double-digit rates, but traffic on highways and rivers has declined.

The CIA estimates the share of the Soviet GNP allotted to defense spending at 13-14%, almost double that in the U. S. This 13-14% share has remained relatively constant since 1965 because defense growth has matched economic growth. Some key industries devote disproportionately large amounts of their total output to defense. For example, more than 25% of all machinery production goes to defense as well as 20% of all metallurgy production.

As examples of intangibles that increase the burden of defense on the economy, the military has priority access to:

- Highest quality raw materials for defense.
- Transportation and distribution of raw materials.
- Best industrial workers for the defense industry.
- National pool of research talent.
- Most advanced machinery.

As examples of intangibles that help the economy, the CIA cites possible use of troops and equipment in construction and in helping with the harvest.

CIA estimates of the defense burden do not consider the following:

- Subsidized weapon sales.