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MEMORANDUM

SUBJECT: Comments on Foreign Policy Article, "Soviet Strength and US Purpose"

The latest issue of Foreign Policy carries an exchange of comments on the topic of "Soviet Strength and US Purpose," (Attachment 1). The exchange features comments by Amos A. Jordan and R. W. Komer on an earlier Foreign Policy article by Congressman Les Aspin, entitled, "How to Look at the Soviet-American Balance," and Aspin's rebuttal to their comments. Much of the commentary focuses on CIA's military-economic analysis. This memorandum provides comments on the main points made by Jordan, Komer and Aspin on that analysis and on other intelligence issues.

Military-Economic Issues

Jordan accuses Aspin of devoting too much attention to the "red herring of conceptual problems" in the CIA's dollar costing methodology. He argues that it is "the best comparative method available". Jordan and Komer dispute Aspin's contention that a comparison of defense costs in rubles would show the US to be outspending the USSR. Jordan quotes former DCI Colby to the effect that a rough ruble comparison still shows the Soviet program to be larger than ours. Aspin cites the former DDI, Dr. Proctor, as stating that the uncertainties in this comparison are so great that this conclusion cannot be supported. Further, he asserts that the ruble figures in the CIA study are derived from a partial list of 1955 Soviet machine tool prices and that "...the cost of a

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T-62 tank is extrapolated from the 20 year old cost figures for a lathe." Finally, he argues that because some US weapons are beyond Soviet technological capabilities their ruble costs would be infinite.

Comment: The CIA did in fact make a rough estimate of the ruble costs of US programs. At the recent Joint Economic Committee hearings we noted that a ruble comparison would show the costs of Soviet defense programs in 1975 exceeding those of US programs by about 30 percent, compared to about 40 percent measured in dollar terms. Aspin's remarks on the conceptual problems of these comparisons in general and of costing technologically advanced US weapons systems in rubles specifically are germane, and illustrate the necessity to make rather arbitrary simplifying assumptions in this type of analysis. Despite the difficulties of estimating ruble costs for US weapons, and the inherent difficulties of international economic comparisons, we continue to believe that the overall Soviet military program is currently significantly larger than that of the US. Aspin is incorrect in stating that ruble cost estimates are based on 1955 machine tool prices. In fact, our ruble-dollar ratios are drawn from a large body of price data, much of which is quite recent.

Komer agrees with Aspin that "gross estimates of Soviet versus US military spending can be misleading by themselves" and further states that "they are necessarily based on esoteric ruble/dollar conversion ratios". He also claims that the CIA has made a "special correction" in its dollar estimates to account for lower Soviet manpower costs. Aspin denies that such a correction was made and correctly quotes Mr. Colby as stating that US compensation rates are used in the CIA calculations.

Comment: Komer is wrong on two points. Dollar cost comparisons are based for the most part on direct dollar costing of Soviet weapons and programs; Aspin's reply that US pay rates are applied to Soviet manpower in dollar costs estimates is correct.

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Komer also takes Aspin to task for focusing on growth in spending rather than absolute levels and for asserting that "only about half of the Soviet growth in military spending of 2.7 percent a year is threatening to the US". He charges that Aspin's analysis of the allocation of this growth to various mission categories is unsupported and that it must have been done "on the back of an envelope". Aspin's response is that his basic information came from the CIA. He also states that Soviet defense spending is "driven in part by China's military expansion which has averaged 8 percent a year recently."

Comment: While Aspin probably did base his calculations initially on CIA's dollar cost data, we did not supply him a breakdown of growth by mission. We do not know what basic sources or methodology he used. (Copies of the information we have supplied to Aspin are in attachments 2-4.) Aspin is correct in stating that some Soviet defense programs are directed against China, but his estimate of an 8 percent annual growth in Chinese programs is not supported by our analysis. Our estimates suggest that the dollar costs of Chinese defense programs have been relatively stable since 1972 and somewhat below the peak level of 1971.

Other Issues

Jordan charges that Aspin errs in stating that one-third of the Soviet ground forces are deployed in the Far East. He states that the figure is in fact one-fourth. Aspin counters by stating that his figure came from 1975 testimony by the former DIA Director, General Graham, before the Joint Economic Committee.

Comment: Our estimate supports Jordan. We do not know how General Graham derived his figures. Our estimate of the percentage of Soviet ground force divisions deployed in various areas is given in the following table:

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<u>Percent of Soviet Divisions Deployed</u>	<u>Including Airborne Divisions</u>	<u>Excluding Airborne Divisions</u>
Opposite NATO	58	57
Opposite China	25	27
Strategic Reserve	17	16

Jordan also questions Aspin's statistics on missile throw weight and bomber payload. Aspin stated in his earlier article that the US has an advantage of 27 million to 12 million pounds. Jordan says that the US figure is overstated by a factor of three. Aspin's rebuttal is that Jordan is correct if one assumes that B-52's carry only a 15,000 pound payload rather than the 60,000 or 75,000 pound payloads which he says that some models can carry.

Comment: Our estimates are closer to Jordan's than to Aspin's. (See table below.) In our estimates we count only on-line (operational) bombers and missile launchers. This approach is more realistic than estimating gross throw weight totals. Also in the interest of realism we do not use maximum payloads for either US or Soviet bombers. Instead, we ascribe to them nominal payloads which we estimate would be carried on typical operational missions.

On-Line Missile Throw Weight and Bomber Payloads (Million Pounds)

	<u>US</u>	<u>USSR</u>
Mid-1975	9.8	9.5
Mid-1976	9.3	10.2

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SOVIET STRENGTH AND U.S. PURPOSE

In his article, "How to Look at the Soviet-American Balance," in FOREIGN POLICY 22, Les Aspin challenged the view, put forward by James Schlesinger and some members of the administration, that the Soviet Union was clearly outspending the United States for defense. His article, and the public campaign which Aspin subsequently launched, attracted considerable attention and provoked substantial disagreement. In the exchange which follows, the Acting Assistant Secretary of Defense Amos Jordan and R. W. Komar, a special assistant to President Johnson, dispute Aspin's figures as well as his conclusions. In addition, Jordan comments on Earl C. Ravenal's article, "After Schlesinger: Something Has to Give," which also appeared in the last issue. The replies of both Aspin and Ravenal follow, in one of the most intense debates we have yet published. Although the reader may still find no single, simple answer, there can be no question of the importance of this debate, which has now become an integral part of the election campaign.—The Editors.

Amos A. Jordan:

The articles by Les Aspin and Earl C. Ravenal in the spring 1976 issue of FOREIGN POLICY are important contributions to the on-again, off-again Great Debate about the significance of American military strength in the world. Although it is not possible to discuss both adequately in a brief rejoinder, it may nevertheless be useful to compare their central theses and point up some of their inadequacies, lest they become accepted wisdom in opinion-making circles.

The overall thrust of the Aspin piece is clear: the statistics which the U.S. admin-

istration has been using about the relative size of the U.S. and Soviet defense efforts are being distorted to serve the Pentagon's purposes; moreover, even if Soviet defense budgets have been increasing, we need not worry particularly, for only half of the purported increases can be viewed as "threatening" to the United States.

Although the facts force Aspin to admit that U.S. and Soviet defense program trends are adverse to the United States—the central point of the article—he spends the bulk of his essay deprecating the significance of this. The remainder of the article is devoted largely to the red herring of conceptual problems in the CIA's method of comparing the absolute size of the Soviet and U.S. defense program. Thus, he mostly ignores the data showing that, for the better part of a decade, in manpower, force levels, equipment, and various other measures, Soviet military strength has been increasing while ours has been declining. Instead he focuses on what should have been a methodological footnote. Although estimating what the Soviet program would cost if it were procured in the United States, with the same manpower and the same quantities and quality of equipment, overstates Soviet resource inputs, it is the best comparative method available. In any case, it is clear that any distortion inherent in the method could not vitiate the conclusion that the Soviet Union's overall defense program is very much the larger of the two.

Further, despite Aspin's statement to the contrary, basing the comparative costing on roubles produces the same conclusions. Since the data for rouble-based comparisons are not as reliable as those for dollar-based analyses (the intelligence community now has underway a major effort to improve them), a meaningful rouble comparison is difficult; nevertheless, as former CIA Director William E. Colby publicly stated a year ago, "a very rough" rouble-based comparison indicates that the Soviet program is indeed significantly larger than ours.

In short, Aspin's thesis that "the answer to the question, 'who is spending more on defense,' depends on the price system used" is contrary to the facts, as best non-Soviet analysts can ascertain them. Examination of the quantity and quality of Soviet forces procured tends to confirm this judgment.

On the key question of relative trends, Aspin attempts to minimize the significance of the adverse changes he admits. He advances—in the first instance—two weak explanations for Soviet increases which strike him as less cataclysmic than the Pentagon's explanation that the Soviet Union is striving for military supremacy: first, that recent budget growth may be merely a reflection of pre-Strategic Arms Limitation Talks (SALT) attitudes by Soviet leaders and second, that it is a function of "internal, bureaucratic/political factors in the Kremlin." In his first case, if the Soviets were budgeting for four new intercontinental ballistic missiles (ICBMs), one new intermediate range ballistic missile (IRBM), one new submarine-launched ballistic missile (SLBM), and one new bomber, while—at the same time—negotiating for arms controls with the United States, I can question whether it was a search for stability which impelled the Soviets to complete all these expensive systems—and to promptly begin the next generation of several new ICBMs and SLBMs which are now under development (the latter systems undoubtedly conceived after the signing of the 1972 SALT agreement).

Turning to Aspin's second, "bureaucratic/political" explanation for rising Soviet defense budgets, it is difficult to take comfort from the proposition that major Soviet program and force increases mean little because they have occurred as a consequence of Brezhnev's "trying to keep a majority for détente in the politburo" and still maintain his support in the armed forces. If the Soviet armed forces with their preoccupation with military might are so influential, concern about the military balance would seem doubly warranted.

In a third, and, to Aspin, crucial, prong to his argument for deflating the significance of rising Soviet military budgets, he identifies "threatening" and "nonthreatening" mission categories in those budgets with surprising precision. In the absence of adequate rouble data, apparently he has used the dollar costing figures he scorns to manipulate the information with far more precision and rigidity than warranted. Throughout, his figures are so obviously out of line with what we clearly know that his information base can be called into question. Thus, in his discussion of throw-weight advantage, he observes that the United States has the lead—27 million pounds to 12 million pounds. The Soviet figure is roughly correct but, including both missile throw-weight and bomber payload, U.S. figures are overstated by a factor of roughly three. In fact, in terms of strategic systems, the Soviet Union not only now has a throw-weight advantage but will likely increase its lead over the next few years. Its advantage is focused in the most dangerous aspect of the equation, namely, *missile* throw-weight, which holds the potential for counterforce or first-strike use which bomber payload does not.

"We will continue to need the capability to watch, listen, and talk, perhaps even to mobilize. . . ."

Aspin's statement that roughly one-third of Soviet ground forces are deployed in the Far East and another one-third against NATO is also erroneous. An analyst could only arrive at these figures by torturing the data so that Soviet divisions opposite Turkey (which are really anti-NATO) and Iran and in central Russia become "Far Eastern" divisions. In fact, only about one-fourth of the Soviet ground forces are in the Far East, and one-half are facing NATO—a very important difference for defense planners. (Of overall Soviet forces, far less than 25 per cent are committed against China.) His related ob-

servation that Soviet Far Eastern deployments do not threaten U.S. interests (or, indeed, Japan's), presumably because they are anti-Chinese, not only ignores the security interests and troop deployments of the United States in Northeast Asia but also presupposes an unwarranted Soviet force inflexibility.

Indeed, apart from data inadequacies, the flexibility of Soviet forces and the variability of Soviet marginal resource allocations over time are crucial weak points in his case. In the past several years, for instance, the Soviets have not put increased military resources into a build-up against China or in other areas Aspin delineates as "nonthreatening," but overwhelmingly into "threatening" strategic offensive systems and associated research and development (R&D). An objective observer can only echo the congressman's sentiment that the overall Soviet build-up should be placed in appropriate perspective.

Ravenal's critique of the American defense posture is not at all concerned with such matters as analyzing the Soviet budget. He is disdainful of the games critics such as Aspin play. (As a guess, I suspect he would find Aspin guilty of five of the seven "sugging and rhetorical ploys" he cites.) Even if such critics are successful, Ravenal asserts, "they will simply distort our defense posture or spread it too thin." Instead, he calls for a "more honest response," based on a foreign policy which narrows national security down to seeing "that our soil is never invaded and occupied by a foreign power; that our internal processes are never dictated by the threat of another nation (or nonnational group); and that American lives and property are not spent except in the obvious and necessary defense of those objectives." Accordingly, "we should draw back to a line that... we must... and can hold as a defensive perimeter and a strategic force concept that can be maintained over the long haul." The reason for such a policy reversal is twofold: the world is too

intractable for the United States to demand it as it did for a quarter century after World War II; military withdrawal is the only sensible course because the American people no longer wish to pay the costs nor run the risks of being a major international power.

While admiring this felicitous juxtaposition of arguments in which external constraints and domestic imperatives conduce to precisely the same end, namely, American withdrawal, one is tempted to ask further about both risks and costs. Is there no significant risk that withdrawing our overseas military presence and cashing our alliances will lead to circumstances in which our internal processes can indeed be dictated by others? Are we so self-sufficient in an increasingly interdependent world that we can risk leaving the forces at work in it to be shaped, or at least heavily influenced, by nations whose purposes are inimical to our own? Could we remain free to pursue goals compatible with our values, by our own processes, in an increasingly chaotic or hostile world? Ravenal's citing of the 1899 isolationist argument is hardly helpful, since we no longer have the British fleet and the European balance of power to protect us.

Turning to Ravenal's treatment of costs and his assumption that Americans are not willing to pay the price of continuing military involvement, it would have been useful had he focused some attention on the costs of noninvolvement: What, for example, might be required over the long term to defend an isolated, beleaguered America or to deal with the likely losses of vital raw material imports and markets?

Perhaps Ravenal's pessimism regarding the public's willingness to bear defense costs stems in part from his exaggeration of the size of the bill. He gasps at a "\$200 billion defense budget by 1985," yet any compound interest table will show that if inflation rates of the last few years—over 7 per cent annually—are assumed for the next decade, a \$200 billion budget in 1985 would be no

higher in constant or "real" dollars than today's budget and would surely represent less than 5 per cent of the gross national product. He does admit that the United States is now paying less, both in relative and absolute terms, for its military forces than in the early 1960s. (Indeed, the bill is now actually smaller than at any time since the Korean conflict.) But, somehow, he has convinced himself that "defense is seen by Americans as an increasingly intolerable diversion of the national wealth." He is apparently immune to the evidence of recent congressional votes and national polls. (Gallup's March 1976 poll shows that well over half the people think U.S. defense spending is "too little" or "about right.") He disposes of the legislature's response to this public awareness by observing that Congress "abjectly concedes the substance of the administration's budgetary requests. . . ."

Proceeding, nevertheless, from the view that he knows the risks and costs are too onerous, Ravenal shows how deep cuts can be made in the defense budget. His starting point is adoption of a policy of non-intervention in both Asia and Europe (including the Mediterranean and the Middle East), although he suggests that it would take some time—at least a decade in Europe—to implement withdrawal. He ignores the fact that Europeans, Asians, and others would quickly move to discount the future, once our direction and goal were known, so that we would almost immediately have to start paying the political and security consequences of our intentions. He then proceeds to slash force structure, eliminating all the units brought home from Europe and Asia and cutting down total forces to something like two-thirds the present levels, saving \$35 billion or \$40 billion in the process.

The logical inconsistencies of Ravenal's intended rigorous analysis are staggering. If he intends no commitments, no alliances, and no troops in Europe and Asia, if he really wants a noninterventionist policy and force program, why a halfway house, why

maintain a sizable number of general purpose forces "loosely oriented to Asia and Europe" at all? By his own logic, the "loosely oriented" five and one third divisions, thirteen and two-thirds tactical air wing equivalents, and six carrier task forces which his approach retains ought simply to be eliminated, leaving only strategic reserves in the general purpose force structure. Surely a little is worse than none at all, tempting us to intervene in desperate cases with inadequate forces, even including the reserves. Indeed, it is unclear how reserves can be rationalized under the Ravenal policy; a more sensible course would be specifically to structure a residual force designed for the defense of U.S. territory against various hypothetical threats—a force which would undoubtedly look very different from the residual strategic reserves left after throwing virtually all else overboard.

In addition to these fundamental problems with the Ravenal thesis, there are serious shortcomings in his budget methodology and calculations. Allocating the entire defense budget to either general purpose forces or strategic forces, as he does, is a *reductio ad absurdum* of the useful idea of "mission budgeting." The kind of strain on common sense which the Ravenal method entails is indicated by his allocating the retired pay portion of the defense budget to either strategic forces or general purpose forces, as though it had anything to do with either of them. Some of the other allocations are not much better; for instance, where the expenditures serve a variety of missions, as does much of the spending on intelligence and communications. Reducing these and the training base, for example, in proportion to cuts in European and Asian deployments is difficult to justify. We will continue to need the capability to watch, listen, and talk, perhaps even to mobilize some manpower, particularly if Ravenal is serious about keeping forces "loosely oriented" to overseas areas.

Returning to the central Ravenal thesis

that we should turn our backs on a difficult world—specifically, that we should pay no attention to Russian military posture—we find him ready to scrap the whole notion of military balances. After absorbing Ravenal's charge that the Aspins of the budget debate "simply distort our defense posture or spread it too thin," Aspin might usefully impart to his lecturer his grudging conclusion that "numerical comparisons [with the Soviets] are important" and some of the increase in Soviet spending "is certainly threatening."

We are indebted to both essayists for further defining some of the issues in the Great Debate: to Ravenal for helping us glimpse the consequences of abandoning our alliances and of turning in on ourselves; to Aspin for showing the risks entailed in making a series of optimistic assumptions about the Soviet military build-up; and to both for insisting on a more careful, broad-ranging analysis of what we are doing or attempting. But both essayists might usefully examine what the American people seem to have been saying on these matters recently—namely, that despite all the chaff that has been blown in their faces, they have concluded that we live in a dangerous, turbulent world which requires us continuously to tend to our military strength, and that despite the constant temptation to shift national resources from defense to social welfare, "the most important social service that a government can do for its people is to keep them alive and free."

R.W. Komer:

Les Aspin often makes good sense in criticizing our defense posture. But his attack on comparisons of Soviet and U.S. defense spending in the last issue of FOREIGN POLICY is not one of his better efforts. While accusing the Defense Department of making meaningless comparisons, he in turn rebuts them by using largely meaningless comparisons of his own. In effect he plays

the same numbers game that he charges the Defense Department with playing.

I agree that gross estimates of annual Soviet versus U.S. military spending can be misleading by themselves. Not only are they necessarily based on esoteric rouble/dollar conversion ratios, but they hardly tell the whole story. However, Aspin's attack on what they do tell us is also quite misleading. He says that costing both forces in terms of dollar terms tends to overstate Soviet manpower costs, which are much lower than ours. But the CIA was not quite so dumb as to overlook this obvious point. Contrary to what Aspin claims, it did make a special correction for lower Soviet manpower costs.

Nor is Aspin right in stating that when the two budgets are compared in terms of roubles instead of dollars, "the United States is the bigger spender." The only detailed U.S. estimate done on this basis, again by the CIA, makes clear that, on the contrary, Soviet spending still greatly exceeds that of the United States.

Of course, Aspin is quite right that in any case "the crucial issue is what the Soviets are spending their extra roubles on," and not just the total size of their budget. It is a pity that he then undermines his own argument by such dubious allocation of Soviet military budget changes 1964-1974 to various mission categories. This is unsupported by any known analysis I am familiar with—classified or unclassified. He must have done it on the back of an envelope.

I doubt that any qualified expert would agree with him that "only about half of the Soviet growth in military spending of 2.7 per cent a year is threatening to America" or NATO. Since his artful chart on p. 101 shows only the distribution of changes in Soviet defense spending, it also nicely conceals the total allocations involved. And by using the entire decade 1964-1974 as a base, he highlights the build-up on the Chinese border while obscuring the more recent sharp growth of Soviet strength opposite Europe. True, the Soviet Union budgets for some

forces that do not directly threaten the United States. But the United States also buys forces that do not threaten the Soviet Union. Moreover, we spent a cool \$150 billion on the incremental costs of the Vietnam war, which, by Aspin's definition, surely did not directly threaten Moscow. While this was going down the drain, comparable Soviet outlays were contributing directly to the growth in Soviet strength. Where does this leave Aspin's argument?

Perhaps Aspin's best point, made in a later press release, is that NATO versus Warsaw Pact (WP) budget comparisons are more meaningful than those between the United States and Soviet Union alone. I agree that total NATO spending exceeds that of the WP. But for reasons I gave in an earlier FOREIGN POLICY article,¹ this too is grossly misleading. Here Aspin disregards his own admonition to look not only at totals but at where the money goes.

In strong contrast to the Soviet-dominated WP forces, equipped and organized on the Soviet model, NATO is only a loose coalition of 14 disparate national military establishments. The resulting waste, overlap, and duplication in NATO-country spending vitiates any comparison. For example, T. A. Callaghan conservatively estimates that NATO wastes over \$11 billion a year by failing to consolidate research and development, procurement, and support alone.² And the adverse impact on military capability through lack of common training or doctrine, lack of standardization or even interoperability of equipment and procedures, is even more worrisome. In short, NATO's whole is actually less than the sum of its parts, which makes gross NATO-WP budget comparisons no more valid an index than those between the United States and the Soviet Union alone.

¹ R. W. Komer, "Treating NATO's Self-Inflicted Wound," FOREIGN POLICY 13.

² T. A. Callaghan, U.S./European Economic Cooperation in Military and Civil Technology (Arlington, Va.: EX-IM Tech, August 1974), pp. 22-36.

Finally, we need hardly rely on gross budget comparisons to document the growth in Soviet military power. A simple bean count will suffice. In most categories, the Soviet Union not only greatly outproduces us, but has far more active divisions, ships, aircraft, missiles, artillery, and the like than would seem consistent with a defensive stance. True, quality as well as quantity must be taken into account. We do still have a technological edge in many key respects. But Aspin acknowledges that superior numbers are not irrelevant either. And he also agrees that the trend is what is most disturbing. So while sharing his view that we need sober appraisal, not just number games, I regret that he invented one of his own to counter that of the Pentagon.

Les Aspin:

Let me address the criticisms of Amos A. Jordan and R. W. Komer in the context of my original article.

The article's first point was that the key to determining which superpower spends more on defense is the currency used in the comparison. Putting both budgets in dollar terms shows the Soviets spending more—and we all agree on that. But this calculation contains a bias against the United States.¹ Jordan dismisses the severe limitation of the dollar comparison as a mere "methodological footnote." I wish we could. But since the Pentagon relies heavily on the dollar comparison in its appeal for more

¹ Komer says the CIA made "a special correction for lower Soviet manpower costs." Not according to the CIA. It does calculate Soviet levels for pensions and a few other personnel costs like training, but then Director William E. Colby has testified, "Our cost estimates for personnel are derived by applying U.S. compensation rates to our estimates of Soviet manpower. Compensation rates are based on U.S. pay and allowances, tuition, and clothing allowances."—U.S., Congress, Joint Economic Subcommittee on Priorities and Economy in Government, Allocation of Resources in the Soviet Union and China—1975 (Washington, D.C.: U.S. Government Printing Office, 1975), pt. 1, p. 21.

money,² it is necessary to elevate this humble footnote to underscore the fallacies of the Pentagon argument.

If we put both defense budgets in rouble terms, the United States would clearly be outspending Russia. Komer contests this, saying the only detailed rouble comparison shows Soviet spending "still greatly exceeds that of the United States." There is indeed such a study. It shows the Soviets outspending the United States by 10 per cent. But the methodological footnote in this study reveals that the margin of error is so large that a 10 per cent lead is meaningless. Although Komer doesn't mention it, the rouble figures in this study are derived from a partial list of 1955 Soviet machine tool prices. In other words, the cost of a T-62 tank is extrapolated from the 20-year-old cost figures for a lathe. The CIA itself now puts no faith in the study, noting it has "significant technical and theoretical problems [which] tend to understate the rouble cost of U.S. programs."³

Komer and Jordan ignore the statement in my article that many sophisticated American defense items simply cannot be made by the Soviets and that the rouble price of such items is therefore theoretically infinite. If realistic rouble price tags were attached to these weapons, there is no doubt that a rouble comparison would show the United States as the bigger spender.⁴

The second point made in my article was that Soviet defense spending has been growing by 2.7 per cent a year over the past decade—not by the tremendous amounts

² Defense Secretary Runsfeld, for example, used his dollar comparison chart four times during his budget presentation to the House Armed Services Committee. No other chart rated such frequent attention.

³ Edward W. Proctor, deputy CIA director for intelligence, in *Allocation of Resources in the Soviet Union and China—1975*, op. cit., p. 90.

⁴ A natural question is why the CIA does these studies. It should be noted that the agency doesn't necessarily pick its own topics. It is often told to make a certain study by another agency which feels the study and the CIA cache will help sell a point.

claimed by some Pentagon spokesmen—and about half the growth is destined for the Chinese border, internal security, and other areas that are not directly threatening to the United States. Komer and Jordan do not dispute the first point. I am happy to see, but they do dispute the second.

Komer says he hasn't seen any analysis to support my conclusions concerning the nonthreatening spending which he thinks must have been done "on the back of an envelope."⁵ Actually the basic information comes from the CIA.⁶

Jordan suggests that the figures have been manipulated and says that only by "torturing the data" could anyone suggest that roughly one-third of the Soviet ground forces face China. May I then nominate as chief torturer Lieutenant General Daniel G. Graham, then director of the Defense Intelligence Agency, who testified, "You have a third of [Soviet ground forces] facing west against NATO, a third of them in the middle ... and a third of them opposite China."⁷

But the issue here is not precise numbers. Whether the CIA or Komer is right, whether Graham or Jordan is right, is not crucial. The point is that of the 2.7 per cent increase in the Soviet defense budget, a significant part has gone to nonthreatening areas.

The third point in the original article noted that the Soviets are indeed producing a lot of tanks, ships, and artillery—what Komer appropriately calls a "bean count."

⁵ Komer also cites the cost of Vietnam as a U.S. expenditure which is not threatening to the Soviet Union. I had already deducted those funds before noting in my article that real spending on baseline U.S. forces had declined about 1 per cent per annum in the past decade.

⁶ Komer also says I bias the results by using the 1964-1974 period and by citing spending "increments" rather than totals. Komer ought to take his argument to the Pentagon, for I was responding to their official complaint that we are being overwhelmed because the Soviets "increased" their defense spending during those years. The Pentagon picked the years. The Pentagon framed the argument in terms of increments.

⁷ *Allocation of Resources in the Soviet Union and China—1975*, op. cit., p. 134.

But the point is that many of their beans have been sent to the Chinese border and that our beans are generally of a higher quality than theirs.⁹

Take ships as one example. They have more. They grind out dozens of small ships. But the United States has built more tons of ships than the Soviets every year since World War II. The United States concentrates ship tonnage in a few ships like the huge carriers, each with more firepower than the combined might of every Soviet ship of greater than 1,000 tons. If the low numbers of ships in the U.S. fleet is a problem, the fault lies not with the size of the defense budget but with the way the Navy designs its ships.

Komer notes that it is production trends rather than whole numbers that are "most disturbing." Trends are important, but the Pentagon's figures on Soviet production rates neatly chose a period, 1972-1974, that takes in a hump in Soviet production and a trough in American production. In several weapons areas, Soviet output dropped last year while ours rose.¹⁰ As Komer said, it's the trends that matter.

Defense planning, of course, is based on something more sophisticated than bean counts. In recent years we have ceased planning to fight two and a half wars simultaneously and have shifted our forces to a one and a half war strategy. At the same time, the Russians have confronted China and are presumably shifting from a one-war to a two-war strategy. The slow but steady increase in Soviet defense spending is driven in part by China's military expansion which

⁹ Jordan and I have another bean count problem with throw-weight and bomber payload, which he says comes to 9 million pounds or one-third what I stated. This is a good example of what can be done with numbers. His numbers are right—if you assume that each Soviet missile carries its maximum payload but each of our B-52s carries only 15,000 pounds. But B-52s can carry 60,000 pounds on some models and 75,000 pounds on others. I said in the article that my calculation was based on the "maximum" payload.

¹⁰ Les Aspin, "Budget Time at the Pentagon," *The Nation*, April 3, 1976, pp. 399-402.

has averaged 8 per cent a year recently.

The purpose of this long exercise of course, is not really to discover how much the Soviets are spending on defense, but to determine how much the United States should spend on defense.

The Russians are increasing their defense budget by 2.7 per cent per year, minus some percentage which is not threatening to the United States. What should be the U.S. response? To approve the president's proposed budget, which contains a real increase of 7 per cent in overall defense spending and 22 per cent in the weapons accounts, would be an overreaction.

I shall close on Komer's opening salvo. He suggests I am playing a numbers game. But let's look at some history when we talk of numbers games.

Back in 1959, Allen Dulles, then director of the CIA, argued that the Soviets had recently caught up to the United States in defense spending and he expected "the massive build-up to continue."¹¹

Today the Pentagon argues that the Russians have only recently exceeded the United States in defense spending and Secretary Rumsfeld warns that "the momentum of the build-up shows no sign of slackening."¹²

I expect that in another 15 years some administration figure will step forward to announce solemnly to the nation that the Russians have just overtaken us in defense

¹¹ Jordan also questions the Russians' motives and cites as evidence the new missiles and bomber they had in the works during the SALT negotiations. As I said in my article, the Russians clearly aren't filled with love for the Western democracies, but in the missile field the Russians have long been playing a game of catch up with the United States. For example, all through the SALT talks they were trying to perfect the SSN-7 technology which we were already deploying. Furthermore, we were budgeting for at least one new intercontinental ballistic missile, three new submarine-launched ballistic missiles, and a new bomber during the SALT talks. By Jordan's logic our motives must also be questioned.

¹² Allen Dulles, address before Edison Electric Institute, text reprinted in *The New York Times*, April 7, 1959, p. 8.

¹³ U.S. Defense Department, Annual Defense Department Report FY 1977, January 27, 1976, p. 4.

spending and the momentum of their recent build-up will continue without slackening.

Where's the numbers game?

Earl C. Ravenal:

I think we defense critics should be grateful for the substantial, articulate rebuttal we have received from the Pentagon at the hands of Amos Jordan. His comments with reference to my own article fall into four parts:

1. He attempts to create a triangular debate by pitting me *against* Les Aspin. My approach does differ from Aspin's; but it is not entirely incompatible. I applaud Aspin's approach for its insistence on (a) cool and precise intelligence about the adversary, and (b) efficiencies, where we can get them.

But, as for those efficiencies, there is a limit to "easy," "good" cuts. Of course, there are still such expensive targets as the B-1 bomber, the Trident submarine, and some nuclear escort vessels. But for really impressive and long-lasting cuts in the defense budget, we will have to face the question of cutting missions. We can't do the same job for significantly less.

Also, I acknowledge a Soviet arms build-up. But I decline to play the game of "whether they get more rubble for the rubble"—if for no other reason than the fact that next year the Russians may well fulfill this year's exaggerated Pentagon estimates.

But *why* the Soviets are doing this is not as clear as Jordan thinks it is. I happen to think that, from their own point of view, it is (a) domestically stupid and (b) internationally pointless—and that the Soviet Union is quite as capable as other nations of mindless and irrelevant force expansion. In any case, their gains are not our losses: An increment in the Soviet force does not automatically result in a decrease in our security, and is certainly not an incontestable argument for a policy of arms competition. The case for "matching the Russians"—in

contrast to the often admirable analysis in the last several years' Defense Posture Statements—is sloppy and emotional.

The point is that you can't just cite those scary numbers about strategic missile throw-weight and the like. You must couple them with some pretty wild scenarios. When you do that, you see that the Soviets dare not use their advantage—even assuming they have one—any more than we would dare use any advantage we had, in many cases. That is the overriding fact about the strategic nuclear balance, and, to a large extent, the global arms competition in general. It is not "sensitive" to swings in numbers in any index.

The reasons for cutting loose from the Russians are that (a) we don't need to match them; enough is enough; our requirements are finite, not relative or open-ended, and (b), contrary to Jordan's slighting reference, \$113 billion next year is a lot of money, and \$200 billion within eight years will still be a lot of money. (Also, to correct the impression Jordan gives, the Pentagon for some reason is asking for real annual increases, not just "inflation.") Meanwhile, in comparison with some of our allies, we are becoming a "less developed country," in many respects. The final reason—and it is time to be blunt about this—is that (c) the "damage," if any, will tend to fall on our allies and friends—some of whom are less our allies and friends than they were 20 years ago, and some of whom already doubt that we will defend them (and indeed have good reason for their suspicions, and are making other provisions or accommodations).

2. Jordan objects to my cost accounting, particularly my assigning *all* defense overhead to identifiable missions. He is particularly derisive of my allocating even retirement pay to general purpose or strategic forces, "as though it had anything to do with either of them." I'll stick with my severe allocations. They are not quite the "reductio ad absurdum" that Jordan senses. What would he have us do with them?

...through the grid into some "miscellaneous"—and therefore uncontrollable—account? Where did these costs arise, anyway? The Commerce Department? Treasury? Many years ago, in industry, I learned that fiscal responsibility begins with the attribution of all costs to specific product lines or profit centers—that is, some categories of output. No residual cop-out categories. It's about time the Defense Department began to work the same way.

3. Jordan complains of the "staggering" "logical inconsistencies" of scaling down global missions and still retaining, as I do, half our force structure. Actually, I'm glad Jordan thinks the forces I keep are still "a sizable number." I think they are, too; and I occasionally have to apologize to my radical friends on this same point that Jordan is making. My prudent instincts tell me that we would still want a "second-chance" force, a modest hedge against "unknown unknowns," a force commensurate with our continuing importance in the world. Quite the opposite of most critics, I'd rather have too many forces for a more modest schedule of missions than too few forces to support a continuing global appetite.

4. By far the most important part of Jordan's rebuttal deals with the concept of strategic disengagement. Jordan is worried that my philosophy might become the "accepted wisdom." That kind of subtle flattery will get him nowhere; but a few words are in order on this ultimate point of comparative foreign policies.

Jordan overstates my position—viz., "turning in on ourselves," "turning our backs on a difficult world." I think America will be a "major international power" for the next 200 years at least, even if despite itself, as before the Spanish-American war. What I am saying is that we would be best advised to keep our "power" latent. In that sense, I admit to Jordan's accusation that I am "ready to scrap the whole notion of military balances." I think his criterion of "keeping [our citizens] alive and free" is

me, but it should lead to a finite set of requirements—not a theoretically infinite insurance bill or an open-ended competition with some designated adversary.

Someone, I'm afraid, will have to find better words to describe our predicament. I have referred to the "parameters" of the evolving international system—the constraints of costs and limits, what is going to happen, *anyway* because three-quarters of our environment is beyond our control. It's not a matter of "isolationism," certainly not as a deliberate choice. I know my argument is not congenial, and thus it offers a nice target for rhetorical rabbit punches. But what if I were to say that I wanted the same good things that Jordan wants to happen? What difference would that make? Foreign policy is not a matter of constructing preference lists and trying to hector the country and its legislators and intellectuals into supporting them with donations of resources, blood, and trust. We have to take into account the cost side of the equation. Or rather, whether we like it or not, history will do our accounting for us.

What about this "increasingly interdependent world" that we are lectured on, it seems, every other day? By this time, only a fool would deny the many types of interdependencies to which we are subject. Most are unwished for, and represent vulnerabilities that we should certainly hedge against. But how? By creating military forces for invasions of the Persian Gulf? I think our government would be protecting our security far better by eliminating vulnerabilities than by creating interdependencies. The real question is whether our internal processes are more prejudiced by moving expensively to meet "threats," as we have been doing for 30 years and as Jordan suggests we continue to do, or by husbanding and reallocating our resources—not to self-indulgences, but to investments in economic competitiveness and social wholeness—both requisites for returning this country to an ethic of national achievement.

about the possibilities of our restructuring the entire international system. But that makes me all the more "radical," I suppose, about proposing measures for adjusting our own nation to living in a world that is out of our control. I see no real contradiction in this. We can solve our problems as a national society, polity, and economy, though we can't solve everyone else's. But we can solve them only if we stop stressing and buffeting our own system by inviting foreign confrontations, and only if our foreign policy elites stop squandering the resources and the trust of the people.

That brings me to a final point, about public support. True, as Jordan observes, the American people lately seem to have decided that they don't want to be pushed around by the Russians, and they seem disposed to punish congressional representatives for talking and voting as if they felt otherwise. But this season's votes may be an ephemeral thing. We also have ample experience, recent and historical, to the contrary. Where will public support be when the real bills are presented? Can our executive branch and our military confidently deliver anything better than messy involvements and indefinite stalemates? Not that I blame them for not being able to do better. In this case, the fault is in the stars—that is, the emerging constellation of the international system—not in ourselves.

WHO AND HOW

In FOREIGN POLICY 22, Peter Szanton and Graham Allison wrote that the time had come to "seize the opportunity" and restructure the American intelligence community. In the exchange that followed, William E. Colby and Walter F. Mondale comment on their proposals and Szanton and Allison reply.—The Editors.

William E. Colby:

Indeed we have an opportunity to rethink and restructure American intelligence. A year of intensive investigation by a presidential and two congressional committees, worldwide concern over sensational accounts of CIA deeds and misdeeds, and a series of Constitutional confrontations between the executive and legislative branches cannot disappear into our history books without changes in American intelligence.

The first and easiest action would be to tinker with the organizational structure of intelligence. When in doubt, or under pressure, reorganize; this is an old bureaucratic ploy. It is also a tempting panacea for infinite problems. With due respect for the ideas suggested by Peter Szanton and Graham Allison, but without agreement with many of them, I believe this opportunity should be seized in more important fields.

The fundamental lesson of the year of investigation is that American intelligence is a part of and must operate under the American constitutional system. This perhaps obvious fact for Americans is a stunning novelty in the long history of intelligence. It is as startling an idea to many developed democracies as it is incongruous to totalitarians. It does not reverse any early American

10 MAR 1976

MEMORANDUM FOR: Deputy Legislative Counsel, OLC

SUBJECT : Responses to Representative Aspin's
Questions on Estimated Costs of
Soviet Programs

1. This memorandum is our response to the questions posed by Representative Aspin at our recent meeting. The answers below were drawn from our latest estimate of the dollar costs of Soviet defense programs, which was reported to the Congress in our publication "A Dollar Comparison of Soviet and US Defense Activities, 1965-1975," dated February 1976 and its supporting analysis.

2. These data as you know reflect our estimates of how much it would cost in dollars to reproduce individual Soviet military programs in the US. They do not measure actual Soviet defense expenditures or their burden on the Soviet economy. Neither can the dollar cost analysis alone be used to draw inferences about the relative military effectiveness or capabilities of US and Soviet forces.

Procurement of General Purpose Naval Ships

3. The estimated dollar costs of Soviet programs for procurement of general purpose naval ships from 1971 through 1975 total about ten billion 1974 dollars. This figure reflects total ship costs--that is, the costs of the basic ship, armament and electronic systems. It does not include costs for such items as fuel, munitions, food, and medical supplies. Submarine construction programs comprise about one third of the total. Construction programs for major surface

combatants and minor surface combatants (including amphibious warfare ships) each account for about one quarter of the total dollar costs.* Naval auxiliary ship programs account for the remainder.

Costs of Soviet Forces Along the Sino-Soviet Border

4. We are unable to provide a reliable breakdown of the costs for Soviet forces deployed in response to the threat from China. Our data base is not currently structured to provide such data easily, and an extensive research effort would be required to calculate it. In addition, it is difficult to define those forces which the Soviets might have earmarked for operations against China. Many of the Soviet forces and weapon systems--like comparable US forces--can be redeployed to meet various contingencies. Consequently, it is at least as difficult to estimate the costs of Soviet forces designated for operations against China as it is to determine the costs of US forces earmarked for overseas operations. Our impression is that the costs of Soviet forces for operations against China probably comprise on the order of one fifth of the total dollar costs of Soviet defense programs. It should be understood, however, that we have not actually done the work that would permit us to stand behind this impression.

Tank Costs

5. The estimated procurement cost in the US of a single T-62 Soviet tank is \$265,000 (1974 dollars). This estimate does not include the cost of fuel, ammunition or spare parts. The latest cost estimate for the US M-60 tank could better be supplied by DoD. Information available to us indicates that the cost of the M-60 tank in 1974 was \$297,000.

* Minor surface combatants are those with full load displacements of 1000 tons or less.

6. The estimated total ship procurement cost for the second and subsequent units of the Kiev class is about 270 million 1974 US dollars. One-time costs associated with the lead ship of a class are estimated to increase the cost for the first unit to about 335 million 1974 dollars.

Cost of the BMP Infantry Combat Vehicle

7. The estimated dollar cost for the BMP-- if procured in the US--is about \$175,000 (1974 dollars).

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Acting Director
Strategic Research

SUBJECT: Responses to Representative Aspin's Questions
on Estimated Costs of Soviet Programs

LETTER FROM CONGRESSMAN ASPIN

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CENTRAL INTELLIGENCE AGENCY
WASHINGTON, D.C. 20505

November 28, 1975

The Honorable Les Aspin
House of Representatives
Washington, D.C. 20515

Dear Mr. Aspin:

This responds to your request of November 6 for information on the costs of Soviet defense programs. We are providing most of the data that you have requested.

As a note of caution, it must be emphasized that the most recent estimates at the level of detail you specified were made at the beginning of 1974 and reflect the Intelligence Community's estimates and projections of Soviet military forces and activities as of that time. Since then there have been revisions in estimates of Soviet military manpower, new information on the production levels and unit costs of Soviet weapons, and new budgetary information on Soviet defense spending. We are in the process of analyzing the cost implications of this information and plan to have new detailed estimates completed by late spring.

We have made preliminary estimates of total defense costs which incorporate some of the new information but these estimates cannot be broken down to the level of detail that you requested. Please note that these preliminary estimates are expressed in constant 1974 dollars and they compare with US spending for counterpart programs as follows:



	<u>Billion 1974 Dollars</u>		
	<u>1973</u>	<u>1974</u>	<u>Projected 1975</u>
Total Defense Activities			
Soviet programs	100	102	107
US Expenditures	85	82	79
<i>Soviet as a percent of US</i>	<i>118%</i>	<i>124%</i>	<i>135%</i>
Excluding Pensions			
Soviet Programs	98	99	105
US Expenditures	80	77	73
<i>Soviet as a percent of US</i>	<i>123%</i>	<i>128%</i>	<i>144%</i>

We regard these estimates as tentative, and they undoubtedly will change somewhat when we finish our complete update in the spring.

The estimates below are expressed in constant 1973 dollars. They were the basis for the testimony of the Director of Central Intelligence before a subcommittee of the Joint Economic Committee this past June. As indicated above, they are now out of date in the light of more recent information with which we are still working. The estimates for strategic defense, strategic attack and peripheral attack forces are exclusive of costs for RDT&E or command and support. Counterpart US expenditures are shown for comparative purposes. (Estimates for 1973 are not available.)

.. .. .
Billion 1973 Dollars

	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>
Total Defense											
Soviet	71.6	72.8	75.5	78.4	82.4	83.9	86.6	87.4	88.4	91.8	93.3
US	86.8	83.8	100.4	107.1	108.8	106.3	93.5	83.8	81.3	78.9	79.0
Of which:											
Strategic Defense Forces											
Soviet	5.4	5.4	5.4	5.6	6.4	7.2	6.9	6.8	6.3	5.6	5.6
US	2.1	1.7	1.4	1.4	1.5	1.8	1.6	1.8	1.5	1.0	.7
Intercontinental Attack Forces											
Soviet	3.1	3.0	5.3	6.5	6.7	7.0	6.9	5.6	4.6	5.5	5.9
US	7.1	4.7	4.4	4.0	4.8	5.2	3.7	3.7	4.0	4.0	3.7
Peripheral Attack Forces											
Soviet	3.0	2.8	2.6	2.4	2.3	2.1	1.9	1.9	2.1	2.1	2.2

The estimates above include the costs of KGB border guards and MVD security troops. The annual dollar costs for these forces are estimated to be about 3.5 billion dollars for the years 1964-1974. As you know, the US defense outlays do not include a counterpart for these forces.

We cannot provide you with estimates of the costs of Soviet forces in Czechoslovakia or in the Far East. Our cost accounts are not structured to produce expenditures on this kind of geographic basis.

I hope this information, although heavily caveated, will be of use to you. It is the best we have available at the present time.

GEORGE L. CARY
Legislative Counsel

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13-157

25 April 1975

MEMORANDUM FOR THE RECORD

SUBJECT: Transmittal of information to Congressman Aspin

1. I provided the following information to Mark Kleimann of Congressman Aspin's Staff in answer to questions that he presented to the Director of OSR yesterday morning. The questions were:

--Is the three to five percent increase in Soviet hardware spending expected to continue?

--Is the increase in the number of Divisions in the NATO guidelines area a result merely of a reorganization of the forces that were already there or does it mean that there has been an increase in the forces?

Defense Spending

2. I informed Mr. Kleimann that the three to five percent rate of growth that the Secretary of Defense has been using relates to total military spending rather than military hardware. I pointed out that

--The three percent refers to the long-term trend in spending,

--This trend follows a slightly cyclical pattern resulting from the deployment of succeeding generations of ICBMs,

--Soviet spending is now in the expansionary phase of the present expenditure cycle,

--The five percent refers to the

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present rate of growth, and

--this expansionary phase is expected to end in 1976 or 1977 with the completion of the current ICBM deployment programs, at which time Soviet spending will level off at a new plateau.

3. J then pointed out that spending for hardware is also cyclical but varies much more widely. For example, the rate of growth ranged from minus seven percent in 1971 to plus ten percent in 1975. Weapons Acquisition costs (investment plus RDT&E) varies less--between minus three percent and plus eight percent--because R&D expenditures run generally counter-cyclical to investment expenditures.

Manpower in the NATO Guidelines Area

4. I told Kleimann that Soviet ground forces in the NGA increased from about 340 thousand men in the mid-60's to about 475 thousand at present and that the number of Soviet divisions increased in 1968 at the time of the Czechoslovakian invasion but has not increased since. I explained that about half of the manpower increase since the mid-60's resulted from the divisions introduced in 1968.

[E] OSR