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14 February 1950

MEMORANDUM *(to Tydings)*

SUBJECT: 1950 Soviet Defense Appropriations

1. The 1950 Soviet budget has not yet been announced and, until it is, there is no basis for even a tentative estimate as to its probable provisions. Last year the 1949 budget was announced on 15 March and the 1950 budget is expected to be published shortly.

2. Attached hereto is Intelligence Memorandum No. 143, dated 31 March 1949, which contains an analysis of the 1949 budget. From paragraph 3 of this Intelligence Memorandum, it will be seen that the defense appropriations in 1949 were estimated at 31 billion dollars in terms of the official exchange rate. It was pointed out, however, that a more realistic exchange rate, in terms of estimated purchasing power, would have given a figure of 16.5 billion dollars. The 1949 defense appropriations represented 40.1 percent of the USSR's total expenditures, and 28.9 percent of its national income.

3. 1950 budgets recently have been published by Poland, Hungary, Rumania and Bulgaria. In the case of each, military appropriations show a marked increase over 1949. Except in the case of Rumania, however, this increase has been at least partially offset by inflationary currency trends.

4. Whatever 1950 budget figures the USSR may announce, however, the great preponderance of indirect evidence indicates that, in both absolute and percentage terms, the Soviet Union's total defense effort is steadily increasing.

R. H. HILLENKOETTER
Rear Admiral, USN
Director of Central Intelligence

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(Based on AD/ORE Memo for DCI #ER 0-9053)
Distribution:
Orig--del by hand to Senator Millard Tydings, Chmn Armed Services Committee.
1 cc--DCI
1 cc--AD/ORE w/ basic memo from ORE and cy of IM-143

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