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Executive Registry

76-4180

MEMORANDUM FOR: Deputy Director of Central Intelligence

SUBJECT : Cost of the Soviet Intelligence Effort

1. We estimate that Soviet foreign intelligence activities in 1975 would have cost more than 6 billion dollars (in 1975 prices) if they had been pursued in the United States. The estimated dollar costs for the major elements of the Soviet intelligence effort are as follows:

	<u>Billion 1975 Dollars</u>
Satellite collection systems (including R&D and intelligence processing costs)	3.1
Land-based Sigint collection systems	1.4
Airborne and seaborne collection systems (including reconnaissance and Sigint)	.7
Clandestine collection and covert action	.7
Intelligence research, analysis, and production	<u>.4</u>
	6.3

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SENSITIVE INTELLIGENCE SOURCES
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2. Although we believe this estimate can provide a rough measure of the size of the foreign intelligence effort, it must be borne in mind that it cannot be used in isolation as a measure of the capability or effectiveness of the Soviet foreign intelligence establishment. It is an estimate of the cost of inputs, not the "value" of outputs.

3. Developing an estimate of the dollar cost of the Soviet foreign intelligence effort poses a series of complex analytical problems, and the results are subject to substantial margins of error. We have prepared this dollar cost estimate drawing upon a more detailed 1970s study for format and coverage and to some extent for input to this estimate. We used OSR resources primarily but did seek and receive support from the Directorate of Operations and their assistance is gratefully noted.

4. The range of uncertainty in the total is difficult to assess but could be as large as 1 to 2 billion dollars. The highest cost program in dollar terms--satellite collection systems--is the one in which we have the greatest confidence. We were able to review, specifically for this study, the physical data on launch vehicles and other aspects of space programs which have intelligence applications. We used the costing techniques developed by OSR as part of our overall effort to estimate the dollar and ruble costs of Soviet defense programs.

5. We have only slightly less confidence in our dollar cost estimates for airborne and seaborne Sigint collection systems. The order-of-battle statements for these systems were reviewed and updated for this study. Here again we were able to use our existing techniques to estimate the dollar cost of the aircraft and ships involved. We used an NSA input to the 1970 study to estimate the additional costs that are peculiar to the Sigint collection function of these platforms. The bulk of the total costs, however, are for the ships and aircraft.

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6. The dollar costs of clandestine collection; covert action; and intelligence research, analysis, and production are less certain than those for the technical collection programs. Most of the costs are driven by DDO's estimates of the number of men engaged in these activities. Although DDO revised their 1970 estimates for this study they did not have the opportunity to devote the resources to this review that were applied to the previous study.

7. Estimating the dollar costs of the land based Sigint program was the most difficult problem. We did not ask NSA to revise its 1970 estimate, but we did adjust their earlier estimate to reflect program changes of which we were aware. The dollar cost estimates in this work as well as the earlier one remain the most uncertain.

[Redacted]
S. N. GRAYBEAL
Director
Strategic Research

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The Deputy Director
Central Intelligence Agency

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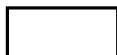
Washington, D. C. 20505

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7 December 1976

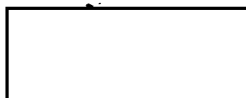
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NOTE FOR: D/DCI/IC



Attached is the Agency's effort to cost out the dollar costs of the Soviet NFIP. As you will note, this is full of holes and caveats but I do think it is of some utility. We are often asked what the cost of the Soviet intelligence is. It is a fair question and we need to have some judgment about this. We came up with a figure back in 1970; we were never very proud of it. We have updated it now in 1975 terms. We will keep the entire subject under review and will update it as time permits.

If you agree, I would think CFI, NFIB, perhaps PFIAB, the SSCI and the HAC should be recipients of this information. I have attached a two-paragraph draft of a note to the members of the NFIB which you can forward if you like.



E. H. Knoche

Attachments

EXECUTIVE REGISTRY FILE S-17.3

MEMORANDUM FOR: Members of the National Foreign
Intelligence Board

SUBJECT : Cost of the Soviet Intelligence
Effort

1. Attached is a memorandum prepared by CIA's Office of Strategic Research on the "Cost of the Soviet Intelligence Effort." The memorandum estimates the total cost of Soviet intelligence activities during 1975 as about six billion dollars, calculated at 1975 dollar prices.

2. This memorandum is not the result of a recent intensive program of research, but is rather an update of a more thorough study of Soviet intelligence costs completed in 1970. As the text indicates, it is possible to calculate the costs of certain Soviet programs with greater confidence than others. The uncertainties are such that the total could be as much as one-third higher or lower. Nevertheless, we believe this study gives a good general sense of the cost to the USSR of intelligence collection, processing, and analysis in the USSR.

MEMORANDUM FOR:

DDCI

Executive Registry

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Hank -

This is the long overdue shot at costing the Soviet intelligence effort. I sent it back once to get more structure and that has been included. But it still is pretty weak stuff. I don't know whether or not you want to pursue this further.

Date

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