

The Director of Central Intelligence

Washington, D.C. 20505

8/8

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| Executive Registry |
| 77-1993/2          |

Bob

You heard I big  
make the comparison -  
US manpower in VN  
same % total manpower  
as 20,000 Cubans in Angola.  
Your paper appears to just  
reaffirm this & say it  
is wrong - it 20000 =  
.6 labor force (which I believe  
is higher than VN figure for  
US labor force) -

At least we must

address the man's question

His analogue may  
be bad or the circumstance  
different with under-  
employment or something -  
but please address  
the point, not just  
accept standard  
off the shelf verbiage  
Jim

11 AUG 1981

ER

25X

77-1993

MEMORANDUM FOR: Director of Central Intelligence

THROUGH : Deputy to the DCI for National Intelligence

FROM : Acting NIO for Latin America

SUBJECT : Response to Dr. Brzezinski's Request for an Estimate  
on the Cost to Cuba of its Angola Intervention

1. Action Requested: Please forward the attached paper to Dr. Brzezinski.
2. Background: In the course of the meeting of the Policy Review Committee (PRC) on Cuba on 3 August 1977, Dr. Brzezinski requested an estimate of the cost to Cuba of its military intervention in Angola. Dr. Brzezinski said that in his view the cost to Cuba must be proportionate to the US costs in Angola. When asked to comment on this, I pointed out that the entire logistical cost was being borne by the USSR with Cuba providing only the troops and support personnel -- individuals who Cuba would have to pay even if they remained in Cuba.
3. Attached is an extract of an interdisciplinary CIA paper on the subject which was originally published on 30 June 1977. Some minor adjustment in the cost figures have been made to accommodate our present estimate of some 19,800 Cubans in Angola. I believe this paper should satisfy Dr. Brzezinski's needs. If you consider this response adequate, please forward the attached paper to Dr. Brzezinski.

Attachment: (1) as stated

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NI-1934-77

SUBJECT: Response to Dr. Brzezinski's Request for an Estimate  
on the Cost to Cuba of its Angola Intervention

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Economic Costs to Cuba of Involvement in Angola

The economic burden of Angola is not yet an important constraint on Cuban policy makers. The estimated 19,800 men now stationed in Angola represent only 0.6 percent of Cuba's labor force and a maximum economic drain of \$45 million annually -- 0.6 percent of total GNP -- assuming average worker productivity and zero Cuban unemployment. Actual opportunity costs obviously are less, given the existence of underemployment in Cuba. Havana bears only the subsistence and salary costs of maintaining personnel in Angola, and even part of these are covered by Luanda. In addition, the diversion of merchant vessels for logistic support involves at most 10 percent of the Cuban fleet and a financial loss of \$15 million annually if these vessels were available for charter.

Virtually all materiel costs of the Cuban involvement are borne by the USSR. Moscow has replaced -- probably on a grant basis -- most of the military equipment which Havana has sent to Angola. Much of this replacement stock sent to Cuba is newer and in some cases more sophisticated. Moreover, most of the military equipment being used in Angola was sent there directly from the USSR. The Soviets have provided Soviet planes and pilots to facilitate Cuban logistics and have leased two long-range IL-62s to Cuba for twice-weekly flights to Luanda. This has enabled Havana to continue its civil air service on Cubana's current routes without interruption.

While the real economic cost is relatively small, Havana is reportedly becoming increasingly concerned over the Cuban populace's exaggerated perception of the cost of the Cuban involvement in Angola. Few Cubans have detailed knowledge of Havana's overall commitment in Angola, but they are aware that the highly visible callup of forces has coincided with a sharp economic decline. The Cuban leaders have consistently and correctly maintained in all of their public announcements that the island's economic decline is due to low world sugar prices. Nevertheless, the populace apparently views the Angolan adventures as a major cause of Cuba's economic difficulties. Castro prefers to rule through genuine popular support rather than repression and does pay close attention to mass attitudes. Out of respect for public opinion, he has never told the Cuban people the full story of the intervention in Angola.

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