

CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D.C. 20505

Executive Registry

74-4388

8 AUG 1974

The Honorable William E. Proxmire
Chairman, Subcommittee on Priorities
and Economy in Government, Joint
Economic Committee
Washington, D.C. 20510

Dear Mr. Chairman:

In the light of the recently increased public and media interest in the question of Soviet military spending I have had my testimony before your Subcommittee reviewed to make sure of its currency. We find that in its essential features the information remains valid, although I would like to pass on to you some recent refinements in the military spending figures cited in my testimony.

The most important point concerns my testimony that Soviet defense spending would grow in 1974 rather than decrease as the announced Soviet budget indicated. Based on our knowledge of actual military programs underway earlier this year our estimate was that overall spending would grow by at least three percent and probably somewhat higher. As the year has progressed we have been able to firm up our views on the scope and pace of the new Soviet missile systems that are being used to modernize the Soviet forces, and now it appears that the figure will be more like five percent. This does not invalidate the figure I cited for total outlays of "about 25 billion rubles" in 1973.

The dollar equivalent of this figure--"over 80 billion dollars" is likewise still of the right order, providing it refers to 1972 dollars, as it did in my testimony. We have, however, now shifted to 1973 dollars in our reporting--and the inflation rate in the US will cause this figure to increase to about \$90 billion. In other words, it would now cost the US that amount of money to buy and operate the 1973 Soviet forces and military programs as we know them.

(EXECUTIVE REGISTRY FILE 74-4388)

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I would be happy to have my specialists meet with your staff to discuss these points further if that seems desirable.

Sincerely,

/s/ W. E. Colby

W. E. Colby
Director

SUBJECT: Letter to The Honorable William E. Proxmire

CONCUR:

[Redacted Signature]

Deputy Director for Intelligence

27 July 74
Date

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OD:OSR: [Redacted] (26 July 1974)

THE NEW YORK TIMES, FRIDAY, JULY 26, 1974

Pentagon Aides Say Soviet Is Developing New Missiles for Use in the 1980's

By HENRY W. FINNEY
of The New York Times

WASHINGTON, July 25—Department officials said today the Soviet Union is developing several new missiles in addition to those it had been developing with multiple warheads. The new weapons, which were acquired through espionage, are being produced in large quantities, despite arms-control talks, the momentum of the program is unbroken, and, if anything, is increasing. Information is reported to the Central Intelligence Agency to predict an increase in the Soviet defense budget last April it told Congress the Russian's production had been growing at an average of 5 per cent a year, and over the next few years it is about 5 per cent a year.

Official Data Lacking

Soviet Union does not publish official figures for its defense expenditures. Defense outlays listed in annual published budget reports are mainly the main-line costs of forces and equipment, research and development, as well as investment in the defense industry. C.I.A. was reported to

have estimated that Soviet investment in new weapons and military facilities, which dropped from 40 per cent of the defense budget in 1960 to 20 per cent in 1972 as major programs were completed, would triple by 1975 over the 1972 level because of the development of new strategic weapons.

In February testimony before Congressional committees, Defense Secretary James R. Schlesinger described the Soviet development of four missiles with multiple warheads—the SS-16, SS-17, SS-18, and SS-19—as a “truly massive effort” and “far more comprehensive than estimated even a year ago.”

Believed Understated

With the additional missiles, Pentagon officials suggested that the statement underestimated the breadth of the program.

“The implication,” commented one highly placed military analyst, “is that the Soviet Union is spending far more on defense than we reasonably anticipated.”

Analysts estimate the number of new missiles at 10 to 12, some land-based, others designed for submarines. Some missiles are modifications of existing weapons; others are entirely new.

Because of the long development cycle, none of the new missiles is expected to be ready before the early nineties. Nor is it expected that all the new weapons will actually move into production.

The Soviet Union tends to follow a competitive approach in weapons development and then decides during the testing phase which weapon is to go into production.

Different U.S. Approach

The United States, by contrast, concentrates from the very start on particular weapons systems, pushing them through to production. It has begun the development of five new strategic missiles—a large land-based missile, two types of Trident missiles for submarines, a winged cruise missile that could be launched by submarine or bomber, and a mobile intercontinental missile that could be launched either from the ground or from the air.

The Navy announced today that General Dynamics Corporation's Electric Boat Division at Groton, Conn., had been awarded a contract of up to \$435-million to build the hull for the first Trident missile-launching submarine. The Navy plans to build 10 of the 20,000-ton submarines, each of which will carry 24 missiles, at a to-

tal estimated cost of \$13-billion.

While the Soviet Union may be developing more missiles, intelligence circles generally agree that the United States has a wide lead in complexity, reliability and accuracy.

The multiple independently targetable re-entry vehicles, or MIRVs, tested on the four Soviet missiles were reported by Pentagon sources to be unexpectedly far less accurate than American multiple warheads and in some ways less accurate than the present Soviet missiles armed with single warheads.

The question of accuracy has a bearing on whether the Soviet MIRV warheads present a threat to the land-based Minuteman missile force of the United States. Accuracy is more important than explosive power in determining the ability of a warhead to knock out a missile in its underground silo.

Mr. Schlesinger assumed in his February testimony that the Soviet multiple warheads would have sufficient accuracy and explosive power to present a serious threat to the Minuteman force in the early nineties.

There is now growing opinion in the Pentagon, based on monitored test flights thus far, that it will take the Soviet Union eight to ten more years to develop multiple warheads approaching in accuracy that of the United States.

The conclusion of some military officials is that the Russians are having difficulty mastering the sophisticated technology used in guidance systems for multiple warheads. In the opinion of these officials, this helps explain the Soviet interest in obtaining computers and ball bearings from the United States.

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Remarks:

Bill-

I strongly recommend that you take the initiative of informing Senator Proxmire about the results of our recent analysis of Soviet defense expenditures. If you agree, please sign the attached letter.



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E. W. Proctor 7E44

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