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\$24 billion Soviet military budget reveals tip of iceberg

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GENEVA — When the Soviet Union recently unveiled its \$530 billion budget for fiscal year 1986, Deputy Finance Minister Viktor Dementsev told members of the Supreme Soviet, the nation's rubber-stamp Parliament, that \$24.4 billion had been earmarked for defense.

The real figure, according to the most cautious Western estimates, is almost 10 times that amount, or \$210 billion.

Mr. Dementsev said that Soviet defense spending would remain at 4.6 percent of the budget, the same as in 1985.

This was promptly hailed by some in the West as a "political signal" designed to reflect an improved U.S.-Soviet atmosphere in the afterglow of the summit here Nov. 19-20 between President Reagan and Soviet leader Mikhail Gorbachev.

However, a look at Soviet military budgets as far back as the early 1970s, and the rule of Leonid Brezhnev, shows that Moscow has consistently pegged its arms expenditures between 4 percent and 6 percent.

Those figures, Western analysts concur, represent only the tip of the iceberg.

A closely guarded Kremlin secret, one kept from the outside world and the Soviet people, is the true cost of the nation's huge military establishment.

"The funds allocated by [the Soviets] for military purposes have long been the subject of controversy among specialists," said Richard Pipes, a Harvard professor and spe-

cial adviser to Mr. Reagan on Soviet issues.

"There is general agreement that the figures shown in the official Soviet budget are meaningless, and that the bulk of military expenditures is concealed under various non-military rubrics."

Using elaborate calculations and accounting techniques, the Central Intelligence Agency estimates that the U.S.S.R. spends between 12 percent and 14 percent of its gross national product on defense.

Some independent analysts calculate the share of Soviet military appropriations is as high as 18 percent and even 20 percent of the gross national product.

Additionally, a number of Soviet dissidents, in particular Dr. Andrei Sakharov, argue that more than 40 percent of the Soviet GNP goes for military purposes.

The reason for the wide divergence of opinion is the unique problem of assessing the Soviet Union's economy, not to mention the military budget.

For one thing, there is no Soviet equivalent of the Western concept of gross national product. The value of the ruble has been arbitrarily set by Soviet officials since 1977 as equaling \$1.40 U.S.

A more accurate valuation of the ruble is the thriving Soviet black market, where speculators give three rubles for every dollar.

The Soviet gross national product has been put at \$1.5 trillion by the CIA and other U.S. government agencies. Using that figure as a base, Kremlin military outlays of 14 percent would roughly equal \$210 billion.

Since the Soviet military-industrial complex operates in the greatest secrecy, it is a matter of conjecture where that money goes.

It is known that the party controls defense industries through the Defense Ministry Department of the Central Committee. The military industrial committee, in turn, supervises the production of all military equipment.

Within this complex of interacting agencies only one of the committees is called defense industry, although at least eight other ministries are engaged in defense production, according to Harriet and William Scott, analysts of the Soviet military who have spent 15 years piecing together disparate elements of Kremlin defense production.

According to the Scotts, whose study, "The Armed Forces of the U.S.S.R.," is regarded by most specialists as the premier source on the subject, there are nine defense production ministries specifically engaged in defense work. They are:

- Aviation industry — aircraft and helicopters.
- Communications equipment industry — military application of communications systems.
- Defense industry — conventional weapons.
- Electronic industry — radars and associated systems.
- General machine building — rockets and space equipment.
- Machine building — munitions.
- Medium machine building — military applications of nuclear energy.
- Radio industry — radios.
- Shipbuilding industry — naval stores and vessels.

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These ministries, say Western observers, received the lion's share of military appropriations. There are, in addition, at least nine other ministries that are engaged in defense-related industries. They are:

- Assembly and special construction work — construction.
- Civil aviation — assists air forces.
- Electrical equipment industry — electrical products.
- Energetics machine building — power.
- Machine-tool and instruments building industry — missile and space instrumentation.
- Maritime fleet — assists navy.
- Means of automation and control systems — guidance systems.
- Oil refining and petrochemical industry — gas and oil products.
- Transport and heavy machine building — prime movers, trucks, etc.

In addition to these ministries, there are close links between military industries and the Government Planning Committee (Gosplan), the Government Building Committee (Gostroi), the State Committee on Science and Technology and the Soviet Academy of Sciences.

A major portion of military funds flows through these committees, and many observers believe that Gosplan and Gostroi parcel out appropriations for defense construction ranging from tanks to new air bases.

The Academy of Sciences, on the other hand, is involved in virtually every aspect of defense. The academy's social-science research institutes are heavily engaged in military strategy, with primary emphasis on political-military-economic planning.

In trying to sort out Soviet defense expenditures, many Western analysts have divided the economy into two categories: "Sector A," which produces exclusively for military purposes, and "Sector B," which supports the civilian economy.

The problem with this, say some observers, is that significant portions of "Sector B" are drawn upon to supplement "Sector A."

"In all [Soviet] investment allocations to the consumer sector," said Mr. Pipes, "Soviet authorities always bear in mind how adaptable a given facility is for the purposes of war mobilization."

One example of this "adaptability" is Aeroflot, the state airline, which Moscow takes considerable pride in boasting as the world's largest carrier.

Aeroflot, which is the largest air fleet in the world, falls under the ministry of aviation, whose director is an active duty air force officer. During the 1968 invasion of Czechoslovakia, Aeroflot aircraft and personnel delivered the initial strike force to its landing at Prague airport.

Huge numbers of Aeroflot aircraft can be seen by foreign tourists on the ground at major airfields in the Soviet Union. Maintenance of this unused fleet would, say military observers, bankrupt any Western commercial aviation company.

Yet Aeroflot's aircraft inventory continues to swell, thanks in large part to separate funds channeled to the carrier from the Kremlin's hidden defense budget.

With an estimated 5.5 million men and women in uniform, combined with the procurement and maintenance of the world's largest arsenal of strategic missiles, bombers, medium-range missiles, missile-launching submarines, attack subs, fighter aircraft, tanks, armored personnel carriers and other weapons and weapons systems, the Soviet Union could not possibly get by with a military budget of \$24.4 billion, say analysts.

"In the past decade the Soviets have been spending a minimum of over \$200 billion a year on the military," said a specialist on Soviet affairs in Munich, West Germany. "And I might add that is the most conservative figure. Many others believe the figure is half again as large."

"And besides," he said, "\$24 billion wouldn't even support the invasion of Afghanistan for one year."