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file: Soviet
Def. Spending 2

Soviet Arms Outlay Steady, CIA Asserts

U.S. Still Outproduced, Testimony Holds

By Fred Hiatt
Washington Post Staff Writer

The Central Intelligence Agency now estimates that Soviet spending on weapons procurement has been almost flat for a decade and is likely to grow little, or even decline, during the next five years, according to congressional testimony made available yesterday.

The CIA's Pentagon counterpart, the Defense Intelligence Agency (DIA), supports most of the agency's conclusions after arguing for several years that the CIA was underestimating Soviet spending. Past differences "have been narrowed greatly," the agencies said, although the DIA still asserts that Soviet procurement spending increased by 3 percent to 4 percent annually from 1982 to 1984.

The intelligence agencies stressed that, although they have again lowered their estimate of Soviet military spending, the Soviet Union nonetheless spent enough to outproduce the United States in most categories of weapons during the past 10 years. In addition, as the Soviet economy has stagnated, the military share of its gross national product has increased to 15 to 17 percent, almost three times the U.S. share, the agencies said.

The spending estimates were presented to the Joint Economic Committee's subcommittee on economic resources, competitiveness and security economics during a closed session earlier this month. The subcommittee released a declassified version of the agencies' joint testimony yesterday.

Defense Secretary Caspar W. Weinberger had used the DIA's higher estimates of Soviet spending growth as ammunition in his battles with Congress for higher U.S. military spending. More recently, however, he has called the debate over Soviet spending levels "academic" in light of what he recently called the continuing "Soviet quest for military superiority."

"Based on current trends, our projections for the '90s give us no reason to feel that we can rest in our effort to prevent the Soviets from achieving a very significant, exploitable, military advantage," he said last week.

But Sen. William Proxmire (D-Wis.), a member of the Joint Economic Committee and a critic of Reagan military spending, said the CIA and DIA testimony calls Weinberger's view into question.

"I think that those hearings are very convincing evidence that the Soviet Union has not had the kind of buildup that has been described by the Defense Department," Proxmire said. "Their increase in procurement has been 1 percent, while our procurement increase during the past three years has been 13 percent per year."

The intelligence agencies noted that the Soviet Union has an "immense" investment in arms factories that will allow it to maintain high levels of production for several years. As a result, the agencies said, military leaders are likely to accept for now Soviet leader Mikhail Gorbachev's emphasis on investment in civilian industries, particularly advanced technologies that would ultimately benefit the defense sector.

By decade's end, however, they said, the military sector may challenge Gorbachev's priorities.

"The real test of Gorbachev's support will come in two or three years when renewed demands for expanding and renovating defense industries begin, as defense industries have to start preparing to produce new generations of weapons," the agencies said.

The CIA and DIA predicted that in some areas, such as fighter planes and helicopters, Soviet production rates may decrease during the next five years. But they will continue to produce more than U.S. arms industries, and, as in the United States, they will increasingly emphasize sophisticated technology instead of large numbers of weapons, the intelligence officials testified.