

# RADIO FREE EUROPE *Research*

## COMMUNIST AREA

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● **USSR: Military**

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### BIG INCREASE IN MILITARY SPENDING ON CHINESE BORDER

(Summary at end)

Radio Moscow in Chinese (Kuoyu) (1) recently took the unprecedented step of revealing this year's percentage increase in one part of the military budget -- that for defence of the border areas. The standard Soviet practice ever since World War II has been to give the annual increase in the defence as a whole in percentage terms, but never before has any breakdown been given of the relative increases in the individual component parts of military expenditure.

Here is what Radio Moscow said:

The defence budget (for 1970) is nearly the same as that for 1969. Increases have, however, been made in some appropriations, including a 12% increase in allocations for the defence of our border areas and the maintenance of our national defence forces. Of course we wish we could use this money for housing, scientific centers, irrigation and railway construction,

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(1) 9 June 1970, 1200 Hrs. GMT.

but we just cannot do so, because there are still many military adventurists in the world. Nevertheless, as we have said before, our defence budget, compared with other Soviet allocations for peaceful purposes, is not a big one. The Maoist propaganda alleges that the USSR has decided to produce guns instead of butter. This charge ... is designed to distract the attention of the Chinese people from their leaders' militaristic policy...

Here is a deliberate security leak on a question of major importance, which is clearly intended to intimidate Peking and to deter it from any future military action against the Soviet borders of China.

If the figure given (12%) is accurate, and there is no particular reason why it should not be in the light of the fighting on the Amur River and on the Sinkiang-Kazakh borders in 1969, Moscow wishes the Chinese leaders and people to know that spending on the frontier defences is rising twelve times as fast as on the 1970 arms budget as a whole.

For 1970 the declared increase in the Soviet defence budget was from 17.7 billion rubles in 1969 to 17.9 billion, an increase of 1%. (2) The Institute of Strategic Studies reported in September 1969 that during the years 1968-69, there had been an increase of about a third (from 15 to 21) in the number of Soviet divisions stationed East of Lake Baikal. About half of these are believed to be at full strength, and consequently this reinforcement alone would more than account for the relatively big increase in spending now announced by Radio Moscow.

The 12% increase in the border defence budget must have been approved by the Supreme Soviet (whether consciously or not is uncertain) in December 1969, three months after Kosygin made his dramatic flight to Peking to start the long series of unrewarding border talks. It seems that at that time Moscow was following a carrot and stick policy towards Peking, containing far more elements of the stick than of the carrot. Such an attitude in itself helps largely to explain the apparent failure of the border talks during the past nine months.

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(2) V. Garbuzov, Izvestia, 16 December 1969.

The UPI report that the USSR has offered China a large economic loan, (3) which was promptly refused, scarcely alters the picture because, as in the case of the reported Soviet nomination of an Ambassador to Peking, V.I. Stepanov, the Kremlin can hardly have anticipated anything but a rejection. After all, it is only ten years since Moscow unilaterally withdrew all her experts and technicians from China, thereby initiating the biggest slump in trade relations ever experienced by two nominally "socialist" countries.

Apart from attempts at military intimidation by reference to the growing arms budget for the Soviet border areas contiguous with China, Pravda and Radio Moscow have recently been drawing graphic pictures of the USSR's immensely greater economic strength. For example Pravda (4) recently made the following comparisons:

	<u>Output in 1969</u>	
	<u>China</u>	<u>USSR</u>
Electric power	60-65 billion kwh	689 billion kwh
Coal	210-225 million tons	608 million tons
Petroleum	12-13 million tons	328 million tons
Steel	12-13 million tons	110 million tons
Grain	185-190 million tons	160.5 million tons

Taking into account the population increase in China of about 10,000,000 p.a., Pravda's verdict is that in the past decade (i.e. since the time when Soviet experts were withdrawn) the per capita production of many types of industrial and agricultural output has decreased in the C.P.R. Pravda adds that the wages of Chinese workers have declined by a minimum of 10-15% in the past four years, and that "more than 40% of the C.P.R.'s budget is set aside for military expenditure."

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(3) 22 June 1970.

(4) 18 May 1970.

While Pravda seems likely to be right about the decreasing Chinese output per capita of some important products, its statement on the Chinese arms budget is probably a gross exaggeration. The U.S. view (which is put forward by the Institute for Strategic Studies in "The Military Balance, 1969-70") (5) is that China spends 9-10% of her GNP on defence (including defence-related R and D), or about \$7.8 billion dollars per annum (6) in 1969. Pravda's exaggeration is presumably designed to justify higher Soviet spending in the Far East.

The I.S.S. calculates Soviet defence expenditure in 1969, on the same basis as for China, as about \$53 billion dollars, (7) or seven times as much. 1970 is a year in which Soviet spending on the Strategic Rocket Forces is still increasing much faster than defence expenditure as a whole, with the number of ICBMs growing from 1050 in September, 1969 to about 1200 in April, 1970. (8) Similarly, expenditure on the submarine-launched ballistic missiles, which presumably come under the Soviet Navy's budget, is growing faster than the land-based missile budget, with the number of SLBMs rising from 160 in September, 1969 to 230 in April, 1970. If these facts are recalled in the light of the announced 12% increase in Far Eastern defence expenditure, the corollary is that 1970 may see a lower than average growth of spending (or a reduction) on conventional aircraft, surface warships (other than helicopter carriers), and the conventional land forces in areas other than the Far East.

Summary: In a propaganda broadcast to China, Radio Moscow has taken the unprecedented step of disclosing that the Soviet 1970 arms budget for the Far Eastern border areas was increased by 12%. This paper discusses the implications of the deliberate "leaking" of the figure for a budget heading which is normally kept top secret.

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(5) London, 1969, p. 39.

(6) Calculated in "dollar purchasing power."

(7) See p. 5.

(8) New York Times, 12 April 1970.