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DEMOCRATIC POLICY COMMITTEE
Robert C. Byrd, Chairman

Robert G. Liberatore, Staff Director
(202) 224-5551

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# AN UNCONVENTIONAL ARMS POLICY: Selling Ourselves Short

**Promotion of Foreign Military Sales to the Developing World under the Reagan Administration**

Prepared principally by Kevin G. Nealer
with contributions by
Richard McCall, Foreign Policy Specialist, and
Richard D'Amato, Defense Policy Specialist

Views contained do not necessarily reflect those of the Democratic Policy Committee

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## EXECUTIVE SUMMARY

Arms transfers play a critical role in the conduct of U.S. foreign policy. Historically, the utilization of this policy tool often has been marked by controversy between the executive and legislative branches of government. As a consequence, the role of Congress in the decision-making process governing arms transfers abroad has been institutionalized through bipartisan legislation reaching back over forty years. The most recent congressional initiative in this area is the Arms Export Control Act of 1976 which established policy guidelines aimed at creating a regime of restraint and selectivity.

However, the transfer of conventional arms through the foreign military sales (FMS) program of the U.S. government and through commercial channels (requiring the issuance of export licenses by the executive branch) has reached major proportions under the current Administration. The Administration's $21.5 billion program of arms sales has departed from the criteria established in the Arms Export Control Act, setting a new and possibly dangerous direction for U.S. policy which could be detrimental to our own security interests.

The Administration's approach ignores the lessons of recent events in the South Atlantic, the Persian Gulf, and the Middle East by encouraging an increasing number of developing countries to acquire sophisticated weapons systems. There also is a body of evidence that American munitions manufacturers are, in many instances, whetting the appetites of Third World nations for our most advanced weapons, and that acquiring these weapons has become a status symbol in nearly all regions of the world.

The Administration's arms transfer policy is built on two related misconceptions:

—The global increase in the arms trade is seen through the lens of bipolar world politics as another opportunity for U.S.-Soviet competition. This view ignores the reality of a growing market in which the U.S. and the U.S.S.R. lead a long list of competing suppliers, particularly our Western European allies.

—Arms sales are pictured as guaranteeing influence and extending U.S. security abroad. U.S. experience, with Iran and others argues against this theory, as does the Soviet record of failure with such major customers as China, Egypt, Indonesia, Iraq, and Sudan. While sales to NATO and other close allies who share a common security concern can enhance U.S. interests, arms transfers to the Third World do not create automatically such shared interests. This is particularly true when the perceptions of the threat on the part of the seller and recipient are not congruent. The transfer of forty F-16s to Pakistan is a case in point.

The tenets of the Administration policy directly conflict with the guidelines established in the Arms Export Control Act. Specifically, an aggressive program of arms sale promotion undermines the guiding principle that the U.S. should "exert leadership in the world community to bring about arrangements for reducing the international trade in implements of war." In application, the Administration's policy has undermined the Act in the following ways:

—By discarding previous guidelines in favor of a wholly "flexible, case-by-case" determination for each proposed sale. This has led to inconsistencies and a program where the only predictable elements are increases in both the quality and quantity of weapons sold.

—By depleting U.S. service inventories through accelerated sales of high technology items to Third World customers.

—By reducing the pool of trained technicians available to U.S. armed forces, due to private contractors who may be hiring service personnel away to support foreign sales.

—By ignoring the relationship between conventional arms transfers and nuclear proliferation.

—By failing to fulfill the mandate issued by Congress for the U.S. to exercise leadership in seeking multilateral controls on global arms trade.

—By exposing the American taxpayer to billions of dollars in potential future "bailouts" for Third World countries with whom we have signed arms transfer agreements and whose ability to meet payments on already onerous debt burdens is in doubt.

**Effects of the Administration Policy on Developing Countries**

The new policy of arms promotion abroad affects developing country recipients in three ways:

—The level of sophistication of arms being transferred is increasing dramatically, raising the danger of regional arms races and increasing the risk that U.S. technology will be compromised or used against us or our allies.

—The inability of developing countries to absorb high-cost, sophisticated military hardware, undermining economic growth and siphoning precious material and human resources away from the already burgeoning social needs of their populations.

—The quantity and quality of weapons being transferred to developing countries has the potential for creating greater instability and increasing the likelihood that the recipients will respond to political problems with military solutions.

**RECOMMENDATIONS**

There are several responses possible within the context of the Arms Export Control Act. The procedures for congressional involvement in arms transfer policy require changes along the following lines:

1. Major sales to countries other than NATO allies, Australia, Japan, and New Zealand should require affirmative congressional approval. The current veto process does not function effectively.

2. Congress must participate in the long-term planning and policymaking objectives of the Arms Export Control Act, assuring that legitimate security and developmental needs of Third World buyers are met within the bounds of U.S. policy and economic realities. This would include automatic submission to the Congress of Defense Requirement Surveys since it appears many arms requests flow from these studies.

3. The Administration should heed the admonition in the Arms Export Control Act by seeking negotiations to impose multilateral restraint over the transfer of arms around the world. The first step should be consultations with NATO and other allies to review markets, the levels of sophistication of arms being transferred, and the impact these sales may have on regional stability.

## INTRODUCTION

First in Western Europe and now in the U.S., concern over nuclear arms proliferation has caught the public imagination. Hundreds of thousands took that concern into the streets of Amsterdam, Bonn, and New York. Public pressure brought the issue to the floor of the United Nations, the U.S. Congress, State legislatures, and even town councils. It forced the Reagan Administration to begin promised arms reduction talks with the Soviets. The broad spectrum of public interest and the sense of urgency shown by so many led to fundamental change in Administration policy.[1] If good faith is maintained on both sides, this change could translate into meaningful controls and an eventual reduction of nuclear weapons stockpiles.

But the threats to peace and international security are not posed by nuclear weapons alone. Few believe that a regional conflict would start with an exchange of nuclear salvos, and many experts reject the massive surprise attack as a likely scenario for a superpower showdown. Instead, the greatest threat is portrayed as a local brushfire war that expands to nuclear conflagration. Wherever it originates, the kindling for such a nuclear fire is likely to be conventional weapons. As the level of sophistication and destructive potential of these weapons has increased, so has availability. The recent tragedies of war in the South Atlantic and Middle East demonstrate that the introduction of high technology nonnuclear weapons into Third World arsenals has challenged our assumptions about conventional warfare.[2] A new generation of laser, camera, and radar guided "smart" missiles, high performance aircraft, and battlefield rocketry increases instability and the likelihood of conflict in those parts of the world already dangerously close to the flashpoint.[3]

Against this background the Reagan Administration has announced its intention to embark on the most ambitious promotion of arms sales in U.S history. It has rejected previous guidelines and, in derogation of statutes and established practice, set out to make the trade in conventional weapons the centerpiece of its foreign policy management.[4] While conventional arms transfers can make an important contribution as a tool of foreign policy, their role has long been subordinate to notions of promoting security and the national interest in a well-crafted policy framework. In abolishing criteria and moving to a "flexible" approach to transfers, the Administration has ushered in a new era in the history of the arms race. This program has prompted Senator Proxmire to observe that the Reagan foreign policy "more than [that of] any Administration in American history, is based on a single strategic factor: arms sales.... We will now sell arms to anyone, anywhere, for any reason." [5]

The effort here will be to provide an overview of this policy and what it means for global security. We will need to look at the legacy of U.S. arms export policy, recent trends, underlying assumptions of this Administration, and the direction in which its policies are moving us, and others.

* * * *

# I. A COMMITMENT TO RESTRAINT

## A. The Legislative Response

Fifty years ago, the growth in the arms trade and the rise of militarism in Europe generated popular criticism of weapons proliferation similar to the reaction to nuclear issues today. The 1934 publication of Engelbrecht and Hanighen's *Merchants of Death*[6] helped focus attention on the need for statutory guidelines for U.S. arms transfers. Following the work of the Nye Commission, Congress responded in 1935 with a bipartisan effort, addressing this issue by enacting the first in a series of major laws regulating military transfers.[7] World War II and the period of reconstruction saw the emergence of a policy designed to strengthen U.S. security by providing our close allies with weapons sufficient to combat aggression and protect our shared interests. As time went on and the economic conditions of our allies improved, the Military Assistance Program (MAP) grants were replaced by sales, and the European arms industry began to recover and expand. In 1968, Congress passed the Foreign Military Sales Act[8] to provide a framework for weapons transfers as a policy instrument. The legislation discouraged sales to countries demonstrating a poor record of promoting democratic traditions,[9] restricted weapons transfers to self-defense use only,[10] and denied arms sales to countries where scarce resources were better directed toward economic development.[11]

Despite these constraints, the U.S. became caught up in the global arms spiral that saw a quadrupling of the world's dollar volume of arms trade between 1965 and 1975.[12] The culmination of a bipartisan congressional effort to cope with that trend and make arms transfers an integrated part of overall foreign policy came in the Arms Export Control Act of 1976 (AECA).[13] As the title indicates, the Act represented a change in emphasis from sales to control. In the opening paragraphs, Congress directed that:

> It shall be the policy of the United States to exert leadership in the world community to bring about arrangements for reducing the international trade in implements of war and to lessen the danger of outbreak of regional conflict and the burdens of armaments. United States programs for or procedures governing the export, sale, and grant of defense articles and defense services to foreign countries and international organizations shall be administered in a manner which will carry out this policy.[14]

To achieve that goal, the Act provides for major changes in the way arms sales are to be determined.

In particular, the AECA established extensive reporting requirements which the legislative history tells us were included because of the "strong desire to provide for increased congressional participation in the formulation of military assistance sales policies and programs." [15]

In addition, the Act mandates that the Administration weigh certain issues in making any transfer. These include consideration of:

—Possible third party transfers and the associated security risks;

—Recipient country's policy relating to terrorists;

—Recipient's exclusionary policies which would discriminate against U.S. nationals on the basis of race, religion, national origin, or sex; and,

—Recipient's record on human rights.

This policy guidance, in conjunction with the information requirements and the emphasis on government-to-government sales, was designed to guarantee a stronger congressional role in the arms transfer process. To assure that objective, the Act includes provision for congressional vetos of major sales.[16] While it has not yet been invoked and remains politically contentious, the legislative veto has proven a useful tool in shaping arms transfer policy.[17]

## B. The Carter Criteria

In an effort to supplement the policy guidance of the AECA, President Carter set forth a list of objectives for arms export policy. In his statement of May 19, 1977, Carter announced that arms transfers would continue to be an important element of U.S. policy, but would be regarded as "exceptional." Transfers which promoted U.S. security and that of our close allies would continue unchanged; NATO countries, Japan, Australia, and New Zealand were exempted from the new criteria. But sales to other parts of the world would come under special scrutiny and, for any new sales, "the burden of persuasion will be on those who favor a particular arms sale, rather than those who oppose it." [18] This standard was to respect traditional security arrangements while reflecting a new caution in transfers involving less-developed countries (LDCs).

Specifics of the Carter policy were aptly summarized in the 1981 Congressional Research Service (CRS) report to the House Committee on Foreign Affairs entitled "Changing Perspectives on U.S. Arms Transfer Policy." [19] The main points included reduction in the dollar volume of Foreign Military Sales (FMS) and MAP programs, with qualitative restrictions on weapons transfers. This meant a prohibition on introduction of new technologies into a region, development of export-only systems, or sales of systems not yet operationally deployed with U.S. forces. It also entailed tight restrictions on coproduction agreements and third party transfers of U.S. weapons. U.S. embassies would require prior approval from the State Department before assisting U.S. arms firms in marketing overseas.

Obviously ambitious, the Carter plan was unable to live up to many of the expectations it engendered. The CRS 1981 report concludes that the Carter Administration failed to make arms transfers an "exceptional" tool of foreign policy. Almost $40 billion in new arms agreements with LDCs were made during the Carter years. The Carter approach to unilateral restraint came at a time when Soviet and Western European suppliers were increasing their market shares. Moreover, the uneven application of restrictions gave rise to uncertainties about U.S. arms export policy. Exceptions to the qualitative guidelines included agreements for coproduction, and introduction of the FX as an export model fighter to fill the performance gap between the F-5E and the first-line F-15 and F-16 aircraft.

But the Carter guidelines represented a serious Executive initiative in attempting to restrain sales and bring them into the mainstream of foreign policy. The CRS report notes that:

> The Carter arms transfer policy established a more precise and systematic decision-making process and more specific guidelines for those in the arms sales chain.... This framework increased the prospect that significant proposed sales would have to go through a rigorous review.[20]

The report continued by noting that the requirement for State Department approval prior to sales promotions,

> ...increased the prospect that foreign policy makers could and *would* be able to evaluate the potential ramifications for American policy interests *before* being confronted with a formal request for a sale resulting in premature promotional actions by U.S. arms sellers.[21]

Defense analyst Andrew Pierre characterized the effect of the Carter policy in writing that it "provided a framework for an important aspect of American foreign relations." [22]

This review process led to over $1 billion in refused requests during the Carter presidency, affecting more than sixty countries. Many of these rejections prevented acquisition of inapposite high technology weapons by LDCs. The CRS report cites refusals of requests by Guatemala for F-5Es, Pakistan for A-7s, Taiwan for F-4s, and Iran for F-4Gs, as instances in which purchases of equivalent systems from alternate suppliers were not made. But the absence of multilateral controls did result in alternate purchases following U.S. refusals of aircraft sales to Argentina, Ecuador, and India. In each of those cases, a European-built product was substituted, giving weight to arguments for allied cooperation in restrictions of the market.

While Carter did begin to follow through on the AECA mandate for multilateral control talks, he failed to seek participation of suppliers other than the Soviets. These conventional arms talks (CAT) collapsed after a year as a result of what participants described as "deteriorating U.S./Soviet relations, a volatile Middle East, and an increasingly difficult political situation for the Carter Administration at home, along with bureaucratic confusion, personal rivalries, and tactical errors." [23] It was questionable whether such talks could have produced any meaningful agreement when France and the other major producers were not parties to the process.

The legacy of the Carter arms transfer policy is then a melange of successes and failures. By offering "an institutionalized framework in which hard policy decisions can be made," [24] the Carter program moved toward integrating arms sales into the fabric of foreign policy management. Perhaps a greater commitment to multilateral controls and the requisite political will would have done more to lend predictability and credence to weapons export policy and the conduct of foreign affairs as a whole.

Despite valid criticism that Carter "stepped in front of a moving train" on arms control, his Administration did offer "a set of criteria designed to insure that a grant or sale of defense articles will be in the national interests of the United States," [25] as envisioned by the AECA. The importance of such guidelines becomes clear when looking at recent trends and the current policy.

## II. THE CURRENT CRISIS

### A. Trends and Methods Examined

An understanding of the current Administration's policies and where they may be leading requires a look at recent developments and the assumptions derived from them. The facts are sometimes hard to come by, but an accurate reading of the situation is essential to any judgment about the direction of U.S. arms export policy.

In considering statistics on U.S. arms transfers, several caveats should be kept in mind. First, arms transfers and support services have several different forms. Most important are the FMS program sales, including loans and direct credits. These are complemented by private commercial sales, training programs (chiefly, IMET), MAP grants, leasing and use of military equipment and facilities, the excess defense articles program (EDA), and other formal and informal arrangements.[26] This last catch-all category includes programs that do not appear in conventional accountings of sales and support costs. Like some private sales and classified programs, these costs are elusive. Moreover, the costs of the FMS program itself may be understated with respect to administrative expenses and potential liabilities.[27]

Second, comparisons between U.S. exports and those of other countries also suffer from creative accounting practices which skew totals. One proposal would distill the costs of "nonlethal" supports (e.g., training and military construction) out of U.S. arms transfer totals.[28] The Administration has endorsed this device, along with the practice of comparing U.S. and Soviet transactions in isolation. Many analysts criticize this approach as disingenuous, insisting that the more accurate accounting would juxtapose Western allied transfers with those of the Eastern bloc.[29] Comparisons also suffer from "loss in translation" problems in evaluating data from other countries. Predictable barriers of secrecy and the difficulties of valuing goods and services from planned economies confound East/West comparisons. The Director of the Defense Security Assistance Agency has testified that, in Eastern bloc countries, "the whole financial structure can be artificial...the whole matter of pricing the equipment." [30] These murky waters have spawned very different estimates of the market.

The Administration's comparisons announced by Under Secretary Buckley at an August 2, 1982, press conference are but the latest expression of the controversy.[31] They rekindle the debate over reliance on numbers of weapons transfers as against dollar volume in measuring market shares. The Department of State report upon which Mr. Buckley's remarks were based notes that, "Each [method] has shortcomings and neither is a true measure of military capability." [32] However, the Congressional Research Service's updated analysis recognizes that "the basic utility of the dollar value of arms transfer agreements is in indicating *long-range trends* in sales activity by arms suppliers." [33] This CRS report draws upon the same sources as were available to the State Department, and combines dollar totals with a tally of systems transfers to provide a balanced view. Several important trends emerge from this latest CRS study, and other public sources.

—In the first full year of its promotional arms sale policy (FY 1982), the Reagan Administration sold an all-time high of $21.5 billion worth of arms worldwide. This is more than double the previous year's total, and well above the amount the State Department had indicated to Congress at the beginning of FY 1982.

—The U.S. and Western European allies continue to dominate the world arms trade in many categories of weapons systems and in total dollar volume of sales values and deliveries.[34]

—Arms deliveries to Third World countries from all sources are increasing geometrically, from more than $7 billion in 1974 to more than $23 billion in 1981.[35]

—Soviet arms sales are now at record levels, and Soviet transfers to the Third World accounted for about one-quarter of all arms agreements with that market in 1981.[36]

—Non-traditional LDC purchasers have entered the high technology market and world arsenals are growing both in quantity and quality. Supersonic aircraft and new families of missiles are becoming standard equipment in LDC weapons inventories.[37]

## B. The Reagan Assumptions

The Reagan Administration has drawn some alarming conclusions from these trends. It has inflicted its bipolar view of global politics on the facts of increased arms sales and declared another arena for U.S./Soviet competition. By viewing regional problems through an East/West optic, there is a likelihood that the Administration has misread and misrepresented the potential dangers of unbridled trade in sophisticated weapons.[38]

In testimony before the Senate Foreign Relations Committee, Under Secretary of State James Buckley relied on controversial Administration totals in concluding that Soviet arms deliveries to the Third World for the period 1977 to 1980 exceeded U.S. shipments by 20%.[39] Figures from the 1981 CRS report and other sources substantiate an *increase* in Soviet deliveries of only 14%; $23.6 billion for the U.S., as against $26.9 billion for the Soviets.[40] More importantly, the CRS analysis points out that U.S. arms *agreements* with the Third World for that period exceed Soviet deals by over $3 billion.[41] (Agreements can be a better gauge of trends, since they represent commitments for future deliveries.) The State Department Special Report released by Mr. Buckley acknowledges that U.S. sales to LDCs exceeded Soviet transfers by "roughly two to one" in total dollar volume for the entire sample period.[42] The new CRS study confirms that between 1974 and 1981, "the U.S. made Third World sales in nominal terms that exceeded those of the U.S.S.R. by about $9.1 billion." [43]

The CRS report of August 1982 places these figures in perspective, recognizing the limitations of dollar estimates and systems counting. It criticizes the Administration practice of excluding $15.5 billion in FMS construction cost between FY 1974 and FY 1981, and sounds a note of caution about Administration methodology that led Mr. Buckley to say the Soviets were "clearly" in first place.[44] While the U.S. "has not matched the Soviets in terms of sheer numbers delivered in the recent four-year period," the study warns that those numbers do not "provide any indication of the capabilities of the recipient nations" because they cannot show levels of sophistication of weapons or quality of training received.[45] As one observer notes, the advent of the Reagan policy is "less evident in the costs of the arms the new Administration transferred than in their sophistication and the list of buyers." [46]

Of equal significance are the CRS conclusions concerning the role of other suppliers in the market. An economic analysis of the arms market shows it to be a fairly strict oligopoly, with high barriers to entry for the production of advanced systems, and a global clientele. The system is very much demand-driven.[47] Leading producers are the U.S., U.S.S.R., France, and other Western European countries. A recent report in the *Congressional Quarterly* noted that, "The nation that fills a void when the U.S. refuses a sale is just as likely to be U.S. allies, France or Britain" [48] as the Soviet Union. The 1982 CRS study shows that Western European exporting countries led in deliveries to the Latin American market in more categories of systems than did the U.S. or the U.S.S.R. It concluded that "(T)he major Western European suppliers have become, in the recent period, serious competitors for arms markets in every region of the Third World...." [49]

Proportionally more Western European production is geared to export than is the case for either the U.S. or the U.S.S.R. France, the third largest arms producer, exports more than one-third of its production, while the U.S. and U.S.S.R. each export less than one quarter of their production.[50] While the Soviets enjoy a strong and growing market share, it no longer makes sense to cast the arms sale competition as a U.S./Soviet horse race. The Administration's insistence on that characterization ignores the other competitors and presumes that, in a larger sense, there can be a winner.

This win/lose approach is predicated on a second misconception about arms transfers: that they guarantee influence and control over the recipients. The hard lessons of recent history provide evidence for the opposite conclusion, and show the Administration's concern over "who's on first" in volume of sales to be a mistake in emphasis. The Falklands crisis found the British confronted by Argentine forces equipped with British weapons systems. That bitter irony prompted one cartoonist to depict British soldiers peering into the sky and asking, "Is it one of ours...or one of ours?" The U.K. sold Argentina warships and electronics valued at $200 million over the past three years, according to a recent *Washington Post* article by Anthony Sampson, author of *The Arms Bazaar*.[51] Sampson notes that one-fourth of the Excocet missile components are manufactured in Britain.

Whitehall's sense of embarrassment was well understood in Washington and Moscow. The U.S. has seen two of the largest infusions of its arms in the past decade—purchases by Iran and Vietnam—fail to reinforce U.S. interests or prevent regional instability. Even in the case of Israel, the U.S. learned that it exports control and the ability to influence end use along with U.S. weapons.[52] Constraints on spare parts and extra ordnance shipments are *post facto* remedies at best, and seldom used. Neither device offers any guarantees of behavior acceptable to the U.S.

As costly and painful as these lessons have been for the U.S., the Soviet record is even worse. With the exception of the captive clients of the Warsaw Pact, virtually every major Soviet arms customer since World War II has bitten the hand that feeds it. China, Egypt, Somalia, and the Sudan have turned their backs on the Soviets, and the policy interests which their arms transfers were supposed to secure. So too, Indonesia, Ghana, Guinea, Iraq, and India have moved away from Moscow's influence, taking their Soviet-made weapons with them.[53]

President Ford's national security advisor, Lt. General Brent Scowcroft, argues that "the issue is more complicated than influence. If you mean we are buying influence by selling arms...the answer is clearly no." [54] The AWACS sale offers a recent example of this dilemma, where U.S. interest and influence are not necessarily enhanced by the transfer, but would be vitiated by a refusal. Former Deputy Director of the Arms Control and Disarmament Agency (ACDA), Barry Blechman, noted that "(t)his Administration exaggerates tremendously the influence arms sales bring. It's really negative. Turning down a sale hurts your influence." [55] The "negative influence" also applies to the leverage a sale is supposed to bestow on the seller once it is made. The practical effect is that the buyer, not the seller, garners greater leverage from a completed sale, because buyers can raise questions about the supplier's reliability as an ally and source. This provides even a small purchaser with some power over the oligopoly, since political pressure can be brought to bear to play suppliers off against one another. As the Center for Defense Information observed, "The good will generated by an arms sale, if any, may only last until the next request for weapons comes along." [56]

The most important point to be made is that arms transfers are not, of themselves, the cement of influence by sellers over buyers. Common interests and shared perceptions of security may be enhanced by sales, as is surely the case among NATO allies. Where those shared goals and policies are not already in place, weapons transfers can create shifting dependencies and "negative" leverage. And there is nothing to suggest that they change the local perception of local conflicts; that a border dispute or factional rivalry assumes an East/West dimension for the recipients. U.S. interests are not necessarily aggrandized, nor security concerns shared, when U.S. weapons systems move abroad.

Moreover, it is unhelpful to translate comparative market standing into relative defense strength, as if contrasting the U.S. domestic arsenal with that of the U.S.S.R. The CRS report points up this direction in Administration policy; a harkening back to the Nixon (Guam) Doctrine that nations with U.S. weapons are surrogates, projecting U.S. influence.[57] Under Secretary Buckley mirrored that thinking in testifying that:

> The marginal U.S. dollar loaned under FMS to the Turkish Army or to the Thai or Pakistan Air Force is a dollar that we otherwise would have to spend outright on our own forces to do a job that the Turks and Thais and Pakistanis can do better and at less cost.[58]

While the dollars are fungible, policy interests and ideologies may not be. U.S. supremacy in arms sales to LDCs is no more a guarantor that U.S. security is being served than was the case when the Romans hired and equipped mercenaries to guard the outposts of their empire. A strong U.S. market posture only means a larger relative share for U.S. arms manufacturers in a market where each new sale by the competing supplier nations diminishes their ability to control events in the buyers' part of the world. These transfers of sophisticated arms are giving Third World regimes options which had been the exclusive currency of the more technologically advanced countries. As with any currency, its proliferation debases its value—and the influence it supposedly represents.

## III. THE REAGAN ADMINISTRATION POLICY IN APPLICATION

We've seen that current arms transfer policy is built on two related assumptions: (a) the conventional weapons market is another species of U.S./Soviet arms race in which the U.S. is behind; and (b) arms sales mean influence. Carrying these assumptions into the execution of its policies, the Reagan Administration has discarded established tenets of restraint in U.S. arm transfers, and the dictates of statute. These have been supplanted by a policy without guidelines, where the only predictable outcome is an increase in quality and quantity of sales.

### A. Exit the AECA

The Reagan Administration policy has been explained through two vehicles. The first expression came in the Presidential Policy Directive of July 8, 1981. Beyond that document, there has been a series of statements and testimony by Under Secretary Buckley and other Administration spokesmen which sheds light on the Directive. These sources clarify the Administration's position on the objectives announced by Congress in the Arms Export Control Act.

The CRS 1981 report concludes that, "(t)he Presidential Directive of July 8, 1981, does not present a balanced and comprehensive reflection of the policy directions of the AECA." [59] In fact, the Directive and follow-up statements raise serious doubts about the Administration's compliance with the letter and spirit of the Act. Reviewing the most important areas, the following inconsistencies emerge:

#### 1. Promotion, Not Control

The thrust of the AECA is to provide a framework for arms transfer policy and controls. Section 1 of the Act requires that U.S. policy aim at "reducing the international trade in implements of war." [60] The Reagan Directive announces the Administration's intention to "enhance United States defense production capabilities and efficiencies." Similarly, National Security Advisor William Clark, in a May, 1982 speech to the Georgetown Center for Strategic and International Studies remarked that, "Not only does security assistance offer a cost-effective way of enhancing our security worldwide, but it also strengthens our economy in general and our defense production base in particular." [61] The CRS 1981 Report notes that:

> (T)he Act does not suggest that arms sales should serve as a positive force in maintaining a strong American defense industry. This notion is somewhat contrary to the balanced objectives expressed in the AECA which recognize legitimate national security needs for arms transfers while also promoting controls and restraints so that the sales do not accelerate out of control, fueled by domestic financial factors.[62]

In the name of promoting the interests of U.S. manufacturers and serving their arguments for economies of scale, the Administration has set its course in opposition to Congress and its efforts at control. Arguments that filling the LDC demand reduces unit costs and benefits the domestic economy are both questionable economics and dangerous in the implications they hold for the growth in LDC sales.[63] Such arguments fail to acknowledge that export orders are uncertain and vary greatly from year to year, making it difficult to depend on economies of scale from foreign purchases when the cost effectiveness of new weapons production is being judged. Also, the available evidence suggests that the reduction in unit cost that results from foreign orders does not provide extraordinary savings to the government in the case of most systems being produced for the domestic market.[64] Certainly marginal economies should not justify a policy of weapons proliferation inimical to U.S. interests, and an unwillingness by the Administration to comport with the basic direction of the Act should not be excused by any economic rationale.

### 2. Failure of Leadership: The Obligation to Negotiate

The Act specifies that "it shall be the U.S. policy to exert leadership in the world community" in limiting arms transfers. Further, it was the sense of Congress that the President should "seek to initiate multilateral discussions" and "work actively with all nations to check and control the international sale and distribution of conventional weapons of death and destruction." [65] The Reagan Administration has abdicated this leadership role. Mr. Buckley testified that he would "remain prepared to examine ways" to achieve arms control, but would not "go it alone." This mirrors the Policy Directive language that the U.S. will "retain a genuine interest" in the proposals of others.

Neither the language of the Act nor its legislative history contains a call for unilateral restraints. To the contrary, the President is obliged to seek cooperative arrangements that would lead to controls. This is not a passive posture. It requires that the President exercise traditional U.S. leadership rather than a wait-and-see approach. The law calls upon the President for something more than being receptive to another country's initiatives.

### 3. No Place for Human Rights

Section 301 of the AECA amends Section 502B of the Foreign Assistance Act and declares the policy of the U.S. to be to "promote and encourage increased respect for fundamental human rights and freedoms." [66] It specifically prohibits security assistance to any country "engaged in consistent patterns of gross violations of internationally recognized human rights." The State Department is unable to quantify arms sale refusals made on human rights grounds in either the Carter or Reagan

Administration, but the difference in directions is clear.[67] This Administration has supported lifting arms sales prohibitions against the regimes in Argentina and Pakistan, and has increased military assistance to El Salvador and Guatemala.[68]

Beyond these actions, the Administration has sent an unmistakable message around the world that human rights issues are of less concern in current decisions on proposed arms sales. There is no mention whatsoever of human rights—either directly or by implication—in the Presidential Directive on arms sales. In his remarks before the Foreign Relations Committee, Mr. Buckley enumerated the Administration's priorities on arms sales, noting the statutory obligation to consider human rights.[69] But Administration statements elsewhere raise doubts about his commitment to those principles.[70]

**4. Feeding Nuclear Proliferation**

Section 305 of the Act amends Section 669 of the Foreign Assistance Act,[71] linking conventional weapons transfers to the recipient country's policies on developing nuclear weapons. The Glenn/Symington amendments banned security assistance to countries engaged in the production of nuclear material outside of international controls. That restriction has not inhibited the Reagan Administration's sale of forty F-16 aircraft and support systems to Pakistan, though it was unable to obtain firm assurance that Pakistan has stopped nuclear weapons development. Likewise, the Administration has permitted Brazil to purchase fuel from other suppliers without requiring penalties in its contract with the U.S., and has allowed a token military training program in that country.[72] Computerized process controls were sold to Argentina for use in unsafeguarded reprocessing operations, while U.S. brokers have been permitted to assist South Africa in circumventing the U.S. embargo of fuel to that country.[73] The signal to these recipients and others is a lack of U.S. interest in nuclear proliferation among LDCs.

**5. Jeopardizing U.S. Service Inventories**

The AECA also restricts sales which "could have significant adverse effect on the combat readiness of the Armed Forces of the United States" to an "absolute minimum." Section 21(i)(1) requires that the President report and justify any such proposed transfers to appropriate committees of the Senate and to the House. This portion of the Act reflects the long-standing U.S. policy against draw-downs on scarce items in the domestic inventories for the sake of exports. Despite lip service to this objective, the Reagan Administration practice appears to be at variance with it.

The Administration has disregarded the advice of its own experts in promoting high technology sales. Lt. General Kelly Burke, (USAF Deputy Chief of Staff for Research, Development, and Acquisition) testified in March, 1981 before the Senate Armed Services Committee that proposed sales of F-16s would not undercut U.S. needs "providing the sales are negotiated with the normal lead time requirements.... Specifically, a forty-two month lead time is required." [74] Later, Under Secretary Buckley told the House Foreign Affairs Committee that those same sales of the most advanced fighter plane in the world would be carried out on an accelerated basis.

Air Force internal documents substantiate the effect of these accelerated sales. They note that the sales "will have a particularly dramatic impact on our F-16 support posture," compromising already low parts inventories and the Administration's goal of preparedness.[75] Those sources also criticize the effect of the sales on production planning. Thus far, accelerated transfers have resulted in preempting delivery of six aircraft to Belgium and the Netherlands in an effort to cover U.S. inventory shortages.

Departure from its own timetable raises questions about the Administration's ability to assess and meet the needs of U.S. and NATO forces. Despite the recognized uncertainties surrounding the F-16 sales, the Administration has not reported their impact and has continued to make *pro forma* guarantees which contradict documented Air Force findings.[76] A special case study on the F-16 appears as Appendix C of this report.

## B. Inconsistency Institutionalized

Beyond the legal requirements and policy directions established by the AECA, the Administration has signalled confusion and unpredictability in implementing a policy without guidelines. The Presidential Directive recites a litany of goals to be pursued, but reveals more about its basic policies by what it omits. The Center for Defense Information observes that the Administration has departed from prior practice by:

—abolishing the "ceiling" on the total dollar value of U.S. arms transfers authorized each year;

—dropping the prohibition on developing a weapon system solely for export;

—dropping the prohibition against introducing a newly developed, advanced weapon system creating a significantly higher combat capability in a region;

—dropping the prohibition against making foreign sales prior to operational deployment with U.S. forces; and

—rescinding Carter's so-called "leprosy letter" which instructed U.S. overseas officials not to assist private American businessmen seeking to promote arms sales.[77]

Statements made to support this approach rely heavily on one word: "flexibility". The Reagan Directive and testimony by Administration officials repeatedly call for flexibility and a "case-by-case" review of arms transfers.[78] A recent *Congressional Quarterly* report characterized this elusive standard by noting that:

> The Reagan policy contains no guidelines. Instead, all foreign requests to buy U.S. arms are to be examined 'case-by-case'.... In essence, if another nation is deemed to need the weapon in question, and the sale is thought to serve U.S. interests, the sale is to be made.[79]

Consistency was the much-advertised yardstick by which the incoming Reagan Administration measured the deficiencies of Carter foreign policy. That same measure applied to the totally subjective "flexible" Administration approach to arms transfers leaves this Administration far more open to criticism than its predecessor. Even *Aviation Week* has seen fit to register concern about this trend, noting that "the Reagan guidelines are more a repeal of Carter human rights doctrinarism [sic] than the adoption of a new policy." [80] Without meaningful guidelines, the only predictable aspect of the Reagan program is growth—in sheer numbers of sales and, more importantly, in sophistication of the weapons systems sold.

## C. Discarding Fiscal Restraint

Recent General Accounting Office (GAO) studies raise questions about irregularities in the FMS program, and suggest a need for caution in assessing the extent of U.S. economic commitments. In particular, a recent GAO report cites DOD for "inaccurate and incomplete estimates" of administrative costs.[81] This has occurred when the Defense Security Assistance Agency (DSAA) "directed the military services to exclude certain valid costs from their budget submissions." With "no assurance that the 3% surcharge" is covering administrative costs and DOD failure to "make an adequate and meaningful analysis" of those costs, GAO found that:

> Although GAO could not determine the total amount by which the military sales appropriations are subsidizing the foreign military sales program, the amount is known to be in the millions of dollars.

This has led GAO attorneys to issue an opinion which characterized DSAA practices as "legally improper" under the Arms Export Control Act.[82]

Of much greater importance is the liability exposure created by the FMS loan program. GAO has identified thirteen countries as being in default on interest payments.[83] This increase, up from two defaults in 1978, occurs as the reserve fund to cover such shortages has declined from $1.71 billion in 1980 to the present level of $860 million. Several countries unable to service their past debt are nonetheless objects of Administration requests for additional loans (e.g., Sudan and El Salvador). The absence of meaningful eligibility standards also generates concern as this indebtedness mounts. The manager of the Treasury's Federal Financing Bank (FFB) which oversees the guaranteed loans told the *Washington Post* that:

> I don't believe there are any requirements that the President or anyone find a country creditworthy. If the Department of Defense comes to us and says it will guarantee a loan, there's no reason for us to say no.[84]

This practice is in conflict with the basic requirement of the Act that sales be "to friendly countries having sufficient wealth to maintain and equip their own military forces at adequate strength, or to assume progressively larger shares of the cost."

While some debts are being rescheduled, the Administration is seeking to have repayment of $950 million for FY 1983 forgiven through the direct credit program. That proposal includes loan forgiveness of $50 million for Sudan, adding it to the list of countries qualifying for what is essentially grant assistance. The Administration also proposed including 19 additional countries to the concessional repayment plan for FY 1983.

Congress has mandated that guaranteed loans at near market rates of interest continue as the primary vehicle for financing military assistance. But current practices lead critics to conclude that FMS loans are being used to fill the void left by MAP grants, which are being phased out. Administration proposals for new concessional FMS loans give added weight to these charges. So too, reliance on "cash flow" financing, which permits countries to incur obligations on U.S. arms purchases without sufficent reserves, undermines the FMS program. The effect is to paint an unrealistic picture of FMS obligations and create the potential that liabilities ultimately may fall on the U.S. Treasury, undercutting the economic advantages these sales are supposed to confer on the U.S. economy.

## IV. A MORE DANGEROUS WORLD

The effect of the Administration's arms policy can best be understood by looking at its regional application, projecting current trends through key recipients and neighboring countries. The Middle East is by far the largest recipient of all arms transfers,[85] but other areas with a history of instability are seeing tensions increase as regional arsenals grow. Africa, the Caribbean, and South Asia offer revealing case studies.

Such examples need to be prefaced by a few general observations on LDC weapons transfers. First, the current volume of transfers to the Third World is, of itself, a highly destabilizing force. The recent Iran/Iraq war is a graphic example of the scope and character of a regional dispute exacerbated by the presence of large amounts of sophisticated hardware on both sides. The introduction of high technology weapons into a region can contribute substantially to localized arms races, raising the likelihood that political problems will be answered by military solutions. William E. Jackson (former executive director of the General Advisory Committee on Arms Control and Disarmament) cautions that, by introducing high-tech arms, "Far from preventing war, you may be increasing its severity or making it more likely by making a country confident enough to push its interests. Once the political fabric is torn sufficiently, war breaks out." [86] Of course the rivalries and tensions exist with or without advanced weapons systems, but the availability of those weapons raises the level of conflict and the extent of destruction.

Second, there is the related issue of qualitative increases in LDC weapons purchases. A review of delivery dates for LDC arms transfers reveals that the gap between state-of-the-art systems and LDC acquisitions has closed dramatically in recent years.[87] In an article in *Foreign Affairs Quarterly*, Andrew Pierre observed:

> Prior to the 1970s most arms sales (especially to the developing countries) were the surplus and obsolete weapons of the major powers, which they wanted to eliminate from their inventories (often as military assistance grants) so as to make room for new, more advanced weapons. Even in the early 1960s the aircraft transferred to the developing world more often than not were ten year old F-86 and Soviet MiG-17 fighters....[88]

Developing countries are no longer interested in hand-me-downs. Sophisticated weapons have become as much a status symbol as a national airline, with the added advantage of satisfying real and perceived security needs.

Increased sophistication of LDC arsenals is consonant with the announced goals of the Reagan program. Under Secretary Buckley has said:

> What we do expect to see, as our policy is applied, is a qualitative shift in the kinds of countries with which we will be concluding sales. They will include a large number of developing countries.... with which we will want to develop a cooperative relationship....[89]

This statement and others confer legitimacy on what has elsewhere been viewed as a potentially dangerous increase in coproduction agreements with non-NATO countries, whereby LDCs acquire technical information to manufacture advanced weapons through licensing and joint venture agreements.[90] Coproduction is the most problematic aspect of increased LDC weapons sophistication, with the net result of losses to the U.S. on three fronts: (a) more sophisticated weapons in the hands of LDCs with a concomitant reduction in U.S. influence and security; (b) the attenuating of U.S. technological advances through their acquisition by LDCs; and (c) the loss of U.S. jobs and creation of an LDC competitive base. Why these disadvantages are being institutionalized in U.S. policy is difficult to understand, beyond recognizing the boost they provide to the short-term earnings of arms manufacturers.[91]

Finally, LDC arms acquisitions must be viewed against the backdrop of the recipients' economies. With LDCs buying arms at an estimated average increase in value of 25% per year, the opportunity costs to many struggling economies are formidable.[92] Each new weapons system bought can translate into social services and developmental goals forgone.[93] A recent *Wall Street Journal* article points out that African arms imports are eleven times the level of a decade ago, and Latin American purchases have increased by 608%.[94] Such policies receive a tacit blessing from an Administration which offered an FY 1983 foreign assistance budget request for a 44% increase in defense spending, as against an 8% increase in developmental aid.[95]

The prevailing attitude in the Administration is that the very poverty of most LDCs would act as an effective control on their arms spending. Under Secretary Buckley has said that:

> The enormous cost of modern weapons and the state of the world economy provide their own restraints on the capacity and appetite of would-be purchasers.[96]

Reliance on this economic braking system does not seem realistic, given that the Administration has encouraged greater LDC borrowing through debt forgiveness, rescheduling subsidies, "cash flow financing", and proposals for a new concessional loan window. Moreover, the military regimes that rule or exert strong influence over most LDCs have a vested interest in allocating substantial portions of their national budgets for defense purchases. Without due regard for the absorptive capacities of the recipients, the Administration's vigorous arms sale policy is helping to drive LDCs even deeper into debt.[97] Turning to regional profiles, we can see the effects of U.S. policies and those of other suppliers.

## A. Sub-Saharan Africa

While the Middle East is by far the largest regional recipient of arms transfers, Sub-Saharan Africa is the fastest growing market.[98] The region is the product of colonial rule, from which some of its countries have only recently emerged. Despite some oil and mineral resources, Africa remains one of the least developed areas in the world. Economic instability and poverty are leitmotifs of African politics. So too is tribalism, a divisive feature that continues to complicate emergence of national identities. More recent sources of conflict which thread through regional issues have been the different external threats from Soviet adventurism and an isolated, powerful South Africa.

The Soviets have dominated the African arms market, with France and the U.S. following at a distance.[99] This clear lead has done little to assure Soviet hegemony in the region, as noted in Section II. While they maintain strong client relations with several states, the Soviets have failed to develop a more conventional economic and diplomatic presence.[100] The Soviet-backed Cuban forces in Angola are regarded with suspicion and concern in neighboring countries. Cuban troops in the Congo cause anxiety in Gabon, which depends upon Brazzaville's cooperation to transport strategic minerals to their markets. Most important, Soviet arms shipments to Libya have destabilized the Sahel and all of Africa, resulting in open warfare in Chad and disturbances in Sudan. The list of Soviet customers includes Angola, Equitorial Guinea, Ethiopia, Guinea, Guinea-Bissau, Mali, Mozambique, Sudan, and Uganda.[101] In the period 1974-1981, the Soviets have sent some 4,885 pieces of artillery, 1,555 tanks, and 340 supersonic aircraft to the region, along with other hardware and advisory support.[102]

The Allied share of this market has been far more modest, but still significant.[103] Western European transfers tend to follow colonial lines, with Francophone African nations relying on the French, and former English colonies continuing military ties with Britain. The U.S. has sought to create special relationships to facilitate plans for Rapid Deployment Force capacity through the region. To that end, the Administration has proposed $165 million in FMS credits for Sudan, Kenya, and Somalia. This is part of an increased arms transfer program which anticipates a quadrupling of FMS credits from the 1981 totals of $126 million to proposed 1983 levels of $474 million.[104] As mentioned earlier, forgiveness of indebtedness incurred by Sudan and new low interest loans for six other African countries are part of this package. A parallel increase in U.S. commercial sales is predicted, from 1981 exports of less than $6 million to the region, to a 1983 estimate of $17 million.[105] The increase in volume of U.S., Western European, and Soviet arms transfers has been accompanied by qualitative increases. Few African arsenals will boast of the most sophisticated weapons systems, but recent trends show the region to be one step away from latest-generation acquisitions.[106]

This occurs against a backdrop of growing instability, largely caused by the endemic problems discussed above, but interpreted by the major powers as having East/West dimensions. Continued fighting in the Horn is a prime example. The Soviets are supporting Ethiopean leader Mengitsu in his efforts to destabilize the regime of Somali President Siad Barre, who receives U.S. backing. Factional groups in both countries create internal friction and complicate the picture. The U.S. faces the dilemma of supporting the Somali government without encouraging further incursions into Ethiopia based on Somalia's irredentist claims in the region. Another layer of complexity results from Somalia's long-time rivalry with neighboring Kenya, which is also a U.S. customer and ally. The recent coup attempt in Kenya emphasizes the uncertainty of the political situation in that country, and the persistance of tribal rivalries.[107] Factionalism and tribalism also threaten the new regime in Zimbabwe[108] and play a role in the frustrated efforts to reach a settlement in Namibia.[109]

Perhaps most important, growing domestic strife and the enmity of Black African states makes the position of Africa's largest military power, South Africa, more untenable. Friction with the border countries of Botswana, Lesotho, and Swaziland portends future violence. A Reagan Administration initiative seeking to remove prohibitions against sales of nonlethal equipment to South African police raises questions about U.S. policies there.

The continuing upheaval throughout the region and the relatively low level of arms sophistication suggest the need for restraint by suppliers. But the quantity and quality of weapons transfers to Africa are increasing and the opportunity for imposing those controls is slipping away.

## B. The Caribbean[110]

The Caribbean region, like Africa, has not been a traditional customer for sophisticated weapons. But, as in Africa, that situation is changing rapidly as the major powers introduce more arms with greater destructive potential.

The Caribbean islands and littoral states of Central and South America are politically diverse. Some of the islands remain protectorates (Guadeloupe, Virgin Islands, Puerto Rico). Others are sovereign, and retain small police *cum* military establishments which play a part in internal politics, but do not exercise a major defense role in the region (Jamaica, Barbados, Dominican Republic). The obvious exceptions are Cuba and a new regional *bete noir*, Grenada. Soviet military shipments to Cuba have increased to their highest levels since 1962,[111] and the construction of a military installation and a large airport on Grenada contribute to regional uncertainties.

Traditional border disputes among Central American neighbors continue, especially between Guatemala and Belize, Honduras and Nicaragua. But more important to the area are pervasive economic and social problems, including land reform movements and the demands for more pluralistic societies.[112] A provocative government in Nicaragua and continued Cuban intervention feed those fears. Border disputes also disrupt relations on the South American coast, where oil-rich Venezuela claims 65% of Guyana.[113] Tensions between Venezuela and Colombia over illegal immigration and maritime boundaries also continue to grow.[114]

The major arms supplying nations have begun to capitalize on the demand generated by this instability. The French have concluded sales agreements with Nicaragua of $13 million worth of helicopters, missile-firing patrol boats, air-to-ground missiles, and rocket launchers.[115] This move occurs as the U.S. Administration is seeking additional arms assistance for El Salvador, including more helicopters and support services. Recent Soviet shipments to Cuba include MiG-23 aircraft, which the Administration perceives as helping to raise the regional ante.

The U.S. has interpreted regional developments, especially the growing Cuban presence on Grenada, as sufficient provocation to contract with Venezuela for the sale of twenty-four F-16 fighters, at a total cost of $615.3 million. This agreement undermines Paragraph 9 of the Declaration of Ayacucho of 1974, in which Venezuela joined with seven other Andean nations to seek to limit the introduction of offensive weapons into the region.[116] The proposed sale brought a formal protest from Guyana, and Columbia's president-elect has also expressed concern.[117] It remains to be seen whether the sale itself and Venezuelan statements proclaiming a role as regional protector will seriously damage strong U.S. ties with Columbia, including cooperation in controlling illicit drug traffic.

In the wake of the Venezuelan agreement, Peru made overtures concerning the F-16/J79; another species of export fighter which resembles the F-16, but has a more modest power plant. State Department officials privately expressed doubt about Peru's ability to finance such a purchase, and about the effect the sale would have on that country's development. As could be predicted, the F-16 sale to Venezuela has served to "break the tacit threshold on sophisticated weapons in Latin America", and make it "more difficult for Washington to turn down other nations which request the F-16." [118]

Administration spokesmen have championed the Venezuelan sale as protecting an important oil-supplying friend without overburdening its economy. A joint statement by Assistant Secretaries of State Enders and Burt recites Administration concern about the Cuban threat and again offers the argument that the sale would have gone to another supplier if the U.S. had not reacted first.[119] But former Under Secretary of State Matthew Nimmetz told the Senate Foreign Relations Committee that "If Cuba gets into fighting people by air, the U.S. is going to be involved; we are not going to count on Venezuela to have an air war with Cuba." [120] Given the proximity to the U.S. and the level of conflict that an air war would represent, Nimmetz's thesis seems well founded.

More important, the Administration's "us or them" posture begs the question of whether or not such weapons should be sold by anyone. Professor Pierre has underscored both the need and the opportunity for arms limitations in the whole of Latin America:

> The potential for conflict within Latin America appears to have increased in recent years, underscoring the significance of the need for restraint. The rising cost of arms and of efforts to modernize the armed forces provides another incentive. Moreover, the establishment of some qualitative ceilings on the type of arms that might be introduced

into the region may be feasible, given the still relatively low level of military technology in the inventories. Latin America would also be an especially appropriate region for consultation among the suppliers. No nation has a dominant share of the arms market that it would be asked to give up. The essentially commercial competition that exists at present among the suppliers could therefore be regulated so as to ensure that political objectives, such as regional stability, are best met.[121]

Since the publication of Pierre's book earlier this year, the arithmetic of sales to the region has altered, making localized and global arms restraint policies more critical, if serious confrontations are to be avoided.

## C. South Asia

In contrast to Africa and the Caribbean, the Asian subcontinent has been a major arms recipient since World War II. The U.S. provided a large volume of surplus weapons to Pakistan and lesser amounts to India as part of its post-war communist containment policy. Between 1954 and 1965, the U.S. gave $674 million in military grant assistance to Pakistan, and $95 million to India.[122] These U.S. transfers accounted for some 80% of Pakistan's armaments during that period and made the country into a "serious military power."[123] The buildup led to an arms race with India, and eventually contributed to three regional wars. The 1965 fighting over Kashmir resulted in U.S. curtailment of arms transfers to both countries. While sales later resumed, a restrictive policy remained in effect until 1975.

When Soviet troops invaded Afghanistan in December of 1979, the Carter Administration sought to accelerate security assistance to Pakistan and rebuild relations which had further deteriorated in November of that year when radicals burned the U.S. embassy in Islamabad, killing several American employees. But uncertainty about the depth of U.S. commitment led General Zia ul-Haq to reject a $400 million assistance offer as "peanuts."[124] His reticence was traceable to the fact that Carter earlier had invoked the Symington amendment denying military assistance when it became clear that Pakistan was developing a nuclear weapons capability. Nonetheless, the Carter Administration managed to rekindle bilateral security discussions with the Pakistani regime.

The Reagan Administration advanced those discussions and took them in a new direction. The result was an agreement to sell Pakistan an integrated air defense system which includes forty F-16 fighters at a cost of more than $1 billion. It generally is agreed that the purchase is supported by financing from Saudi Arabia, since Pakistan would not be able to undertake such a commitment alone. The State Department estimates Pakistan's GNP for 1981 to have been about $24.5 billion. Its balance of trade deficit runs nearly two to one: $4.7 billion of imports versus $2.4 billion in exports.[125] A recent *Wall Street Journal* article notes that the sale represents a serious burden on a Pakistani economy where 29% of the country's budget is spent in servicing existing debt. The article also points up the opportunity cost to a developing country such as Pakistan, where the annual per capita income is below $250.[126] More than three-quarters of the population is illiterate, and two-thirds live in mud houses. In a country where only one village in five has electricity, the Secretary for Economic Affairs complains of the drain that manning and servicing F-16s will have on the small pool of educated young men.[127] Pakistan currently spends more than ten times as much on defense as on all social services combined, and Pakistani officials admit that such a misallocation is unresponsive to the felt needs of their people and creates the potential for internal problems.[128]

But the Pakistanis are unable to register any discontent at the ballot box. The Zia government promised elections within ninety days after seizing power five years ago.[129] Instead, Zia's predecessor, Zulfiqar Ali Bhutto, was executed and Zia's opponents charge that 2300 political prisoners were jailed.[130] General Zia gives no indications that elections will occur any time soon, and U.S. officials privately admit no orderly transfer of power is likely in the foreseeable future. These facts cast doubt on Reagan Administration claims that the F-16 sales will provide leverage on human rights issues, and suggest parallels with the failed U.S. policies in Iran.

More importantly, the events within Pakistan challenge the notion that U.S. arms shipments will create a relationship which will encourage Zia's government to forego its research on nuclear weapons. To date, this Administration has not made serious efforts to discourage continued Pakistani research along these lines, short of signalling U.S. disapproval of a nuclear detonation by Pakistan. The sale of aircraft which, with very minor alterations, are themselves capable of delivering a nuclear warhead is hardly tailored to achieve restraint.

Reagan Administration policies with respect to South Asia follow in the tradition of misunderstanding that has characterized the U.S. approach to security needs of the region since World War II.[131] While U.S. policy makers have focused on the Soviet threat, both India and Pakistan are obsessed with regional issues and a pervasive mutual distrust. Time and resources have permitted India to emerge as the dominant area power, with nearly four-to-one air superiority and a domestic defense industry which employs 250,000.[132] But India has had difficulty coming to terms with its new leadership role. Old hostilities and suspicions still shape its policies. The announcement of the Pakistan sale prompted India to buy Mirage 2000s from France and begin negotiations with the Soviets for new MiGs to add to its existing inventories of French, Soviet, British, and Indian-built fighters.[133] Prime Minister Gandhi's visit to Washington was the occasion for President Reagan to offer an olive branch for U.S./India relations in the incongruous form of a proposed $1 billion artillery sale.[134] This development places the U.S. back in the uncomfortable position it was in before 1965—supplying arms to both parties.

Administration spokesmen point to the 85,000 Soviet troops caught in the Vietnam-style guerrilla war in Afghanistan as the real threat to regional security. But some U.S. officials and area observers admit that a major Soviet threat to the region is unlikely. The Pakistani government seems to share that perception; or at least to be less concerned about the possibility of a confrontation with the Soviets than with traditional rivalries. This is evident from the fact that approximately 80% of Pakistan's army is concentrated along the border with India. Pakistani air bases are also established in the east, rather than along its borders with the Soviet Union and Afghanistan. Thus, it seems more likely that current policies will feed old tensions and generate new instability in a region where a delicate equilibrium might otherwise prevail.

## V. RETROSPECT AND RECOMMENDATIONS

We have seen that the transfers of sophisticated weapons to Third World countries have increased markedly over the past decade. The result of these qualitative and quantitative changes is that LDCs now have unparalleled political and military options. Recently, such options have been exercised in the South Atlantic and Middle East. The potential for more and even greater instability exists in other parts of the world, and we have reviewed some regions which are shaping up as grim "coming attractions." In the face of these challenges, U.S. policy has departed from the congressional mandate of restraint. In its stead, the Reagan program of arms promotion abandons guidelines to pursue a U.S./Soviet arms sale race, where LDC buyers become surrogates for the sellers, policing seller interests with high technology weapons. Developmental goals and concern for regional stability are minimized by this policy which purports to "deal with the world as it is, rather than as we would like it to be." [135]

But "the world as it is" turns out to be a complicated, multi-polar place; a product of diverse economic and political conditions. As General Wallace Nutting (Commander-in-Chief, U.S. Southern Command) noted in his testimony on El Salvador, "conditions, not communists," cause instability. Pursuit of successful foreign policy demands attention "on all fronts simultaneously: economic, political, social, and military." [136] While competition from a belligerent and powerful Soviet Union must be a central theme in U.S. relations with the developing world, there is every reason to believe that U.S. interests are poorly served when that competition is expressed in large transfers of sophisticated weapons. That course can result in a lessening of U.S. influence and freedom of action, regional instability, and misallocation of recipient country resources. It may also compromise U.S. security needs through drawdowns on scarce items in our service inventory and an increased risk of reverse engineering and countermeasure development.[137]

The alternative is to require that arms transfers be assigned a realistic role in the conduct of our foreign policy. This means recognizing the very important contribution they make as one element of a balanced approach to the security and developmental needs of key recipients, and of whole regions. It also demands that some basic multilateral restraints be applied to the trade in sophisticated weapons to developing countries, so that the collective security of suppliers and recipients will not be undermined further by competition for the market. The Arms Export Control Act provides the U.S. with a framework for initiatives on both fronts.

**A. The Congressional Role**

The Congress determined it would play a larger role in the formulation of arms transfer policy when it passed the AECA. The legislative history noted that "Too often in the past decisions have been made with respect to security assistance without the knowledge or concurrence of Congress." [138] To "insure congressional oversight of arms transfers," the AECA incorporated requirements for annual estimates (Sec. 25), expanded quarterly reports (Sec. 36(a)), and reporting on important offers to sell (Sec. 36(b)). The 36(b) reports of major sales incorporate a notice period of thirty days. An additional twenty day informal notice prior to such submissions was agreed upon as a "tickler" system for important sales. Subsequent amendments consolidated and expanded the Sec. 25 reports, along lines envisioned by Senator Javits in amendments he had proposed.[139] Other changes have made defense requirements surveys (Sec. 26) and price and availability requests (Sec. 28) accessible to Congress.

Despite better information, it is apparent that Congress has not become a full partner to the process. Informal reviews of 36(b) submissions show that many of these sales were not included in the quarterly estimates required by Sec. 28 as price and availability requests. Most omissions seem to be uncontroversial and not prejudicial to the congressional role. But breaches of the formal and informal notice process weaken congressional oversight and the opportunity to participate in comprehensive planning. Moreover, they create the risk of an AWACS scenario in which, as Senator Robert C. Byrd noted, "a simple survey of Saudi defense requirements escalated into a major foreign policy issue for the United States without a great deal of high level attention along the way." [140]

Congress may also find that DOD and the Administration have created a "Catch 22" situation for the legislative branch through the use of the "cash flow" method of financing. This permits credits to be extended to countries which have only enough monies to meet current fiscal year cash requirements of a sale, rather than the usual demand that they set aside the total cost of the purchase at the time the order is placed. By permitting this practice, GAO warns that Congress has allowed the Defense Department to make "a deeper commitment without congressional approval for future support." [141] Congress may one day soon find itself obligated to make sales to countries when such transfers may run counter to U.S. interests.

More fundamentally, the information that Congress receives does not lend itself to use in long-term planning.[142] Staff members of the responsible committees argue that sales are presented in isolation, and Congress is asked to approve without knowing the context of the transfer. This differs dramatically from the extensive justifications which accompany bilateral and multilateral development programs. Those programs use a country plan approach to report and evaluate all aspects of recipient economies. U.S. aid levels are reviewed in terms of genuine needs and participation by other countries and international organizations.

While additional data on arms sales are available to Congress under the extended reporting provisions of Sec. 36(b), that clause has seldom been invoked, and does not include full economic analysis. Likewise, the Sec. 25 report has not been adequate for economic planning. The economic considerations embodied in Sec. 35, which would declare ineligible a country diverting development resources to "unnecessary military expenditures", have never been called into play.

The solution may be as simple as requiring that the Departments of State and Defense share with the appropriate committees the products of the military/economic reviews undertaken at the mission level. The 1978 amendments to the AECA requiring that the Administration share defense requirement surveys with the concerned committees have met with DOD resistance on the single instance when invoked: a request relating to El Salvador. Accordingly, the surveys have no systematic role in the congressional review process.[143] It may be desirable that country reports be provided through the vehicle of the regional subcommittees, in some established way. Certainly an "economic impact statement" of some kind would be a small burden; no more onerous than the one AID and IDCA now carry on developmental programs. And it would allow for a programmatic, informed approach to FMS and commercial license proposals.

Consideration should also be given to charging one staff member on each committee with responsibility for LDC arms export policies and for following the programs more carefully than is now done. The size of the programs and the security issues at stake clearly justify some full-time attention, and long-term congressional participation.

Finally, Congress would guarantee a more positive role for itself by requiring that major sales be approved, rather than relying on a resolution of disapproval, as is now the case. Senator Robert C. Byrd recommended this approach in 1977 for sales in excess of $200 million for any one country.[144] The effect would be to involve Congress in important country policy decisions without intruding into the more routine transactions that are properly left within the jurisdiction of the Executive agencies. Again, this would help to assure continuity and a longer view of U.S. policies.

## B. U.S. Leadership

The AECA obligation to seek multilateral controls should become an urgent priority. If the Administration genuinely is "prepared to examine ways" to control the spread of high technology conventional weapons, the time is now. The failure of the 1977 CAT meetings wih the Soviets offers some important lessons, and suggests alternatives which are more likely to meet with success.

The first step necessarily would be multilateral discussions with NATO members. Those who participated in the original CAT meetings urge that Western producers come to terms with a program for restraint and market sharing before trying to reach consensus with the Soviets.[145] Professor Pierre concurs, noting that:

> It is remarkable, in fact, that systematic foreign policy consultations among the major Western powers on developments in the Third World do not already take place, given the importance to the First World countries of what happens in some of the more volatile parts of the world.[146]

The issue has become too important to allow the objection that such discussions are beyond the ambit of European security and thus exceed the NATO mandate. The current competition among allied producers undercuts shared policy goals and prevents a unified approach. Allied nations share many objectives in other regions. That common ground ought to be explored as part of the existing collective security arrangement.

The economic interests of Western countries will, of course, be the barrier to a consensus on restraint; especially among European nations whose economies rely more on exports. But market division along geographic or product lines could offer solutions that would be economically attractive to the producers. Experiments with regional cooperative schemes may lead to an acceptable formula for the global market.

Only when the Allies can agree among themselves on a program of restraint will a serious approach to the Soviets be possible. Professor Pierre characterizes this step as an attempt to establish "rules of the game." [147] There is no doubt that the Soviets see negotiations as an opportunity to limit

Western transfers and garner a better market position. But the Soviets share Western interests in limiting the number of sophisticated weapons and the diffusion of influence that occurs. Those interests might find expression in a willingness to abide by regional restrictions on categories of high technology weapons. We have seen that Africa and the Caribbean may be good starting points for this restrictive treatment.

Other channels for pursuing restraint have been suggested. The Palme Commission recommends regional agreements and supplier/recipient guidelines for conventional transfers.[148] Here again, a unified allied approach may offer the best chance of success in achieving enforceable agreements. But the suggestion that recipients be included in the process is important, and becomes more so as LDCs develop their own arms production capabilities. An orderly system for meeting their security needs in appropriate ways requires developing country participation and commitment. The U.S. has the choice of encouraging this process, or hoping to ride out the storm of growing instability that is gathering.

**FOOTNOTES**

1. John Steinbruner, "Fears of War, Programs for Peace," *The Brookings Review*, Fall, 1982, p. 6.

2. Stanley Hoffman, "Three Falkland Lessons," *New York Times*, May 7, 1982; Charles Mohr, "New Wars Show the Power of Military Basics," *New York Times*, June 18, 1982; Drew Middleton, "In Falkland Fighting, Harrier Jump-Jet and Exocet Missiles Won New Regard," *New York Times*, June 19, 1982; Letter to the Editor by Admiral Stansfield Turner, *New York Times*, June 20, 1982; "Lebanon, Falklands: Tests in High-Tech War," *U.S. News & World Report*, August 16, 1982.

3. Lt. Co. G. H. Turley, "Time of Change in Modern Warfare," *Marine Corps Gazette*, December, 1974; Leslie Wayne, "High Tech Companies Cash in on Today's Computer Battlefields," *New York Times*, June 20, 1982; "Killer Electronic Weaponry," *Business Week*, September 20, 1982, p. 74.

4. Michael R. Gordon, "Competition with the Soviet Union Drives Reagan's Arms Sales Policy," *National Journal*, May 16, 1981, p. 868.

5. Press Release issued by Senator William Proxmire, November 6, 1981.

6. H.C. Engelbrecht and F. C. Hanighen, *Merchants of Death* (New York: Dodd, Mead & Co., 1934); See also Anthony Sampson, *The Arms Bazaar* (New York: Viking Press, 1977), p. 66 *et seq*.

7. Report on the Munitions Industry, S. Rep. No. 3., 74th Cong., 1st Sess. (1935).

8. Foreign Military Sales Act, 82 Stat. 1320 (1968) (current version renamed at 22 U.S.C. 2751 (1976)).

9. *Id*., ch. 1, Sec. 1.

10. *Id*., ch. 1, Sec. 4.

11. *Id*., ch. 3, Sec. 35.

12. Stockholm International Peace Research Institute (SIPRI), *Yearbook 1981*, (London: Taylor & Francis Ltd., 1981), Table pp. 186-187.

13. International Security Assistance and Arms Export Control Act of 1976, 22 U.S.C. 2751 and other sections of the former FMSA.

14. *Id*., at Sec. 2751 (FMSA Sec. 1).

15. Committee Comment, 94th Cong., 2d. Sess. (1976); *U.S. Code Cong. & Ad. News*, p. 1387.

16. 22 U.S.C. 2751(b)(1), (Sec. 36(b)).

17. An analysis and history of the AECA legislative veto is contained in "The Legislative Veto and U.S. Arms Sales," an unpublished CRS White Paper by Dr. Richard Grimmett (September 24, 1979). The broader issue of the constitutionality of the legislative veto is treated in John B. Henry's "The Legislative Veto: In Search of Constitutional Limits," 16 *Harv. J. Legis*. 735 (1979). The Supreme Court is scheduled to deal with this issue in two cases to be considered in the coming term: *Chadha v. Immigration & Naturalization Serv*., 634 F.2d 408 (9th Cir. 1980); *Consumer Energy Council of America v. Federal Energy Regulatory Commission*, 673 F.2d 425 (D.C. Cir. 1982). Both cases deal with the issue of one house legislative vetos.

18. Statement by President Carter on Conventional Arms Transfer Policy, May 19, 1977, 1 *Pub. Papers* 931-932 (1977).

19. Congressional Research Service Report (hereinafter "CRS 1981 Report") prepared for the Subcommittee on International Security and Scientific Affairs, House Committee on Foreign Affairs, 97th Cong., 1st Sess., "Changing Perspectives on U.S. Arms Transfer Policy," (Comm. Print, Sept. 25, 1981), p. 11.

20. *Id.*, p. 29.

21. *Id.*, p. 29.

22. Andrew J. Pierre, The *Global Politics of Arms Sales*, (Princeton: Princeton University Press for the Council on Foreign Relations, 1982), p. 59.

23. B.M. Blechman, J.E. Nolan, A. Pratt, "Pushing Arms," *Foreign Policy*, No. 46 (Spring 1982), pp. 138-154.

24. CRS 1981 Report, p. 31.

25. Committee Comment, 94th Cong., 2d. Sess. (1976); *U.S. Code Cong. & Ad. News*, p. 1388.

26. For a more complete description of programs and costs, see the Congressional Presentation of Security Assistance Programs for FY 1983, Summary.

27. See p.30, infra, "Discarding Fiscal Restraint."

28. Press Release issued by Senator Charles Percy, summarizing Administration report for 1978-1980 arms transfers, February 1, 1982.

29. Richard Wittle, "Special Report on Arms Sales: Part I," *Congressional Quarterly*, April 3, 1982, p. 723 (inset).

30. Hearings on Conventional Arms Sales before the Senate Committee on Foreign Relations (hereinafter "Senate Hearings"), 97th Cong., 1st Sess. (July 28, 1981), p. 22 (statement by Lt. Gen. Ernest Graves, Director, DSAA). While Graves' remarks concern Soviet arms values, similar difficulties obtain in making estimates for other suppliers, including France. See Andrew Pierre's comments in *Global Politics*, footnote 45, p. 321.

31. "Soviet Union Is the World's Largest Arms Peddler, U.S. Asserts," *Washington Post* (AP), August 3, 1982. Buckley's remarks are contained in a State Department Press Release dated August 2, 1982.

32. Department of State Special Report No. 102, "Conventional Arms Transfers in the Third World, 1972-81," August, 1982, p. 7.

33. Congressional Research Service (CRS) Report, updating information in the CRS 1981 Report and presented as "Trends in Conventional Arms Transfers to the Third World by Major Supplier, 1974-1981" (herein after "CRS Update (1982)" or "CRS 1982 Report"), unpublished CRS White Paper by Dr. Richard F. Grimmett (August 12, 1982). See Tables 1-7, pp. 13-23. Portions of this report appear as Appendix A.

34. CRS Update (1982), Tables 2 (p. 16), and 3 (p. 19).

35. *Id.*, p. 16.

36. *Id.*, p. 13.

37. This typology is drawn from "U.S. Arms Transfers to the Third World: The Implications of Sophistication," an unpublished Congressional Research Service White Paper prepared by Caleb Rossiter of the Foreign Affairs and National Defense Division of CRS. An Excerpt from Prof. Rossiter's analysis is attached as Appendix B.

38. Michael Harrison's article in *Foreign Policy*, No. 43 (Summer 1981), p. 3, entitled "Reagan's World," offers a thoughtful overview of the Administration's preoccupation with the U.S./Soviet dimension of foreign policy.

39. Senate Hearings, p. 10.

40. CRS 1981 Report, Table 2, p. 15.

41. CRS 1981 Report, Table 1, p. 13.

42. Department of State Press Release (not numbered), August 2, 1982, p. 3.

43. CRS Update (1982), p. 8.

44. "Soviet Union is the World's Largest Arms Peddler, US Asserts," *Washington Post*, August 3, 1982.

45. CRS Update (1982), p. 12.

46. "Arms Sales: Part I ," *Congressional Quarterly*, April 3, 1982, p. 720.

47. Pierre, *Global Politics*, p. 131.

48. "Arms Sales: Part I," *Congressional Quarterly*, April 3, 1982, p. 723.

49. CRS Update (1982), p. 11.

50. Congressional Research Service analysis places U.S. exports at less than 24% of total arms production while the U.K. exports about 26%, France over 30%, and Italy 31%. In *Global Politics of Arms Sales*, Andrew Pierre puts the French total at 41% in 1980 (p. 85). Pierre notes the difficulty of assessing Soviet percentages, but acknowledges that export pressure is lower (p. 80). CRS sources estimate Soviet exports to be about 18% of total production. CRS calculations are based on five year averages derived from Arms Control and Disarmament Agency (ACDA) figures and other unclassified sources.

51. Anthony Sampson, "The Lethal Ironies of Arms Sales," *Washington Post*, June 21, 1982.

52. Dan Morgan, "Israel, the Customer, and America, the Armorer, Sway Each Other," *Washington Post*, July 21, 1982, in which Secretary of Defense Casper Weinberger is quoted as saying the U.S. has "no control" over Israel.

53. Pierre, *Global Politics*, p. 81.

54. Remarks before the American Enterprise Institute Forum (No. 56), September 9, 1981, rpt., p. 23.

55. Barry M. Blechman, quoted in "Arms Sales: Part I," *Congressional Quarterly*, April 3, 1982, p. 722.

56. "U.S. Weapons Exports Headed for Record Level," *The Defense Monitor*, Vol. XI, No. 3 (1982), p. 8. Prepared by the Center for Defense Information.

57. CRS 1981 Report, p. 44.

58. Senate Hearings, p. 8.

59. CRS 1981 Report, p. 39.

60. 22 U.S.C. 2751.

61. Speech by William P. Clark, "National Security Strategy," delivered to the Georgetown Center for Strategic and International Studies, Georgetown University, May 21, 1982, rpt., p. 10.

62. CRS 1981 Report, p. 42.

63. Statement by Walter R. Edgington, International Committee, National Security Industrial Association, included in Senate Hearing, p. 88. See also Mr. Edington's response to questioning by Senator Percy, p. 99, acknowledging the primacy of national security concerns in making foreign sales.

64. Congressional Budget Office Staff Working Paper of May 24, 1976 which concludes that "For the current mix of sales the study estimates that only fifty percent of foreign military sales result in cost savings to the U.S.," Summary, p. "x". Follow-up discussions with CBO officials confirm that the savings from foreign sales are "not of a dramatic nature."

65. 22 U.S.C. 2751.

66. 22 U.S.C. 2304.

67. Cf. "Arms Sales," *Congressional Quarterly*, October 29, 1977, p. 2319; Congressional Research Service Report No. 81-257, "Human Rights in U.S. Foreign Relations," December 10, 1981; "Overhaul U.S. Policy on Human Rights?," *U.S. News & World Report*, March 2, 1981, p. 49.

68. "Arms Sales: Part II," *Congressional Quarterly*, April 10, 1982, p. 802.

69. Senate Hearings, p. 6.

70. In a May 21, 1981, address (reprinted as Department of State Current Policy 279), Under Secretary Buckley referred to "undercutting, the capabilities of strategically located nations" as a species of the "self-inflicted injuries" of the Carter policy. See also William Clark's speech to Georgetown University, May 21, 1982, making no mention of human rights considerations.

71. 22 U.S.C. 229.

72. "Envoy Asks and Senate Acts to Ease Ban on Aid to Brazil," *Congressional Quarterly*, June 5, 1982, p. 1341.

73. "The Administration's Record in Nonproliferation Matters," unpublished report by Lynn Weiss, Minority Staff Director, Senate Subcommittee on Energy, Nuclear Prolif ration and Government Process of the Committee on Government Affairs.

74. Written response by Lt. Gen. Kelly Burke (USAF) to questions from the Senate Armed Services Committee in March, 1981.

75. Walter Mossberg, "Administration Split Over Who Gets F16 First," *Wall Street Journal*, June 23, 1981.

76. Section 206 of the AECA amends Section 21 of the Foreign Military Sales Act (22 U.S.C. 2761 (h)(i)) to require a written statement accompanying any proposal to sell defense articles or services which "could have a significant adverse effect" on U.S. service inventories. Authorities report that no such statement has ever been submitted by this Administration. The 36 (b) submissions contain boiler-plate assurances that sales will not harm materially U.S. readiness. Likewise, no detailed reports under Sec. 812 of the DOD Appropriations Act of 1976 (Pub. L. 94-106) have been submitted by this Administration.

77. *Defense Monitor*, p. 3.

78. Presidential Policy Directive of July 8, 1981, 17 *Weekly Comp. of Pres. Doc.* 727-729 (July 13, 1981); Senate Hearings, p. 8 (remarks of Mr. Buckley) and p. 38 (remarks of Mr. West, responding to Senator Glenn).

79. "Arms Sales: Part II," *Congressional Quarterly*, April 10, 1982, p. 797.

80. William H. Gregory, "Controlling Military Sales", *Aviation Week and Space Technology*, June 29, 1981, p. 11.

81. Report by the Comptroller General of the United States, "Improvement Still Neded in Recouping Administrative Costs of Foreign Military Sales," AFMD-82-10, (February 2, 1982).

82. *Id.*, Appendix II, p. 16.

83. Report by the General Accounting Office, "U.S. Security and Military Assistance: Programs and Related Activities," GAO/ID-82- 40, June 1, 1982.

84. Dan Morgan, "13 Arms Buyers in Default on Interest to U.S.," *Washington Post*, July 12, 1982.

85. Pierre, *Global Politics*, p. 133. Table 3 shows that seven of the world's ten largest arms importers are Middle Eastern countries. Pierre avers that this region accounted for 50% of developing world weapons transfers in 1980, p. 134.

86. William E. Jackson, Jr., as quoted in "Arms Sales: Part I," *Congressional Quarterly*, April 3, 1982, p. 724.

87. See Stockholm International Peace Research International Institute (SIPRI) *Arms Trade Registers* (Cambridge: M.I.T. Press, 1974), giving listings of national defense stockpiles with acquisition dates of inventoried items. A review of these dates gives some indication of the compression which has occurred, with developing countries acquiring more state-of-the-art equipment.

88. Andrew J. Pierre, "Arms Sales: The New Diplomacy," *Foreign Affairs Quarterly*, Vol. 60, No. 2 (Winter 1981/1982), p. 267.

89. Senate Hearings, p. 12.

90. CRS 1981 Report, p. 52.

91. George Wilson, "Egypt as Warplane Maker," *Washington Post*, October 5, 1982. The article reports that co-production agreements with Egypt for FX fighters are "an administration objective."

92. Pierre, *Global Politics*, p. 131, citing SIPRI Yearbook, 1979.

93. "How Much Does a Soldier Cost?" *South*, July, 1982, p. 8.

94. June Kronholz, "Taking Up Arms," *Wall Street Journal*, June 29, 1982.

95. Defense Monitor, p. 6.

96. Senate Hearings, p. 12.

97. Brandt Commission, *North-South: A Program for Survival*, (London: Pan Books, 1980), pp. 120-122.

98. Pierre, *Global Politics*, p. 255. This is true despite the constraints of Sec. 33 of the AECA, restraining sales to the region.

99. CRS Update (1982), Table 7, p. 23.

100. Henry Bienen, "Perspectives on Soviet Intervention in Africa," *Political Science Quarterly*, Vol. 95. No. 1 (Spring, 1980), p. 40.

101. Pierre, *Global Politics*, p. 257.

102. CRS Update (1982), Table 7. p. 23.

103. *Id.*

104. Unpublished CRS White Paper, "Increasing U.S. Military Involvement in Africa," by Prof. Caleb Rossiter, June 16, 1982, p. 3.

105. *Id.*, p. 5.

106. Unpublished CRS White Paper, "Arms Transfers: Implications of Sophistication" by C. Rossiter, July 26, 1982, p. 7.

107. "Kenya Foils Air Force Coup Attempt," *Washington Post* (AFP), August 1, 1982.

108. "Mugabe Blames Opposition Party for Kidnapping," *Washington Post*, July 30, 1982.

109. Joseph Lelyveld, "Inside Namibia," New *York Times Magazine*, August 1, 1982, p. 12.

110. As used here, "Caribbean" includes the islands and the coastal countries of Central and Latin America bordering the Caribbean Sea.

111. Jozef Goldblat and Victor Millan, "Militarization and Arms Control in Latin American," rpt. from SIPRI *Yearbook 1982*, p. 398.

112. An overview of economic challenges to the region and the Reagan Administration response is available in "The Caribbean Basin Initiative," by Messrs. Feinberg and Newfarmer in the Senate Democratic Policy Committee's collection *From Gunboats to Diplomacy* (June 19, 1982), p. 206.

113. CRS 1981 Report, p. 62.

114. *Id.*

115. "French Arms Go to Nicaragua," New *York Times* (AP), July 13, 1982; Christopher Dickey, "Nicaragua Says It Seeks Soviet, French Planes," *Washington Post*, July 29, 1982.

116. 1974 Declaration of Ayacucho, December 9, 1974, Peru, Bolivia, Panama, Venezuela, Colombia, Argentina, Ecuador, and Chile; reported in *El Peruano*, No. 10105, December 10, 1974.

117. CRS 1981 Report, p. 62.

118. Pierre, *Global Politics*, p. 246.

119. Department of State Current Policy No. 349, "Arms Transfers to Latin America," October 22, 1981.

120. Unpublished Hearings before the Senate Committee on Foreign Relations, July 28, 1981, quoted in CRS 1981 Report, p. 65.

121. Pierre, *Global Politics*, p. 254.

122. CRS 1981 Report, Table, p. 71.

123. Stephen Cohen, "US Weapons and South Asia: A Policy Analysis," *Pacific Affairs*, Vol. 49, No.1 (Spring 1976), p. 49.

124. Pierre, *Global Politics*, p. 223.

125. June Kronholz, "Taking Up Arms," *Wall Street Journal*, June 29, 1982.

126. See also CRS 1981 Report, p. 78.

127. "Taking Up Arms," sidebar.

128. *Id.*, comments of Secretary of Economic Affairs Ejaz Niak.

129. Stuart Auerbach, "Zia Has No Election Plans," *Washington Post*, July 11, 1982.

130. *Id.*

131. Cohen, "US Weapons and South Asia," p. 55.

132. Pierre, *Global Politics*, p. 222.

133. *Id.*

134. Richard Halloran, "$1 Billion Sale of Artillery to India Appears Likely," *New York Times*, July 29, 1982.

135. Presidential Policy Directive of July 8, 1981, 17 *Weekly Comp. of Pres. Doc.* 727-729 (July 13, 1981).

136. Unpublished Hearings before the Senate Committee on Foreign Relations, August 2, 1982.

137. Rossiter, "Implications of Sophistication," p. 9.

138. Committee Comment, 94th Cong., 2d Sess. (1976), *U.S. Code Cong. & Ad. News*, p. 1387.

139. "Arms Sales: Part II," *Congressional Quarterly*, April 10, 1982, p. 798.

140. 127 Cong. Rec. S11,756 (daily ed. Oct. 21, 1981) (remarks by Senator Robert C. Byrd).

141. Report by the Comptroller General of the United States, "U.S. Security Assistance: Programs and Related Activities," GAO/ID-82- 40, June 1, 1982, p. 71.

142. S. Scott Morrison's "The Arms Export Control Act: An Evaluation of the Role of Congress in Policing Arms Sales," *Stanford Journal of International Studies*, Vol. 14 (Spring 1979), p. 105 offers a litany of reasons for the limits on congressional participation. See p. 166 ff. See also Foreign Affairs Committee Print, *Congress and Foreign Policy Series, No. 7*, "Executive-Legislative Consultation on U.S. Arms Sales," (December 1982)

143. In his 1977 address on "The Senate and Arms Sales," Senator Robert C. Byrd described the need for closer cooperation between the Senate and DOD on arms sales information. While several of his recommendations have become law, the institutional role of defense requirements surveys established in Sec. 26 (by Pub. L. 95-384) has been frustrated, and cannot provide the picture of current and potential recipient needs which Senator Byrd recognized as crucial to fulfilling Congress's responsibility. See 126 *Cong. Rec.* 32843 (1977).

144. *Id.*

145. B.M. Blechman, J.E. Nolan, A. Pratt, "Pushing Arms," *Foreign Policy*, No. 46 (Spring 1982), p. 151.

146. Pierre, *Global Politics*, p. 297.

147. Id., p. 301.

148. "Vance vs. the Arms Race,"*Christian Science Monitor*, August 3, 1982

## APPENDIX A

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# TRENDS IN CONVENTIONAL ARMS TRANSFERS TO THE THIRD WORLD BY MAJOR SUPPLIER, 1974-1981

Richard F. Grimmett
Specialist in National Defense
Foreign Affairs and National Defense Division
August 12, 1982

Table 1

ARMS TRANSFER AGREEMENTS WITH THE THIRD WORLD, BY SUPPLIER 1/
[In millions of current U.S. dollars]

| | 1974 | 1975 | 1976 2/ | 1977 | 1978 | 1979 | 1980 | 1981 |
|---|---|---|---|---|---|---|---|---|
| TOTAL | 20,263 | 20,550 | 24,393 | 25,134 | 21,416 | 28,631 | 43,803 | 26,728 |
| Non-Communist | 13,323 | 16,120 | 16,578 | 14,454 | 17,526 | 18,321 | 27,533 | 12,828 |
| Of which: | | | | | | | | |
| United States | 8,723 | 9,990 | 12,468 | 6,439 | 7,486 | 8,901 | 9,463 | 4,868 |
| France | 2,060 | 2,630 | 1,040 | 3,140 | 1,950 | 4,350 | 8,680 | 1,215 |
| United Kingdom | 750 | 940 | 600 | 1,415 | 3,860 | 1,270 | 2,170 | 1,460 |
| West Germany | 620 | 630 | 730 | 1,200 | 2,520 | 900 | 770 | 1,150 |
| Italy | 410 | 1,040 | 360 | 980 | 1,390 | 340 | 2,870 | 370 |
| Other free world | 760 | 890 | 1,380 | 1,280 | 320 | 2,560 | 3,580 | 3,765 |
| Communist | 6,940 | 4,430 | 7,815 | 10,680 | 3,890 | 10,310 | 16,270 | 13,900 |
| Of which: U.S.S.R. | 5,970 | 3,670 | 6,600 | 9,750 | 2,920 | 8,880 | 14,770 | 6,630 |
| Other Communist | 970 | 760 | 1,215 | 930 | 970 | 1,430 | 1,500 | 7,270 |
| *Dollar inflation index(1974=100) | 100 | 109 | 117 | 125 | 134 | 144 | 160 | 181 |

* Based on Department of Defense Price Deflator (minus pension funds).

1/ U.S. data are for fiscal year given (and cover the period from July 1, 1973 through September 30, 1981). Foreign data are for the calendar year given. Statistics shown for foreign countries are based upon estimated selling prices. All prices given include the values of weapons, spare parts, construction, all associated services, military assistance and training programs. U.S. commercial sales contract values are excluded, as are values of the Military Assistance Service Funded account (MASF) which provided grant funding for South Vietnam, Laos, Philippines, Thailand, and South Korea. MASF for FY1974 was $840,000,000; for FY1975 $544,000,000. Related grant transfers to South Korea and Thailand, also excluded, were $11,000,000 in FY1979; $132,000,000 in FY1980; and $100,000,000 for FY1981. All data are current as of January 1, 1982, and reflect termination of all sales contracts. The value of Iranian contracts cancelled but not included in the U.S. data above are as follows: FY1974 ($390,000,000); FY1975 ($1,157,000,000); FY1976 and transitional quarter($236, 000,000; FY1977($2,953,000,000); FY1978 ($1,673,000,000); FY1979 ($6,000,000); FY1980 ($0). FY1981 ($0). Third World category excludes Warsaw Pact nations, NATO nations, Europe, Japan, Australia, New Zealand.

2/ U.S. data for FY1976 includes the transitional quarter (FY 197T).

Source: U.S. Government.

Table 1A

ARMS TRANSFER AGREEMENTS VALUES AVERAGES, TO THIRD WORLD BY SUPPLIER, 1974-1977 1/
[In millions of current U.S. dollars]

| | 1974 | 1975 | 1976 2/ | 1977 | Average (1974-1977) |
|---|---|---|---|---|---|
| TOTAL | 20,263 | 20,550 | 24,393 | 25,134 | 22,585.00 |
| Non-Communist | 13,323 | 16,120 | 16,578 | 14,454 | 15,118.75 |
| Of which: | | | | | |
| United States---- | 8,723 | 9,990 | 12,468 | 6,439 | 9,405.00 |
| France------------ | 2,060 | 2,630 | 1,040 | 3,140 | 2,217.50 |
| United Kingdom--- | 750 | 940 | 600 | 1,415 | 926.25 |
| West Germany----- | 620 | 630 | 730 | 1,200 | 795.00 |
| Italy------------- | 410 | 1,040 | 360 | 980 | 697.50 |
| Other free world- | 760 | 890 | 1,380 | 1,280 | 1,077.50 |
| Communist------------- | 6,940 | 4,430 | 7,815 | 10,680 | 7,466.25 |
| of which: U.S.S.R.--- | 5,970 | 3,670 | 6,600 | 9,750 | 6,497.50 |
| Other Communist------- | 970 | 760 | 1,215 | 930 | 968.75 |
| *Dollar inflation index(1974=100)------- | 100 | 109 | 117 | 125 | |

* Based on Department of Defense Price Deflator (minus pension funds).

1/ U.S data are for fiscal year given (and cover the period from July 1, 1973 through September 30, 1977). Foreign data are for the calendar year given. Statistics shown for foreign countries are based upon estimated selling prices. All prices given include the values of weapons, spare parts, construction, all associated services, military assistance and training programs. U.S. commercial sales contract values are excluded, as are values of the Military Assistance Service Funded account (MASF) which provided grant funding for South Vietnam, Laos, Philippines, Thailand, and South Korea. MASF for FY1974 was $840,000,000; for FY1975 $544,000,000. All data are current as of January 1, 1982, and reflect termination of all sales contracts. The value of Iranian contracts cancelled but not included in the U.S. data above are as follows: FY1974 ($390,000,000); FY1975 ($1,157,000,000); FY1976 and transitional quarter ($236,000,000); FY1977 ($2,953,000,000). Third World category excludes Warsaw Pact Nations, NATO nations, Europe, Japan, Australia, New Zealand.

2/ U.S. data for FY1976 includes the transitional quarter (FY 197T).

Source: U.S. Government.

Table 1B

ARMS TRANSFER AGREEMENTS VALUES AVERAGES, TO THIRD WORLD BY SUPPLIER, 1978-1981 1/
[In millions of current U.S. dollars]

| | 1978 | 1979 | 1980 | 1981 | Average (1978-1981) |
|---|---|---|---|---|---|
| TOTAL | 21,416 | 28,631 | 43,803 | 26,723 | 30,144.50 |
| Non-Communist | 17,526 | 18,321 | 27,533 | 12,828 | 19,052.00 |
| Of which: | | | | | |
| United States---- | 7,486 | 8,901 | 9,463 | 4,868 | 7,679.50 |
| France----------- | 1,950 | 4,350 | 8,680 | 1,215 | 4,048.75 |
| United Kingdom--- | 3,860 | 1,270 | 2,170 | 1,460 | 2,190.00 |
| West Germany----- | 2,520 | 900 | 770 | 1,150 | 1,335.00 |
| Italy------------ | 1,390 | 340 | 2,870 | 370 | 1,242.50 |
| Other free world- | 320 | 2,560 | 3,580 | 3,765 | 2,556.25 |
| Communist------------- | 3,890 | 10,310 | 16,270 | 13,900 | 11,092.50 |
| of which: U.S.S.R.--- | 2,920 | 8,880 | 14,770 | 6,630 | 8,300.00 |
| Other Communist------- | 970 | 1,430 | 1,500 | 7,270 | 2,792.50 |
| *Dollar inflation index(1974=100)------- | 134 | 144 | 160 | 181 | |

* Based on Department of Defense Price Deflator (minus pension funds).

1/ U.S data are for fiscal year given (and cover the period from October 1, 1977 through September 30, 1981). Foreign data are for the calendar year given. Statistics shown for foreign countries are based upon estimated selling prices. All prices given include the values of weapons, spare parts, construction, all associated services, military assistance and training programs. U.S. commercial sales contract values are excluded, as are values of the Military Assistance Service Funded account (MASF) which provided grant funding for Thailand, and South Korea. Related grant transfers to South Korea and Thailand, also excluded, were $11,000,000 in FY1979; $132,000,000 in FY1980; and $100,000,000 for FY1981. All data are current as of January 1, 1982, and reflect termination of all sales contracts. The value of Iranian contracts cancelled but not included in the U.S. data above are as follows: FY1978 ($1,673,000,000); FY1979 ($6,000,000); FY1980 ($0). FY1981 ($0). Third World category excludes Warsaw Pact Nations, NATO nations, Europe, Japan, Australia, New Zealand.

Source: U.S. Government.

Table 2

ARMS DELIVERIES TO THE THIRD WORLD, BY SUPPLIER 1/
[In millions of current U.S. dollars]

| | 1974 | 1975 | 1976 2/ | 1977 | 1978 | 1979 | 1980 | 1981 |
|---|---|---|---|---|---|---|---|---|
| TOTAL------------ | 7,263 | 8,044 | 11,916 | 15,392 | 18,912 | 21,923 | 21,179 | 23,414 |
| Non-Communist--------- | 4,343 | 5,014 | 7,666 | 9,652 | 11,702 | 11,733 | 12,379 | 14,234 |
| Of which: | | | | | | | | |
| United States---- | 2,793 | 3,084 | 4,646 | 5,932 | 6,382 | 6,463 | 5,079 | 6,144 |
| France----------- | 480 | 480 | 960 | 1,010 | 1,700 | 1,360 | 2,780 | 3,670 |
| United Kingdom--- | 450 | 400 | 530 | 725 | 1,030 | 770 | 1,600 | 1,200 |
| West Germany----- | 180 | 270 | 520 | 620 | 660 | 740 | 960 | 910 |
| Italy------------ | 130 | 190 | 190 | 350 | 700 | 615 | 600 | 800 |
| Other free world- | 310 | 590 | 820 | 1,015 | 1,230 | 1,785 | 1,360 | 1,510 |
| Communist------------- | 2,920 | 3,030 | 4,250 | 5,740 | 7,210 | 10,190 | 8,800 | 9,180 |
| Of which: U.S.S.R.--- | 2,530 | 2,400 | 3,400 | 5,000 | 6,230 | 9,180 | 7,480 | 7,160 |
| Other communist------ | 390 | 630 | 850 | 740 | 980 | 1,010 | 1,320 | 2,020 |
| *Dollar inflation index(1974=100)-------- | 100 | 109 | 117 | 125 | 134 | 144 | 160 | 181 |

* Based on Department of Defense Price Deflator (minus pension funds).

1/ U.S. data are for fiscal year given (and cover the period from July 1, 1973 through September 30, 1981). Foreign data are for the calendar year given. Statistics shown for foreign countries are based upon estimated selling prices. All prices given include the values of weapons, spare parts, construction, all associated services, military assistance and training programs. U.S. commercial sales contract values are excluded, as are values of the Military Assistance Service Funded account (MASF) which provided grant funding for South Vietnam, Laos, Philippines, Thailand, and South Korea. MASF deliveries values for FY1974 were $1,159,000,000; for FY1975 $1,125,000,000. Related grant transfers to South Korea and Thailand, also excluded, were $11,000,000 in FY1979; $10,000,000 in FY1980 and $100,000,000 in FY1981. All data are current as of January 1, 1982. Third World category excludes Warsaw Pact nations, NATO nations, Europe, Japan, Australia, New Zealand.

2/ United States data for FY1976 include the transitional quarter (FY 197T).

Source: U.S. Government

Table 2A

ARMS DELIVERIES VALUES AVERAGES TO THIRD WORLD BY SUPPLIER, 1974-1977 1/
[In millions of current U.S. dollars]

| | 1974 | 1975 | 1976 2/ | 1977 | Average (1974-1977) |
|---|---|---|---|---|---|
| TOTAL | 7,263 | 8,044 | 11,916 | 15,392 | 10,653.75 |
| Non-Communist | 4,343 | 5,014 | 7,666 | 9,652 | 6,668.75 |
| Of which: | | | | | |
| United States---- | 2,793 | 3,084 | 4,646 | 5,932 | 4,113.75 |
| France----------- | 480 | 480 | 960 | 1,010 | 732.50 |
| United Kingdom--- | 450 | 400 | 530 | 725 | 526.25 |
| West Germany----- | 180 | 270 | 520 | 620 | 397.50 |
| Italy------------ | 130 | 190 | 190 | 350 | 215.00 |
| Other free world- | 310 | 590 | 820 | 1,015 | 683.75 |
| Communist------------ | 2,920 | 3,030 | 4,250 | 5,740 | 3,985.00 |
| of which: U.S.S.R.--- | 2,530 | 2,400 | 3,400 | 5,000 | 3,332.50 |
| Other Communist------- | 390 | 630 | 850 | 740 | 652.50 |
| *Dollar inflation index(1974=100)------- | 100 | 109 | 117 | 125 | |

* Based on Department of Defense Price Deflator (minus pension funds).

1/ U.S data are for fiscal year given (and cover the period from July 1, 1973 through September 30, 1977). Foreign data are for the calendar year given. Statistics shown for foreign countries are based upon estimated selling prices. All prices given include the values of weapons, spare parts, construction, all associated services, military assistance and training programs. U.S. commercial sales contract values are excluded, as are values of the Military Assistance Service Funded account (MASF) which provided grant funding for South Vietnam, Laos, Philippines, Thailand, and South Korea. MASF for FY1974 was $840,000,000; for FY1975 $544,000,000. All data are current as of January 1, 1982, and reflect termination of all sales contracts. Third World category excludes Warsaw Pact Nations, NATO nations, Europe, Japan, Australia, New Zealand.

2/ U.S. data for FY1976 includes the transitional quarter (FY 197T).

Source: U.S. Government.

Table 2B

ARMS DELIVERIES VALUES AVERAGES TO THIRD WORLD BY SUPPLIER, 1978-1981 1/
[In millions of current U.S. dollars]

| | 1978 | 1979 | 1980 | 1981 | Average (1978-1981) |
|---|---|---|---|---|---|
| TOTAL | 18,912 | 21,923 | 21,179 | 23,414 | 21,357.00 |
| Non-Communist | 11,702 | 11,733 | 12,379 | 14,234 | 12,512.00 |
| Of which: | | | | | |
| United States---- | 6,382 | 6,463 | 5,079 | 6,144 | 6,017.00 |
| France----------- | 1,700 | 1,360 | 2,780 | 3,670 | 2,377.50 |
| United Kingdom--- | 1,030 | 770 | 1,600 | 1,200 | 1,150.00 |
| West Germany----- | 660 | 740 | 960 | 910 | 817.50 |
| Italy------------ | 700 | 615 | 600 | 800 | 678.75 |
| Other free world- | 1,230 | 1,785 | 1,360 | 1,510 | 1,471.25 |
| Communist------------ | 7,210 | 10,190 | 8,800 | 9,180 | 8,845.00 |
| of which: U.S.S.R.--- | 6,230 | 9,180 | 7,480 | 7,160 | 7,512.50 |
| Other Communist------- | 980 | 1,010 | 1,320 | 2,020 | 1,332.50 |
| *Dollar inflation index(1974=100)------- | 134 | 144 | 160 | 181 | |

* Based on Department of Defense Price Deflator (minus pension funds).

1/ U.S data are for fiscal year given (and cover the period from October 1, 1977 through September 30, 1981). Foreign data are for the calendar year given. Statistics shown for foreign countries are based upon estimated selling prices. All prices given include the values of weapons, spare parts, construction, all associated services, military assistance and training programs. U.S. commercial sales contract values are excluded, as are values of the Military Assistance Service Funded account (MASF) which provided grant funding for Thailand, and South Korea. Related grant transfers to South Korea and Thailand, also excluded, were $11,000,000 in FY1979; $132,000,000 in FY1980; and $100,000,000 for FY1981. All data are current as of January 1, 1982, and reflect termination of all sales contracts. Third World category excludes Warsaw Pact Nations, NATO nations, Europe, Japan, Australia, New Zealand.

Source: U.S. Government.

Table 3

NUMBERS OF WEAPONS DELIVERED BY MAJOR SUPPLIERS TO THE THIRD WORLD 1/

| Weapons Category | United States | U.S.S.R | Major Western European 2/ |
|---|---|---|---|
| 1974-1977 | | | |
| Tanks and Self-Propelled Guns | 3,881 | 4,595 | 1,215 |
| Artillery | 3,123 | 7,375 | 1,260 |
| APCs and Armored Cars | 6,853 | 5,245 | 1,470 |
| Major Surface Combatants | 61 | 12 | 19 |
| Minor Surface Combatants | 144 | 58 | 189 |
| Submarines | 13 | 9 | 14 |
| Supersonic Combat Aircraft | 822 | 1,280 | 215 |
| Subsonic Combat Aircraft | 510 | 230 | 35 |
| Other Aircraft | 938 | 170 | 490 |
| Helicopters | 463 | 305 | 890 |
| Guided Missile Boats | 0 | 32 | 8 |
| Surface-To-Air Missiles (SAMs) | 2,450 | 14,345 | 1,755 |
| 1978-1981 | | | |
| Tanks and Self-Propelled Guns | 2,375 | 5,635 | 510 |
| Artillery | 2,783 | 7,000 | 1,145 |
| APCs and Armored Cars | 5,658 | 6,810 | 3,230 |
| Major Surface Combatants | 23 | 28 | 43 |
| Minor Surface Combatants | 33 | 110 | 93 |
| Submarines | 1 | 6 | 8 |
| Supersonic Combat Aircraft | 500 | 1,795 | 240 |
| Subsonic Combat Aircraft | 149 | 190 | 75 |
| Other Aircraft | 330 | 300 | 410 |
| Helicopters | 172 | 845 | 715 |
| Guided Missile Boats | 0 | 42 | 21 |
| Surface-To-Air Missiles (SAMs) | 4,995 | 5,665 | 585 |
| 1974-1981 | | | |
| Tanks and Self-Propelled Guns | 6,256 | 10,230 | 1,725 |
| Artillery | 5,906 | 14,375 | 2,405 |
| APCs and Armored Cars | 12,511 | 12,055 | 4,700 |
| Major Surface Combatants | 84 | 40 | 62 |
| Minor Surface Combatants | 177 | 168 | 282 |
| Submarines | 14 | 15 | 22 |
| Supersonic Combat Aircraft | 1,322 | 3,075 | 455 |
| Subsonic Combat Aircraft | 659 | 420 | 110 |
| Other Aircraft | 1,268 | 470 | 900 |
| Helicopters | 635 | 1,150 | 1,605 |
| Guided Missile Boats | 0 | 74 | 29 |
| Surface-To-Air Missiles (SAMs) | 7,445 | 20,010 | 2,340 |

1/ Third World category excludes Warsaw Pact nations, NATO nations, Europe, Japan, Australia and New Zealand. U.S. data are for fiscal years given (and cover the period from July 1, 1973 through September 30, 1981). Foreign data are for calendar years given.

2/ Major Western European includes France, United Kingdom, West Germany, and Italy totals as an aggregate figure.

Source: U.S. Government

Table 4

NUMBERS OF WEAPONS DELIVERED BY MAJOR SUPPLIERS TO EAST ASIA & THE PACIFIC 1/

| Weapons Category | United States | U.S.S.R | Major Western European 2/ |
|---|---|---|---|
| **1974-1977** | | | |
| Tanks and Self-Propelled Guns | 543 | 275 | 30 |
| Artillery | 1,904 | 120 | 75 |
| APCs and Armored Cars | 1,101 | 95 | 20 |
| Major Surface Combatants | 31 | 0 | 1 |
| Minor Surface Combatants | 88 | 0 | 0 |
| Submarines | 2 | 4 | 0 |
| Supersonic Combat Aircraft | 236 | 15 | 0 |
| Subsonic Combat Aircraft | 106 | 0 | 0 |
| Other Aircraft | 449 | 105 | 110 |
| Helicopters | 106 | 40 | 75 |
| Guided Missile Boats | 0 | 0 | 0 |
| Surface-To-Air Missiles (SAMs) | 185 | 0 | 15 |
| **1978-1981** | | | |
| Tanks and Self-Propelled Guns | 714 | 640 | 50 |
| Artillery | 870 | 475 | 115 |
| APCs and Armored Cars | 870 | 355 | 230 |
| Major Surface Combatants | 14 | 7 | 0 |
| Minor Surface Combatants | 25 | 44 | 16 |
| Submarines | 0 | 0 | 2 |
| Supersonic Combat Aircraft | 218 | 240 | 0 |
| Subsonic Combat Aircraft | 118 | 55 | 10 |
| Other Aircraft | 67 | 100 | 80 |
| Helicopters | 150 | 130 | 115 |
| Guided Missile Boats | 0 | 8 | 3 |
| Surface-To-Air Missiles (SAMs) | 1,078 | 175 | 0 |
| **1974-1981** | | | |
| Tanks and Self-Propelled Guns | 1,257 | 915 | 80 |
| Artillery | 2,774 | 595 | 190 |
| APCs and Armored Cars | 1,971 | 450 | 250 |
| Major Surface Combatants | 45 | 7 | 1 |
| Minor Surface Combatants | 113 | 44 | 16 |
| Submarines | 2 | 4 | 2 |
| Supersonic Combat Aircraft | 454 | 255 | 0 |
| Subsonic Combat Aircraft | 224 | 55 | 10 |
| Other Aircraft | 516 | 205 | 190 |
| Helicopters | 256 | 170 | 190 |
| Guided Missile Boats | 0 | 8 | 3 |
| Surface-To-Air Missiles (SAMs) | 1,263 | 175 | 15 |

1/ Excludes Japan, Australia and New Zealand. U.S. data are for fiscal years given (and cover the period from July 1, 1973 through September 30, 1981). Foreign data are for calendar years given.

2/ Major Western European includes France, United Kingdom, West Germany, and Italy totals as an aggregate figure.

Source: U.S. Government

Table 5

NUMBERS OF WEAPONS DELIVERED BY MAJOR SUPPLIERS TO NEAR EAST & SOUTH ASIA 1/

| Weapons Category | United States | U.S.S.R | Major Western European 2/ |
|---|---|---|---|
| **1974-1977** | | | |
| Tanks and Self-Propelled Guns | 3,168 | 3,230 | 1,020 |
| Artillery | 725 | 4,195 | 665 |
| APCs and Armored Cars | 5,426 | 3,955 | 1,065 |
| Major Surface Combatants | 4 | 10 | 14 |
| Minor Surface Combatants | 26 | 15 | 88 |
| Submarines | 0 | 5 | 3 |
| Supersonic Combat Aircraft | 559 | 1,000 | 115 |
| Subsonic Combat Aircraft | 262 | 150 | 15 |
| Other Aircraft | 345 | 25 | 135 |
| Helicopters | 282 | 180 | 685 |
| Guided Missile Boats | 0 | 27 | 3 |
| Surface-To-Air Missiles (SAMs) | 2,265 | 12,680 | 1,540 |
| **1978-1981** | | | |
| Tanks and Self-Propelled Guns | 1,656 | 4,155 | 390 |
| Artillery | 940 | 4,065 | 730 |
| APCs and Armored Cars | 4,731 | 5,125 | 1,950 |
| Major Surface Combatants | 4 | 16 | 7 |
| Minor Surface Combatants | 6 | 10 | 28 |
| Submarines | 1 | 3 | 2 |
| Supersonic Combat Aircraft | 270 | 1,310 | 205 |
| Subsonic Combat Aircraft | 19 | 85 | 30 |
| Other Aircraft | 128 | 90 | 175 |
| Helicopters | 7 | 575 | 390 |
| Guided Missile Boats | 0 | 23 | 17 |
| Surface-To-Air Missiles (SAMs) | 3,917 | 4,170 | 510 |
| **1974-1981** | | | |
| Tanks and Self-Propelled Guns | 4,824 | 7,385 | 1,410 |
| Artillery | 1,665 | 8,260 | 1,395 |
| APCs and Armored Cars | 10,157 | 9,080 | 3,015 |
| Major Surface Combatants | 8 | 26 | 21 |
| Minor Surface Combatants | 32 | 25 | 116 |
| Submarines | 1 | 8 | 5 |
| Supersonic Combat Aircraft | 829 | 2,310 | 320 |
| Subsonic Combat Aircraft | 281 | 235 | 45 |
| Other Aircraft | 473 | 115 | 310 |
| Helicopters | 289 | 755 | 1,075 |
| Guided Missile Boats | 0 | 50 | 20 |
| Surface-To-Air Missiles (SAMs) | 6,182 | 16,850 | 2,050 |

1/ U.S. data are for fiscal years given (and cover the period from July 1, 1973 through September 30, 1981). Foreign data are for calendar years given.

2/ Major Western European includes France, United Kingdom, West Germany, and Italy totals as an aggregate figure.

Source: U.S. Government

Table 6

NUMBERS OF WEAPONS DELIVERED BY MAJOR SUPPLIERS TO LATIN AMERICA 1/

| Weapons Category | United States | U.S.S.R | Major Western European 2/ |
|---|---|---|---|
| **1974-1977** | | | |
| Tanks and Self-Propelled Guns | 136 | 305 | 110 |
| Artillery | 275 | 215 | 165 |
| APCs and Armored Cars | 293 | 55 | 120 |
| Major Surface Combatants | 26 | 0 | 2 |
| Minor Surface Combatants | 30 | 17 | 55 |
| Submarines | 11 | 0 | 11 |
| Supersonic Combat Aircraft | 18 | 85 | 35 |
| Subsonic Combat Aircraft | 142 | 5 | 10 |
| Other Aircraft | 142 | 15 | 95 |
| Helicopters | 69 | 45 | 40 |
| Guided Missile Boats | 0 | 3 | 5 |
| Surface-To-Air Missiles (SAMs) | 0 | 565 | 95 |
| **1978-1981** | | | |
| Tanks and Self-Propelled Guns | 5 | 70 | 30 |
| Artillery | 917 | 420 | 130 |
| APCs and Armored Cars | 14 | 175 | 210 |
| Major Surface Combatants | 5 | 1 | 21 |
| Minor Surface Combatants | 2 | 21 | 29 |
| Submarines | 0 | 3 | 4 |
| Supersonic Combat Aircraft | 0 | 85 | 30 |
| Subsonic Combat Aircraft | 12 | 0 | 5 |
| Other Aircraft | 97 | 55 | 65 |
| Helicopters | 15 | 30 | 115 |
| Guided Missile Boats | 0 | 7 | 0 |
| Surface-To-Air Missiles (SAMs) | 0 | 245 | 70 |
| **1974-1981** | | | |
| Tanks and Self-Propelled Guns | 141 | 375 | 140 |
| Artillery | 1,192 | 635 | 295 |
| APCs and Armored Cars | 307 | 230 | 330 |
| Major Surface Combatants | 31 | 1 | 23 |
| Minor Surface Combatants | 32 | 38 | 84 |
| Submarines | 11 | 3 | 15 |
| Supersonic Combat Aircraft | 18 | 170 | 65 |
| Subsonic Combat Aircraft | 154 | 5 | 15 |
| Other Aircraft | 239 | 70 | 160 |
| Helicopters | 84 | 75 | 155 |
| Guided Missile Boats | 0 | 10 | 5 |
| Surface-To-Air Missiles (SAMs) | 0 | 810 | 165 |

1/ Excludes Canada. U.S. data are for fiscal years given (and cover the period from July 1, 1973 through September 30, 1981). Foreign data are for calendar years given.

2/ Major Western European includes France, United Kingdom, West Germany, and Italy totals as an aggregate figure.

Source: U.S. Government

Table 7

NUMBERS OF WEAPONS DELIVERED BY MAJOR SUPPLIERS TO AFRICA (SUB-SAHARAN) 1/

| Weapons Category | United States | U.S.S.R | Major Western European 2/ |
|---|---|---|---|
| **1974-1977** | | | |
| Tanks and Self-Propelled Guns | 34 | 785 | 55 |
| Artillery | 219 | 2,845 | 355 |
| APCs and Armored Cars | 33 | 1,145 | 265 |
| Major Surface Combatants | 0 | 2 | 2 |
| Minor Surface Combatants | 0 | 26 | 46 |
| Submarines | 0 | 0 | 0 |
| Supersonic Combat Aircraft | 9 | 180 | 65 |
| Subsonic Combat Aircraft | 0 | 75 | 10 |
| Other Aircraft | 2 | 25 | 150 |
| Helicopters | 6 | 40 | 90 |
| Guided Missile Boats | 0 | 2 | 0 |
| Surface-To-Air Missiles (SAMs) | 0 | 1,100 | 105 |
| **1978-1981** | | | |
| Tanks and Self-Propelled Guns | 0 | 770 | 40 |
| Artillery | 56 | 2,040 | 170 |
| APCs and Armored Cars | 43 | 1,155 | 840 |
| Major Surface Combatants | 0 | 4 | 15 |
| Minor Surface Combatants | 0 | 35 | 20 |
| Submarines | 0 | 0 | 0 |
| Supersonic Combat Aircraft | 12 | 160 | 5 |
| Subsonic Combat Aircraft | 0 | 50 | 30 |
| Other Aircraft | 38 | 55 | 90 |
| Helicopters | 0 | 110 | 95 |
| Guided Missile Boats | 0 | 4 | 1 |
| Surface-To-Air Missiles (SAMs) | 0 | 1,075 | 5 |
| **1974-1981** | | | |
| Tanks and Self-Propelled Guns | 34 | 1,555 | 95 |
| Artillery | 275 | 4,885 | 525 |
| APCs and Armored Cars | 76 | 2,300 | 1,105 |
| Major Surface Combatants | 0 | 6 | 17 |
| Minor Surface Combatants | 0 | 61 | 66 |
| Submarines | 0 | 0 | 0 |
| Supersonic Combat Aircraft | 21 | 340 | 70 |
| Subsonic Combat Aircraft | 0 | 125 | 40 |
| Other Aircraft | 40 | 80 | 240 |
| Helicopters | 6 | 150 | 185 |
| Guided Missile Boats | 0 | 6 | 1 |
| Surface-To-Air Missiles (SAMs) | 0 | 2,175 | 110 |

1/ U.S. data are for fiscal years given (and cover the period from July 1, 1973 through September 30, 1981). Foreign data are for calendar years given.

2/ Major Western European includes France, United Kingdom, West Germany, and Italy totals as an aggregate figure.

Source: U.S. Government

DESCRIPTION OF ITEMS COUNTED IN WEAPONS CATEGORIES, 1974-1981

Tanks and Self-propelled Guns

Light, medium and heavy tanks
Self-propelled artillery
Self-propelled assault guns

Artillery

Field and air defense artillery, mortars, rocket launchers, and recoilless rifles -- 100 mm. and over

FROG launchers -- 100 mm. and over

Armored Personnel Carrier (APCs) and Armored Cars

Personnel carriers, armored and amphibious
Armored infantry fighting vehicles
Armored reconnaissance and command vehicles

Major Surface Combatants

Aircraft carriers, cruisers, destroyers, frigates

Minor Surface Combatants

Minesweepers, subchasers, motor torpedo boats
Patrol craft, motor gunboats

Submarines

All submarines, including midget submarines

Guided Missile Patrol Boats

All boats in this class

Supersonic Combat Aircraft

All fighters and bombers designed to function operationally at speeds above Mach 1.

Subsonic Combat Aircraft

All fighters and bombers, including propeller driven, designed to function operationally at speeds below Mach 1.

Other Aircraft

All other fixed-wing aircraft, including trainers, transports, reconnaissance aircraft, and communications/utility aircraft

Helicopters

All helicopters, including combat and transport.

Surface-to-air Missiles (SAMs)

All air defense missiles, excluding those which are shoulder-fired.

NATIONS IN REGIONS IDENTIFIED IN ARMS DELIVERY TABLES AND CHARTS

EAST ASIA AND PACIFIC

Australia
Brunei
Burma
China
Fiji
French Polynesia
Gilbert Islands
Hong Kong
Indonesia
Japan
Kampuchea (Cambodia)
North Korea
North Vietnam
Laos
Macao
Malaysia
Nauru
New Caledonia
New Hebrides
New Zealand
Norfolk Islands
Papua New Guinea
Philippines
Pitcairn
Singapore
Solomon Islands
South Korea
South Vietnam
Taiwan
Thailand
Western Somoa

NEAR EAST AND SOUTH ASIA

Afghanistan
Algeria
Bahrain
Bangladesh
Egypt
India
Iran
Iraq
Israel
Jordan
Kuwait
Lebanon
Libya
Morocco
Nepal
North Yemen (Sana)
Oman
Pakistan
Qatar
Saudi Arabia
South Yemen (Aden)
Sri Lanka
Syria
Tunisia
United Arab Emirates

EUROPE

Albania
Austria
Bulgaria
Belgium
Canada
Czechoslovakia
Cyprus
Denmark
Finland
France
Germany, Democratic Republic
Germany, Federal Republic
Greece
Hungary
Iceland
Ireland
Italy
Liechtenstein
Luxembourg
Malta
Netherlands
Norway
Poland
Portugal
Romania
Spain
Sweden
Switzerland
Turkey
United Kingdom
U.S.S.R.
Yugoslavia

NATIONS IN REGIONS IDENTIFIED IN ARMS DELIVERY TABLES AND CHARTS (cont.)

AFRICA (SUB-SAHARAN)

Angola
Benin
Botswana
Burundi
Cameroon
Cape Verde
Central African Empire/Republic
Chad
Congo
Djibouti
Equatorial Guinea
Ethiopia
Gabon
Gambia
Ghana
Guinea
Guinea-Bissau
Ivory Coast
Kenya
Lesotho
Liberia
Madagascar
Malawi
Mali
Mauritania
Mauritius
Mozambique
Niger
Nigeria
Reunion
Rwanda
Senegal
Seychelles
Sierra Leone
Somalia
South Africa
St. Helena
Sudan
Swaziland
Tanzania
Togo
Uganda
Upper Volta
Zaire
Zanbia
Zimbabwe

LATIN AMERICA

Antigua
Argentina
Bahamas
Barbados
Belize
Bermuda
Bolivia
Brazil
British Virgin Islands
Cayman Islands
Chile
Colombia
Costa Rica
Cuba
Dominica
Dominican Republic
Ecuador
El Salvador
Falkland Islands
French Guiana
Grenada
Guadeloupe
Guatemala
Guyana
Haiti
Honduras
Jamaica
Martinique
Mexico
Monteserrat
Netherlands Antilles
Nicaragua
Panama
Paraguay
Peru
St. Christ-Nevis
St. Lucia
St. Pierre and Miquelon
St. Vincent
Suriname
Trinidad-Tobago
Turks and Caicos
Uruguay
Venezuela

**APPENDIX B**

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# U.S. ARMS TRANSFERS TO THE THIRD WORLD:

# THE IMPLICATIONS OF SOPHISTICATION

(EXCERPT)

Caleb S. Rossiter

Foreign Affairs Analyst
Foreign Affairs and National Defense Division

July 26, 1982

## Implications for U.S. Security Interests

The implications of sophisticated arms transfers are discussed under four headings: regional stability; Soviet reverse engineering and countermeasure capabilities; recipient threat to NATO countries; and levels of U.S. training and maintenance personnel.

### Regional Stability

Third World conflicts are not only destructive and costly to the participants, but they also can damage U.S. economic and security interests. Some have the potential to place the United States and the Soviet Union in direct confrontation as supporters of the participants. For these and other reasons, the U.S. has adopted a policy of considering the impact of its arms transfers on regional stability.

Assessments of the potential role of sophisticated arms in preserving regional stability can only be made on a case-by-case basis. No general rule appears to arise from recent history. In some cases, possession of sophisticated arms may encourage a country to carry out military operations which it may have otherwise foregone. The scope of Israel's operations and goals in its invasion of Lebanon and Argentina's seizure of the Falklands/Malvinas may have been influenced by the possession of sophisticated weapons. In other cases, possession of sophisticated arms may serve, as U.S. policy intends, to deter a potential adversary. American transfers to South Korea would seem to be a successful case of such deterrence. Finally, the primary motives for some transfers of sophisticated arms may be to bolster U.S. security and political relationships and the recipient's prestige rather than to enhance actual combat capability. However, the purchase of sophisticated arms may in itself create a threat to the internal stability of poorer countries by retarding their economic growth.

If a conflict does occur, however, the presence of sophisticated weapons may tend to make it more destructive and costly than would have otherwise been the case.

The high costs of reconstruction in Lebanon and of replacing British and Argentinian equipment lost or damaged in the South Atlantic are recent examples of this tendency. The longer range of the new weapons also tends to extend the battlefield from the front lines into populated rear areas.

## Soviet Reverse Engineering and Counter-Measure Capability

By observing a weapon in action or by obtaining damaged or undamaged versions of it, technologically advanced countries may be able to perform "reverse engineering" -- that is, deduce its construction and build a similar weapon. Alternately, they may be able to devise effective counter-measures to the weapon.

Israel's recent successes against MiG fighters and SAM sites in its Lebanese operations were attributable in part to counter-measures developed from observations of these weapons in the 1973 Arab-Israeli war. The Soviet Union has also demonstrated strong reverse engineering and counter-measure capabilities. Some technical analysts feel that Soviet engineers used the U.S. Hawk, Franco-German Roland, and British Rapier surface-to-air missiles, respectively, as their "goal models" in developing the SAM-6, SAM-8, and SAM-13. Exporting sophisticated U.S. weapons increases the likelihood of the Soviet Union obtaining them, or information about them, and performing reverse engineering or developing counter-measures.

## Threat to NATO Countries

As noted above, there are a large and increasing number of countries in possession of weapons which could seriously threaten NATO operations. Most Middle Eastern, South American and Asian countries are included in this group. However, the suppliers of these weapons are often NATO countries themselves, and most Third World recipients rely on their suppliers for long-term training and maintenance assistance and resupply during a conflict.

Some analysts argue that this dependence tends to lessen the chances of a recipient using its armed forces offensively against the wishes of NATO countries or against NATO countries themselves. However, Iran's apparent ability to obtain spare parts from other countries for its U.S. equipment and reports of major discrepancies in Saudi Arabian weapons inventories illustrate a particular problem. Once NATO countries export spare parts and weapons, covert re-export -- banned by most arms transfer agreements -- may be difficult to control. As more Third World countries become co-producers of weapons with NATO countries or establish independent arms manufacturing capability, the ability of the NATO countries to discourage their Third World customers from offensive operations may be significantly weakened.

## Levels of U.S. Training and Maintenance Personnel

Sophisticated weapons require longer and more intensive training and maintenance activities on the part of the supplier than other weapons. In most cases in the Third World, a sale of sophisticated weapons implies a strong and on-going relationship between the supplying and receiving governments. The number of U.S. personnel operating overseas in support of weapons transfers has been rising recently, and much of this rise can be traced to sophisticated weapons.

According to recent Defense Department reports, 7,640 U.S. Government and contract personnel are implementing U.S. military sales in-country, 25 percent more than there were two years ago. Saudi Arabia accounts for 60 percent of these personnel. Over 1,000 more Defense Department personnel are in-country as managers of arms transfer programs. In addition, a substantial portion of U.S. military training of foreign soldiers -- both in the United States and in-country with Mobile Training Teams -- under the International Military Education and Training (IMET) and FMS programs is related to transfers of U.S. weapons.

It can be argued that high levels of U.S. personnel are in American interests because recipients may find it difficult to use them to carry out offensive operations without the cooperation of the U.S. Government. However, it should be noted that there are substantial risks involved in high levels of personnel. The presence of a U.S. contingent may serve as an unintended "trip-wire" for the involvement of the United States in a regional conflict. In the event of an attack on the recipient of U.S. arms, the United States may be forced into a choice of cooperation or non-cooperation with the recipient in directly supporting military operations. For diplomatic reasons, such a choice may be difficult and costly. Finally, the United States may find itself the primary supplier of contending forces in a conflict, a situation in which the choice of cooperation and non-cooperation would be even more difficult.

## The Congressional Role in Sophisticated Arms Transfers

This paper has raised a number of issues which should be considered when decisions are being made on the transfer of sophisticated U.S. arms. Congress is an integral part of such decisions at present. It authorizes FMS credit financing and debt forgiveness annually, and has the authority to veto major administration transfer recommendations, although the President may void a veto on national security grounds. Some in Congress, however, feel that involvement in arms transfer decisions comes at too late a date in the process of negotiation between the Administration and the potential recipient.

The Administration is required by a number of sections of the Arms Export Control Act to provide Congress with advance notification of inquiries of and negotiations with foreign countries which could lead to a formal letter of offer. For example, Section 25 requires projections of potential offers for the upcoming fiscal year; section 28 requires a listing of countries which have inquired about the price and availability of specific items during a fiscal quarter; and section 36(a) requires a quarterly projection of all likely upcoming offers, which is published in the Congressional Record with reference to the region, rather than the country, in which a major sale may occur.

In some cases, though, advance notification does not occur, and Congress is unable to express an opinion to the Administration on a potential transfer until the proposal is made public with the transmittal of a 36(b) report to Congress. At this point, Congressional resistance to a proposal may be more damaging to foreign policy interests than it might have been while the proposal was still informal, classified and unpublicized. Nonetheless, Congress has thirty calendar days in which to pass a concurrent resolution of disapproval of a proposed arms sale.

An informal notification mechanism has evolved over the past few years, through which the Administration informs the Senate Foreign Relations and House Foreign Affairs committees of the contents of 36(b) reports at least 20 days prior to their formal transmittal. While this mechanism has somewhat alleviated the problem of late notification on particular sales, it still appears that it is difficult for Congress to oversee U.S. arms transfer programs and their implications a world-wide and regional basis.

**APPENDIX C**



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## F-16 SALES ABROAD: A CASE STUDY

By Kevin Nealer
and
Dick McCall

The Reagan Administration's $21.5 billion foreign military sales program for FY 1982 is the largest arms transfer package in U.S. history. It sets new records for total dollar volumes, kinds of customers receiving weapons, and levels of sophistication of defense materials being sold. In light of the Falkland Islands War, even Great Britain is rethinking its arms sale practices, having sold Argentina $200 million in military hardware prior to the outbreak of the conflict.

Administration spokesmen continue to stress the commitment to a growing and aggressive U.S. arms sales policy. Despite the lessons of the Falklands and recent Mideast fighting, they still hold fast to the so-called Nixon (Guam) Doctrine: that U.S. surrogates with high-technology weapons will police our interests in the developing world.

The centerpiece for the Administration's policy in the Third World appears to be the F-16, the ultimate stamp of approval for developing country customers. The U.S. Air Force's highly advanced fighter is one of the most maneuverable, versatile tactical aircraft in the world today. Its sophisticated fly-by-wire flight controls, high "g" cockpit, and powerful afterburning turbofan engine incorporate the latest electronic and engineering advances. It can carry nuclear or conventional air-to-surface ordnance, and can utilize the all-aspect AIM-9L "Sidewinder" missile for air-to-air combat superiority. The F-16 may soon be equipped with even more sophisticated conventional weapons and defense systems.

The Carter Administration first introduced the sale of F-16s abroad on a restricted basis, limited to select NATO countries, Israel, and Egypt. Now the Reagan Administration has added Pakistan, Venezuela, and South Korea to the list of buyers. Of these, only the Korean sale will follow a normal delivery schedule. The other sales are to be made on an accelerated basis, contrary to the timetable that USAF officials have described in testimony and planning documents as being necessary to avoid critical U.S. inventory shortages. Democratic Policy Committee staff review of unclassified Air Force internal documents reveals the following:

**Over-Extended Marketing**

—In June of 1981, the former Director of Political-Military Affairs of the State Department, Richard Burt, wrote to Richard Adams, Vice President of General Dynamics (GD), to solicit information on the availability of F-16s for increasing export marketing. Adams responded that aircraft could be provided on an accelerated basis of 24 months. This contradicted the USAF Master Plan projection of 42 months lead time. However, Adams emphasized the 24-month lead time delivery schedule could be met *only* if the government agreed "to accept pre-contract costs and obligations incurred by General Dynamics and its subcontractors." DOD memos verify that this General Dynamics proposal "allows [the] contractor to obligate U.S. funds in anticipation of an FMS agreement (which violates Public Law)." Under the Arms Export Control Act, major arms transfers and extension of FMS credits cannot occur until the Congress determines that a given sale should *not* be disapproved.

Moreover, Air Force readiness projections warn that "the historical record says there will be impacts" on U.S. forces, despite GD assurances to the contrary. Because "GD is competing with Northrop's F-5G [F-20] for a portion of the potential export market," DOD analysts caution that General Dynamics is getting ahead of itself in committing to an accelerated production schedule which it cannot sustain without cutbacks to the U.S. and NATO inventories. (Note: DOD and State Department officials have engaged in aggressive marketing of a plane never designed for general export. State's program has been undertaken without reference to established USAF inventory requirements, or the FX export program option.)

**U.S.Inventory Depletion**

—General Dynamics and DOD delivery schedules document the draw-down on service inventories. From the second quarter of 1982 to the last quarter of 1984, 40 aircraft will be diverted from the USAF for Egypt alone. Six planes have already been diverted from NATO purchasers for Pakistan, and others must follow to fill that contract for a total of forty F-16s. Current projections do not take into account future sales proposals which may include Indonesia, the Philippines, Jordan, and others. Nor do they anticipate the effect of sales of the "J79" export model of the F-16. Those planes incorporate a less powerful engine, but will necessitate pulling standard F-16 fuselages off the production line and out of projected inventories. DOD planners report that FMS programs to date "have required the diversion of USAF production aircraft and logistic assets at the expense of USAF readiness." Continued acceleration of the F-16 sales program can only result in a further deterioration of USAF readiness.

The FMS-induced shortage goes beyond the problem of diversion of completed F-16s from our own inventories and those of our allies. The crucial areas of maintenance and support also have been affected by the FMS program. Accelerated sales have reduced already low parts inventories, especially for systems with long lead times. The avionics packages, ejection seats, F100 engine spares, and engine accessories cannot be acquired on an accelerated basis from subcontractors due to their complexity and the limited production capabilities. Air Force and DOD reports document the fact that "diversion of USAF spares will have a particularly dramatic impact on our F-16 support posture" leaving the Air Force "critically short of spare parts to support our own peacetime and wartime commitments."

USAF program reports describe the Venezuela sale as a "a contractual and administrative nightmare." They note that the only source of spares will be USAF inventories, and that such "borrowing" will be "costly and difficult to manage". They also point out that the "drastic acceleration" of the Pakistan sale "has had, and will continue to have, significant impact on USAF management activity and support."

Only 67 percent of the nearly 470 USAF F-16s were operational during the first part of 1982. Air Force spokesmen acknowledge that 1983 readiness will be even lower as parts and maintenance support are spread thinner. The full impact has not been reported to Congress, as required by the Arms Export Control Act.

**Manpower Drain**

As costly and debilitating as aircraft and spare part diversions have been, a greater threat to U.S. force structure may result from the manpower drain caused by the need for technically trained personnel to support the FMS program abroad. Air Force staffing justifications describe the "extensive training" of some two years which is necessary to bring the skills of maintenance personnel to a competent level in the complex and essential jobs of providing logistical support for the F-16s. Advanced avionics such as communications, navigation, radar, and weapons systems require skilled electronic technicians with "comprehensive training plus operating experience" to assure combat readiness and absolute reliability. But Air Force officials acknowledge serious retention problems in these categories of specialists, placing the service in the position of being unable to comply with DOD Directive 1130.2 which requires "self sufficiency in maintaining and operating new systems" within twelve months of introduction. Former Air Force Secretary Hans Mark was blunt about this problem when he told *The Wall Street Journal* that "Airplanes don't fly because we don't have maintenance people."

Congressional action to provide special reenlistment bonuses for key technical positions within the armed services has improved the trend line, but 1981 figures reveal that only about one-third of the new technicians sign up for a second tour. Moreover, Air Force officials are concerned that General Dynamics incentive bonuses may be an attractive lure for Air Force-trained technicians, thereby undercutting the congressionally-initiated bonus system.

DOD officials point to the accelerating FMS program as the principle cause of this manpower drain. They warn that sales to developing countries that have little technical infrastructure create a demand for skilled personnel which private contractors satisfy by hiring away new USAF specialists. In fact, Air Force internal assessments of the foreign sales programs describe "heavy dependence" on private contractors. For the Egyptian sale alone, 130 technicians will be needed. General Dynamics has told DOD officials that part of that force will be made up of personnel acquired from Air Force ranks. One DOD report concludes that "GD will undoubtedly backfill the vacant flightline personnel positions with recruits from the USAF with F-16 experience. The faster the pace of the F-16 FMS case, the faster the F-16 base maintenance capability will be degraded."

As a result of the F-16 FMS sales program, the Air Force finds its manpower needs compromised in several ways. Most importantly, the USAF ability to maintain our own force capability is reduced because some Air Force technicians must be sent overseas to train and assist private contractors and locals in servicing foreign-owned aircraft: this at the expense of U.S. readiness. In addition, government investment in new trainees is not being recouped and attempts to build a corps of experienced personnel are frustrated when private contractors hire away recruits for services which the government must then rent back at the contractors' price, causing "turmoil in the USAF personnel system."

Finally, the service loses control over uniformed personnel. An independent study conducted for DOD warns that "continuing reliance on civilian technicians means that maintenance skills are not being successfully transferred from the producers to the ultimate users of the systems" i.e., the USAF. Moreover, the study points out that "the Military Departments do not have statutory authority to compel [contractors] to perform any function in support of forces engaged in conflict." This poses a danger to U.S. military capability during wartime.

**Security Concerns**

Along with endangering U.S. readiness, F-16 sales to developing countries raise special problems. A recent Congressional Research Service White Paper characterized the sale of high-technology weapons systems as "increas[ing] the likelihood of the Soviet Union obtaining them, or information about them, and performing reverse engineering or developing counter-measures." This is especially true of the F-16s and the advanced missile systems which they will carry. Our experience in Iran where news reports allege that the Soviets gained access to F-14s and the U.S. air-to-air Phoenix missile is the most recent example of the compromise of U.S technology vital to our ability to maintain a qualitative edge over the Soviets.

The security risk is particularly evident when the purchasers do not share U.S. goals or perceptions of the security threat. For example, the Administration has justified the sale of F-16s and a sophisticated air defense system to Pakistan on the grounds of the Soviet threat, particularly the threat emanating from Afghanistan. Yet 80 percent of Pakistan's army is located at, or near the Indian border, where it also maintains its air bases. Continuing Pakistani research on nuclear weapons development contravenes official U.S. policy, and raises questions about the sale of an aircraft that can be used as a nuclear delivery platform, such as the F-16.

The Pentagon shares the security concern associated with the F-16 sales to Pakistan. On November 29, 1982, a dispute erupted between the U.S. and Pakistani governments over the avionics configuration of the F-16s Pakistan had purchased. The Pakistanis believed they were purchasing the standard U.S. Air Force F-16, and refused delivery of the first six when they found out they would not receive state-of-the- art electronic equipment for detecting enemy ground and airborne radar. *The New York Times* reported on November 30, 1982, that U.S Air Force officials "did not want to provide the advanced equipment because of the need to protect its security. The Pakistanis were being offered a less advanced system."

However, the Administration overruled these USAF objections and agreed to provide the most sophisticated version of the F-16 to Pakistan. This turn of events precipitated concern on the part of the Congress that the original FMS notification submitted by the Administration did not indicate that Pakistan would receive state-of-the-art U.S. avionics equipment.

Venezuela is another example of potential differences between the U.S. and a recipient as to perception of security threats. Venezuela is embroiled in border disputes with Colombia and Guyana. Its declaration of a role as "regional protector" following announcement of the purchase of F-16s represents a quantum leap in the regional arms race beyond the capabilities of the MiG-23s in Cuba which U.S. officials used to justify the sale. The net effect of sales such as these is a diminution of U.S. combat readiness in favor of building foreign arsenals over which we do not have control, and which may harm our own security and that of the region.

**The Pakistan Sale**

In many ways, the sale of 40 F-16s to Pakistan is the classic example of an arms sale "gone wrong." The elements are as follows:

First, the Congress approved the sale on the basis that the bulk of the $1.1 billion in financing would be provided by Saudi Arabia. However, on November 30, 1982, the Administration submitted a reprogramming notice to the Congress for FMS credits in the amount of $150 million for Pakistan. Of that amount, $120 million was to be used for payments on the six F-16s due in Pakistan in mid-December. In that reprogramming request, the Administration did not state from what country, or countries, FMS credits would be reallocated.

Because the Saudis were not forthcoming in financing the first six F-16s, their participation in future funding of the program has been called into question. Since it is apparent that Pakistan will not be able to repay the FMS loans made available for the F-16 program due to its already burgeoning external debt, the burden may fall on the U.S. taxpayer. Potential U.S. taxpayer exposure for the Pakistan program could be $1.1 billion.

Second, the delivery of the first six F-16s on an accelerated basis resulted in a diversion from Dutch and Belgian inventories in order to repay the United States for the six delivered from our inventory. Since the Administration has agreed to an accelerated delivery schedule for the entire Pakistan program, further diversions are likely.

Third, in light of the growing manpower problems in the USAF to service our own F-16 requirements, the Congress should be concerned over the issue of U.S. technical support for the Pakistan program.

Fourth, despite the Administration's justification of the sale on the basis of the Soviet threat to Pakistan, it should be obvious that President Zia remains concerned primarily about the traditional rivalry with India. Recent news accounts alleging that the Indian military may be considering the option of a preemptive strike against Pakistan's nuclear facilities reinforces the view that the long- standing enmity dominates the perceptions of both countries.

Fifth, the fact that the USAF was concerned over providing state-of-the-art avionics equipment to Pakistan for fear it would be compromised, only to have these concerns brushed aside by the Administration, should not be taken lightly. Legitimate Pentagon concerns were overridden by an Administration which determined the necessity to make a "symbolic gesture " to Pakistan—a gesture which may prove to be contrary to U.S. interests.

And finally, from the very beginning, Pakistan dictated the nature of the F-16 program for that country. It dictated the time of delivery, terms of the sale, the financing arrangements, and the kind of equipment which was to be provided. Every essential element of a legal contract was dictated by the Pakistan government.

## Conclusions

The proliferating sales of top-of-the-line U.S. military technology to developing countries raise many issues even beyond those discussed in this study of the F-16 program. Arms sales are an important tool of foreign policy. However, they are tools which require discrimination on the part of the United States as a supplier. Bending to foreign demands before meeting our own legitimate security requirements only jeopardizes the national consensus which now exists regarding defense spending. As the fighting last summer in Lebanon between Israeli and Syrian forces demonstrated, the U.S. maintains a significant qualitative edge over some quantitative advantages enjoyed by the Soviet Union in their weapons systems. Yet the Administration has allowed itself to be maneuvered into a position of jeopardizing this qualitative edge by succumbing to the demands of Third World countries such as Pakistan.

The political advantage the Administration perceives in allowing a country such as Pakistan to dictate the nature of the technology we make available has to be weighed against what should be paramount in U.S. arms policy—the protection of this technology against compromise. The F-16s being provided Pakistan contain state-of-the-art U.S. Air Force technology. Soviet AWACS and fighter interceptor capabilities are hampered by the current lack of this technology. If a decision is made to provide the Pakistanis with either the AIM-9L or AIM-9M air-to-air missile for their F-16s, the Soviets would have an even greater incentive to obtain technology we are making available to Preident Zia's government. The AIM 9L and the more sophisticated AIM-9M, now being developed, have an all-aspect capability. In other words, interceptor aircraft do not need to maneuver behind a hostile aircraft to score a kill. The Soviets have not yet been able to develop this capability which is vital to offsetting larger numbers of enemy aircraft.

The Soviets have been careful as to which weapons systems, particularly aircraft, they make available for export. An advanced Soviet export fighter is the MiG-23 Flogger, which is of 1967 vintage. However, the export version contains less sophisticated avionics equipment than those MiG-23s in the Soviet inventory. The more sophisticated Soviet fighters are not available for export at this time.

It is ironic that an Administration which has pressed our NATO allies to control the types and flow of high technology items to the Soviet Union would engage in an aggressive arms export policy which puts top-of-the-line U.S. military equipment advances at risk. Earlier this year, the Senate Governmental Affairs Permanent Subcommittee on Investigations issued a report warning that the Soviet Union dedicated "substantial resources to highly focused atttempts to secure American technology and was increasingly adept at acquiring this technology."

The pressure the Administration has exerted on our allies regarding the technology transfer issue has placed additional strains on the alliance. However, the Administration's credibility in this matter is strained considerably when it pursues a policy resulting in the global proliferation of high technology military equipment, such as the F-16s, over which we lose direct control once it is sold to another country.

Along with the Administration's aggressive policy of transfering high technology weapons into the Third World, there also has emerged a new arms sale lexicon. In the case of the AWACS sale to Saudi Arabia it became a "litmus test" of our relationship with that country. And as the Pakistanis maintain, the F-16 sale to their country is a "symbolic gesture." Neither the "litmus test" nor the "symbolic gesture" are criteria to be found in the Arms Export Control Act. Yet this terminology used to justify high-technology sales to countries such as Pakistan and Saudi Arabia is irrefutable evidence of a policy which is clearly "the tail wagging the dog." Recipient countries are now dictating the terms of major U.S. arms sales. Meeting U.S. defense requirements and protecting the qualitative edge we enjoy over our major adversary in the world—the Soviet Union—should be the paramount national security concern of our government. However, in the name of "litmus tests" and "symbolic gestures" the Administration has placed this technological edge in jeopardy. What concerns our military personnel above all else is having to face a potential enemy that has comparable avionics and missile capabilities to our own. They know the potential enemy has an edge in numbers which can be offset only by superior U.S. technology and the qualitative advantage it confers.

It is incumbent upon the Congress to reevaluate completely our arms sale practices and the legal underpinnings which support them in light of the developments outlined in this study. The reevaluation would, of necessity, involve review of the present adequacy of procedures contained in the Arms Export Control Act, which has historically defined congressional involvement in this critical area of foreign policy.