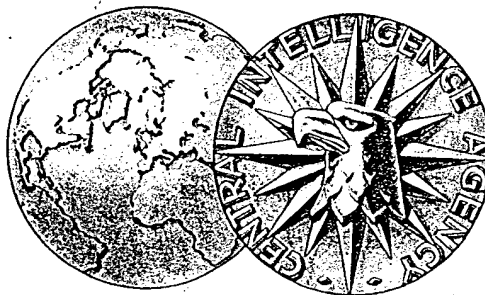


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STANDARDIZATION-OF-ARMS PROGRAM IN THE WESTERN HEMISPHERE

SUMMARY

During and following World War II, plans were drawn to standardize on US models the arms of the other American republics, which were, and still are, largely of European origin. This paper considers the state of this program * without reference to its advantages and disadvantages as a matter of over-all policy.

Wartime shipments of US arms replaced only a small part of European materiel in Latin America. The standardization program has not been as yet seriously threatened by actual Latin American purchases of war materiel from non-US sources, but actual and proposed purchases and the construction in Latin America of plants for non-standard equipment is producing a condition potentially adverse to the standardization of war

* The word *program* as used in this paper with reference to Latin America covers plans and proposals for military collaboration which have never received the necessary congressional approval.

materiel. Many Latin American countries will need to make substantial purchases if they desire to replace obsolete or worn-out equipment. Although favoring US equipment, most of the Latin American countries are tending to make such purchases from non-US sources because of the following factors: lack of legal basis for US financial assistance in arms procurement; non-availability or high cost of US equipment from commercial concerns, and availability of non-standard arms without consumption of scarce dollars; increasingly aggressive European armament salesmanship; difficulty in securing US spare and replacement parts. Therefore, the realization of the standardization program will be indefinitely postponed unless standard equipment, with adequate spare-part-supply and turn-in provisions, is made available on favorable terms, and unless some arrangement is made for manufacture of standard equipment in Latin American plants.

Note: The intelligence organizations of the Departments of State, Army, Navy, and the Air Force have concurred in this report. It is based on information available to CIA as of 31 May 1949.

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STANDARDIZATION-OF-ARMS PROGRAM IN THE WESTERN HEMISPHERE

1. Statement of the Problem.

Traditionally, the Latin American nations have looked to Europe for their arms and arms-manufacturing equipment. During and following World War II, however, a series of bilateral staff conversations with the other American republics had the effect of tentatively setting up, somewhat informally, a program for the standardization of arms in the other American republics on the basis of US models. The principal objective of this standardization was to improve the security of the Western Hemisphere by facilitating joint action. Although there were no actual commitments, many Latin American governments may have felt that the equivalent of a promise was made by the US Government. This objective was unanimously approved by a resolution of the Inter-American Defense Board. It was realized in very small part by sales of surplus military equipment under the Interim Allocation Program. The President of the US twice submitted legislation to Congress authorizing a program of military collaboration with the other American republics. Since that time, the changing international situation has dictated consideration of the relative priority of Latin American programs. Other programs for military assistance, such as that for aid to Greece and Turkey and now the military program for the North Atlantic Pact countries, have been developed. It is the purpose of this paper to survey the present situation as to the Latin American standardization program, to list forces impelling the other American republics to arms purchases, to analyze the factors favorable and unfavorable to the implementation of the standardization program, and to estimate the conditions under which this program may succeed or fail. No attempt will be made in this paper to compare the standardization-of-arms program with other similar programs which the US has been or is now undertaking, or to estimate the relative urgency of the Latin American

program from the point of view of US worldwide security interests. Neither will the standardization-of-arms program be evaluated in the light of other US security interests in Latin America, such as economic and political stability of governments, control of militant Stalinist Communist elements, the establishment of US bases in the area, and provision of access to strategic resources. Background information and supporting data will be found in the Appendix.

2. The Present Situation.

At present the bulk of the war materiel on hand in Latin America is still of old European origin. Shipments under Lend-Lease and distributions under the Interim Allocation Program, under provision of the Surplus Property Act of 1944, resulted in the acquisition of a substantial quantity of US equipment by Latin American armies, navies, and air forces, though not enough to affect, with the possible exception of Brazil, more than a small fraction of the military forces. Up to the present the Latin American countries, with the exception of Argentina and the Dominican Republic (see Appendix), have not made large enough postwar purchases of military equipment from sources other than the US (or from sources within the US by legal or illegal acquisitions of non-standard weapons) to affect seriously the standardization-of-arms program. Most of the Latin American armament purchases have been comparatively small, made either to replace worn-out equipment or to supplement local manufacture of foreign-type small-arms, and the replacement of a few thousand pistols and rifles would not present the problem, physically or financially, that even one bomber aircraft or one destroyer does.

Various Latin American countries have been discussing purchases from non-US sources (for example, Argentina and Chile have discussed the purchase of naval vessels from Britain) but it is not believed that firm

contracts have yet been drawn for any substantial quantity.

Important for its potentially adverse effect on the standardization program is the construction of plants for the production of non-standard materiel, which creates a problem of conversion of these plants to the production of US standard armaments in order to effect standardization. Argentina is constructing a factory to manufacture British-designed Derwent V jet-aircraft engines, and British technicians are already in Argentina to superintend the factory construction. For some time, however, Argentine "manufacturing" of these engines will probably amount only to the assembly of parts shipped from England. The Dominican Republic has under construction a small-arms factory which will produce sub-machine guns of a type completely foreign to any US equipment. The factory is being constructed under the supervision of a Hungarian and will be staffed by European technicians. The products of these factories will continue to be furnished to the armed services of the country or countries involved, thereby increasing the problem of standardization. The existence of such factories, since they are unlikely to be extensive enough to support or maintain the materiel they produce, leads to further non-US purchases to replace factory equipment and to supplement local production. During a war plants manufacturing non-standard materiel would not contribute—as would plants manufacturing standard materiel—to lessening the demand for US-type equipment.

3. Forces Impelling Arms Purchases.

Much of the materiel in Latin American armed forces is obsolete (particularly armored vehicles, medium artillery, aircraft, and naval vessels) and, as certain types of ammunition and parts are no longer available, much of the heavy materiel on hand is practically useless for combat. Therefore, the countries desiring to have their armed forces ready for use—which includes the greater number of the countries—will need to make substantial purchases to replace obsolete and useless equipment. It is true that deteriorating economic conditions in the Latin American coun-

tries will tend to restrict purchases of arms, but the generally strong political influence of the military forces in these countries will tend to overbalance practical considerations. The Latin American countries of course desire, whenever possible, to make purchases which will bring their arms and equipment in line with modern concepts.

A few purchases of modern equipment by one nation normally can be expected to lead to similar purchases on the part of most neighboring nations for their own security and prestige. Argentina's purchase of British jet aircraft has made Brazil extremely anxious to obtain jet aircraft, which will probably be purchased from the US if any are available. The Dominican Republic's purchases of arms and equipment have made its neighbors uneasy and desirous of purchasing new equipment immediately; Venezuela, for example, has discussed negotiations with England for the purchase of one light cruiser and several aircraft.

4. Factors Favorable to Standardization.

There is no question that, other things being equal, the Latin American countries would prefer to have US equipment because of (a) the conceded superiority of most US materiel, (b) the greater security of the source of supply, (c) the prestige which World War II success has added to American arms, and (d) the genuine desire of the Latin American countries to be able to make an effective joint contribution to the defense of the Hemisphere. Unfortunately, these are long-range factors; practically all immediate and short-range factors at the present time favor the purchase of non-US equipment.

5. Factors Unfavorable to Standardization.

There now exists no legal basis for achieving standardization by US financial assistance. Latin American countries are of course at present pondering this question anew in the light of public statements relative to arms and equipment for the North Atlantic Pact countries. Lend-Lease has been terminated,

the Interim Allocation Program has run dry, and the Inter-American Military Cooperation bill has not been passed although submitted to two sessions of Congress. As a result, the Latin American countries have become skeptical that the US will move to carry out the full standardization program in the near future. Such purchases as these countries find themselves compelled to make will, therefore, falling a radical change in the present situation, be made on the open market.

A considerable amount of new and modern US equipment—particularly army materiel—is not available for sale. Much US Army war materiel is manufactured in government arsenals, and there is no satisfactory legal basis for the sale of such equipment to Latin American countries. Commercial manufacturers capable of manufacturing standard US Army equipment generally are not authorized to manufacture and sell such equipment.

Much new and modern US equipment available from commercial concerns—aircraft, for example—is not available on terms which the Latin American countries believe they can meet. Most of these countries now lack dollar credits with which they can make armament purchases at commercial prices. Much non-US equipment is now available to the Latin American countries at prices which are, by comparison, more attractive, and in currencies in which they have more favorable balances. The existence of sterling credits, for example, is at least partly responsible for purchases from the British on the part of Argentina and other countries. There is the additional factor that non-standard arms from the European countries, as these arms are replaced by new US equipment, may find their way into Latin American countries. (A

similar situation existed in 1948 within the Hemisphere; as a result Brazil sold the Dominican Republic a substantial quantity of obsolete arms.) Therefore, such open-market purchases as are made will probably favor non-US materiel.

European arms salesmen are appearing in ever-increasing numbers in Latin America, while few US salesmen are on the scene and even fewer are able to deliver armaments on which the US armed services have standardized.

A further factor is the difficulty encountered in securing from the US spare parts and replacements—such as aircraft and engine parts—for equipment obtained from the US in recent years but now rated obsolete by the US. This difficulty has raised doubts in the minds of the Latin Americans as to the advisability of standardizing on US models, even if such items should be available at favorable prices, except with advance promise of the continued availability of spare parts.

6. Conclusions.

The above-listed factors indicate that, although the standardization program is not seriously threatened to date, its realization will be postponed for an indefinite period unless the following conditions shortly come into existence: first, availability of standard equipment at terms and prices comparable to that which would be paid for non-standard equipment; second, guarantee of sources of repair and replacement parts or of a trade-in system whereby worn-out and/or obsolete weapons may be exchanged for new; third, provision of facilities which will enable some standardized weapons to be manufactured in local plants in the Western Hemisphere countries.

APPENDIX

FACTS BEARING ON THE STANDARDIZATION PROGRAM

1. US Authorizations.

Upon the cessation of Lend-Lease, the only legal bases for the transfer of military equipment and supplies were the Surplus Property Acts of 1920 and 1944 providing for the disposal of military materiel declared by the US services as surplus to their needs, and certain statutes permitting the President of the US to authorize the sale of any military stores deemed damaged or unsuitable for the public service. One of these statutes, the American Republics Act (22 US Code 521-7) of 15 June 1940, also permitted the President of the US "at his discretion to authorize the Secretary of War to manufacture in factories and arsenals, or otherwise procure, coast-defense and anti-aircraft materiel, including ammunition therefor, on behalf of any American republic." These statutes, although not repealed, are, to all effects and purposes, dead as far as the shipments of war materiel to Latin American countries are concerned. They are extremely limited and restrictive in scope and were originally enacted for some specific purpose or purposes now satisfied. For instance, the Surplus Property Acts, although still on the books, are no basis for transferring arms to Latin America as the stocks of surplus items are depleted.

2. Plans and Programs.

The State, War, and Navy Departments proposed a US military-assistance program for Latin America. The purpose of it was to help the republics meet the responsibilities assumed in the 1945 Act of Chapultepec, inter-American agreements, and UN Charter. The US program included the establishment of US military missions as requested by the Latin American governments, the training of Latin American personnel in US service

schools, and the transfer of munitions. Informal exploratory discussions and bilateral staff conversations were conducted in 1944 and 1945 by the US with the Latin American governments, with the exception of Argentina, concerning the type and size of the Latin American armed forces for which US equipment would be furnished. Argentina was later included in both discussions and plans.

The Western Hemisphere Defense Program, drawn up in 1945 following the bilateral staff conversations, contemplated an armed-force strength for each country (Argentina was not included in the first program) approximately equal to that of 1945. Estimates of US materiel requirements to accomplish this objective varied from the planned allotment for Brazil (army: 6 infantry divisions, 2 cavalry divisions, 1 mountain division, and 1 armored division and supporting troops; navy: 2 light cruisers, 1 destroyer tender, 1 torpedo boat tender and 1 submarine rescue vessel; air force: 3 base units, 1 air force headquarters, 1 fighter group, 1 medium bomber group, 5 fighter squadrons, 4 training groups, 2 liaison groups, 5 communications equipment groups and some 20 communications stations) to the planned allotment for Costa Rica (1 infantry battalion combat team with supporting troops).

The Inter-American Defense Board, 9 October 1945, approved a resolution entitled *Standardization of Materiel*, in which it recommended to the governments of the American Republics "that they adopt as an immediate objective the standardization of the war materiel of the armed forces of each nation which are to be held available for joint use in the protection of this hemisphere under a regional security organization, and as an ultimate objective the full standardization of the materiel of all units of the various armed

forces and of the facilities for its production". Particularly significant is the inclusion of "facilities for production" in this resolution. Following this recommendation and the bilateral staff conferences, the President of the US, in 1946 and again in 1947, sent to Congress a bill to be entitled *The Inter-American Military Cooperation Act*, authorizing a program of military collaboration with the other American states including the training, organization, and equipment of the armed forces of these countries. The provisions of this proposed legislation authorized: (a) training in the US; (b) provision to trainees of subsistence, quarters, and other items which could be furnished in kind; (c) furnishing services, technical information, and materials necessary for maintenance of equipment in the possession of the other nations; and (d) transferring materiel. The bill specifically provided that materiel procured by the US for transfer would be paid for at not less than the cost to the US; that materiel procured for US armed forces and not declared surplus, should, if transferred, be paid for at a fair value; and that, in arranging transfers, first consideration be given to requiring the other countries in turn to transfer to the US non-standard items in their possession, payment for which by the US, at values computed on the same basis as those of US surplus equipment, could be offset against prices charged for US materiel furnished these countries. Neither in 1946 nor 1947 did Congress act on this proposed legislation.

3. Implementation.

Under Lend-Lease the US transferred to the Latin American Republics, with the exception of Argentina, military equipment and supplies amounting to some \$492.5 million in value, which includes some \$14.5 million in services and miscellaneous. Brazil and Mexico, both of which furnished expeditionary forces, were the recipients of the largest quantities of materiel.

In the absence of enabling legislation to implement the Western Hemisphere Defense Program, the Interim Allocation Program, officially terminated in June 1948, was estab-

lished in 1945 and approved by the President of the US. It provided for the transfer of certain war materiel to the Latin American republics under the Surplus Property Act. Materiel transferred to the Latin American republics totaled approximately \$133 million, a small amount of which is still on contract but undelivered. Materiel transferred under this program varied from that of Brazil (army: 1 infantry division and 1 infantry rifle company [paratroop]; air force: 4 medium bomber squadrons, 1 fighter squadron and 3 transport squadrons) to that for Costa Rica (1 infantry company less weapons platoon). The military equipment and supplies transferred under the Interim Allocation Program were based insofar as possible on the contemplated needs of the various countries as envisaged under the Western Hemisphere Defense Program and the equipment already transferred under the Lend-Lease program and Surplus Property Act.

Argentina, which had not been permitted to participate in Lend-Lease, or in the early stages of the Interim Allocation Program, was subsequently brought into the proposed arms-standardization program. Under the Surplus Property Act of 1944, Argentina acquired 12½ batteries of 90 mm antiaircraft artillery and other miscellaneous equipment, and under the terms of the American Republics Act (22 US Code 521-7) it has acquired to date \$1,276,660 of miscellaneous arms and equipment.

4. Non-standard Purchases.

Non-US purchases by Argentina and the Dominican Republic up to 1 January 1949 have been of sufficient magnitude to affect the standardization-of-arms program. In the case of Argentina, the air force, when present purchases now in the process of delivery are completed, will have 142 British and 43 Italian modern combat aircraft, 130 British and 90 Italian modern training aircraft, 74 US obsolete combat aircraft and 36 US obsolete and obsolescent training aircraft, in an air force totaling 850 aircraft (including those on order), of which 140 are at present Argentine-manufactured. These figures do not include administrative aircraft nor the aircraft that

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Argentina will produce in 1949. The Argentine aircraft production, both in design and type, has been influenced more by England than by any other country. The Dominican Republic's naval purchases since World War II have resulted in the Dominican Republic's having only 2 US vessels (frigates) in a mod-

ern naval force, the major vessels of which include 5 Canadian corvettes, 4 frigates (2 Canadian), and 2 British destroyers. The Dominican Republic's air force now has 70 US training and obsolete combat aircraft and 15 British surplus-type combat aircraft with 5 British surplus-type combat aircraft on order.

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