

PROPOSED SECURITY ASSISTANCE PROGRAMS FOR FISCAL YEAR 1983

The Administration submitted its proposed FY 83 legislative request for security assistance to the Congress on 10 March 1982. Although the "International Security and Development Cooperation Act of 1981" (Public Law 97-113) enacted security assistance program authorizations for both FY 1982 and FY 1983 [See DISAM Newsletter, Spring, 1982, p. 13], the current proposal seeks funding level increases above those previously granted. Additionally, the Administration has requested a variety of modifications to current statutes to improve the management and effectiveness of security assistance. Through materials kindly provided to us by the Congressional Relations Office, Defense Security Assistance Agency, we provide in the following pages a series of selected extracts from recent Congressional testimony which highlight the key features of the Administration's FY 1983 legislative proposal.

The Honorable James L. Buckley, Under Secretary of State, Security Assistance, Science, and Technology, presented the following statement to the Senate Foreign Relations Committee on 14 April 1982.

. . . The Administration is mindful of the fact that the Congress passed a two-year authorization bill last year. But as the Committee report recognized, the authorizations for 1983 were made without the benefit of the Administration's views, and it anticipated that the Administration would be submitting requests for additional funds in due course.

We wish we could stay within the amounts already authorized, but we have no responsible choice but to present the additional levels of security assistance the Administration is asking for Fiscal Year 1983. They reflect the hard necessity of responding effectively to events occurring outside our borders which have the most direct impact on our ultimate safety and well-being.

Close to home and in distant lands, our nation's most important military, political and economic interests are being challenged. Security assistance is the most cost-efficient investment we can make, both to meet the challenges of today and to enhance the prospects for a safer future in which all nations observe the maxim of "live and let live." At the present time, however, strategically located friends and allies are under growing pressure from the Soviets and their stand-ins. Afghanistan has been taken. The bid for greater freedom has been crushed in Poland. With Soviet arms and support, Vietnamese troops continue to occupy Kampuchea. In Africa and in



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the Caribbean Basin, Cuban troops or Cuban supported forces pose a direct threat to our most vital interest.

Weakness attracts the predator. Hence it is understandable that the arena of global challenge has increasingly shifted from the industrialized states of Europe and Asia to the less developed nations of Asia, the Middle East, Africa and, closer to home, the Caribbean. A failure to achieve viable economies, credible defenses, and stable political institutions makes these less developed nations inviting targets for subversion.

To meet these urgent challenges abroad and to minimize the cost to taxpayers at home, this administration has adopted a fundamentally new approach in arriving at our security assistance program for Fiscal Year 1983. We have explicitly defined our nation's vital foreign policy objectives and painstakingly allocated all foreign assistance resources against our priority goals. As many of you can appreciate, this has necessarily prolonged the process and delayed the submission of some Congressional presentation materials. However, we believe the resulting program contains the minimum required resources to:

- promote peaceful solutions to regional rivalries;
- assure U.S. access to critical military facilities and basic raw materials;
- confront growing military threats from, and subversive efforts by, the Soviets;
- reduce the economic and social degradation that breeds domestic violence and invites external intervention.

The entire program has been carefully scrutinized by the President to ensure that our resources are in fact directed toward our most important goals. The final scrutiny, of course, will be yours. But given the care with which this request has been constructed and the pressing needs it has been designed to meet, I urge your committee and the Congress to approve it in full. . . .

Overall, our FY 83 request is for \$8.7 billion in total program authority; the necessary budget authorization would come to \$4.8 billion. You will note that this represents a program increase of \$1.65 billion and a budget increase of \$1 billion over the amounts you have already authorized for FY 1983. Given our worldwide responsibilities, and the problems with which we have to deal, the increase we seek is modest.

I would now like to review briefly the major foreign policy objectives toward which our proposed program has been tailored and explain why the requested security assistance is necessary to attain our goals. I will also summarize the few changes to the legislation which we will seek.

Over 53 percent of the entire FY 1983 Security Assistance Program will be directed in support of our Middle East objectives,

namely the search for a just and lasting peace and the urgent requirement that friends in the region be secure against external threats. These objectives are mutually reinforcing. No peace is possible unless the nations of the region are secure from outside coercion, and security will not be achieved if we fail to address the underlying sources of conflict and instability.

Our security assistance serves both of these objectives. It seeks to advance economic well-being and political stability in the region. The security and economic health of Israel and Egypt are requisite for further broadening the peace of the Middle East. U.S. assistance programs tangibly reflect our support and help give these nations the confidence to continue on the path toward peace begun at Camp David. Our assistance to Israel and Egypt, along with our aid to Jordan, Lebanon and the regional programs, provides a security and economic base essential to ultimate stability and peace within the region.

The President is allocating 19 percent of the program, namely \$1.6 billion to support our interests in Europe. The strategic importance to NATO of Europe's southern flank has been dramatically underlined by events this past year. With neighboring regions facing a growing challenge, our efforts to assist Greece, Turkey, Spain, and Portugal have assumed increasing importance. Helping these nations, through our security assistance programs, is an important contribution to our common defense, not only against threats to Europe but against challenges to our common interests beyond the geographic bounds of the alliance. Turkey, for example, lies at the intersection of our NATO, Middle East, and Persian Gulf security concerns. A militarily and economically stronger Turkey cannot only contribute significantly more to a strengthened NATO deterrent, but can move more rapidly to the full return of civilian government. Spain and Portugal, the other major security assistance recipients, are important not only to our NATO posture, but to our capabilities to project military forces from the United States to Africa and the Middle East.

Ten percent of the FY 1983 Security Assistance Program is directed to ensuring our continued access to Southwest Asia and the Persian Gulf, and to their critically important resources. Almost all nations in the area stretching from Pakistan in the East to Morocco in the West face serious economic problems and potential subversion or regional threats, in many cases supported by the Soviets or their proxies. Our proposal for military modernization and economic assistance will help Pakistan to deter attacks from Afghanistan and facilitate the economic development essential to internal stability. Sudan, Morocco and Tunisia all face, to one degree or another, threats of subversion or aggression emanating from Libya. All are important not only to our strategy for the security of the Persian Gulf, but, potentially, to the prospects for peace in the Middle East as well.

Our plan for restoring stability and improving economic prospects in the Caribbean Basin will require \$433 million in security

assistance for 1983. Here we face a major challenge from Cuba's efforts to exploit economic, social and military vulnerabilities. Our assistance programs are designed to address the underlying causes of socio-political instability and restore stability within the region as a whole. We must help provide the concessional resources essential to the task until increased investment, a strengthened private sector, and expanded export markets enable these countries to achieve economic self-sufficiency.

Of this amount, El Salvador will need \$166 million in Economic Support Fund and military assistance to thwart the outright drive by insurgents to destroy the economy. Jamaica will continue to need substantial assistance in order to restore the vitality of its shattered private sector. Costa Rica's rapidly deteriorating economy will require substantial assistance while fundamental reforms are effected. Honduras faces an economic decline and a political-military crisis on its borders. Deteriorating conditions in other countries in the region may well require emergency assistance during the year, hence the critical importance of at least the modest contingency funds we are proposing. I should like to note that the amounts allocated for military assistance represent just 16 percent of our total program for the Caribbean Basin.

Requests in support of our important Pacific interests represent a modest fraction, only 6 percent, but nevertheless a vital part, of our FY 1983 Security Assistance Program. This region is of major political, strategic, and economic importance to the United States. We have significant treaty relationships with Japan, Korea, the Philippines, Thailand and our Anzus partners. We also have a growing economic and commercial stake in the area, with petroleum both originating and passing through the region. U.S. trade with the area now surpasses that with Western Europe.

The Philippines, Indonesia and Malaysia are located astride strategic sea lanes that are vital to United States and Western interests. Indonesia is an important source of petroleum. The Philippines provide the United States with essential military facilities. Our security and economic assistance contributes to the stability of these nations, their economic progress and political development, and to our own defense and economic well-being.

In Northeast Asia, a strong and economically vital South Korea is essential to deter its northern neighbor from military adventures. A Soviet-supported 200,000-man Vietnamese army remains in Kampuchea and threatens Thailand's security.

The importance of our interests in the western Pacific is beyond dispute, and the only reason our proposal is not larger, is that our partners in the Far East are somewhat better off economically and in security terms than are many of our friends and allies elsewhere.

To help assure stability and access in the Indian Ocean and Persian Gulf area, we must provide economic and military assistance

to Kenya, Somalia, Djibouti, Mauritius and the Seychelles. Most of these nations are experiencing severe economic difficulties, and several face serious threats from Ethiopia and South Yemen.

Both Kenya and Somalia require help in achieving economic self-reliance and improved defense capabilities. In turn, both nations provide U.S. forces with access to facilities, thus contributing significantly to our ability to sustain a credible deterrent posture in the region.

Our proposed \$177 million Security Assistance Program for Southern Africa is designed to advance the peaceful establishment of an independent Namibia, to help ensure continued western access to key strategic minerals, and to support the development process from Zaire to the Cape. We must fulfill our undertaking to assist the economic development of the frontline states of Southern Africa, whose participation is essential to our economic well-being. The alternative, a new escalation of conflict, would only provide irresistible opportunities for the Cubans and Soviets.

In West Africa, modest levels of security assistance are essential to maintain economic and political resilience and to discourage further Libyan attempts to exploit the financial difficulties faced by several nations. In addition, our aid to Liberia is designed to ensure continued U.S. access to key transportation and communications facilities.

In sum, the President is requesting and is committed to defending a total \$8.7 billion Security Assistance Program for Fiscal 1983. I reiterate that only \$4.8 billion requires budget authority; \$3.9 billion is in the form of off-budget FMS guarantees. The foreign policy objectives I have just outlined are those we strive to attain with these resources. The President's program has, as never before, been carefully structured to address only our most critical needs. For example, 87 percent of the entire fiscal 1983 FMS guarantee program is allocated to only seven countries: Egypt, Greece, Korea, Israel, Pakistan, Spain, and Turkey. 77 percent of the FY 1983 ESF program is for six vital countries: Egypt, El Salvador, Israel, Pakistan, Sudan, and Turkey. Almost 80 percent of the FMS Direct Credit Program will go to Israel, Egypt, Portugal, Sudan and Turkey.

We again seek authority to provide concessional assistance to key countries in order to make it possible to purchase defense equipment and services that we believe it is in our interests for them to have. We are asking this because we believe that concessional rates provide us with maximum flexibility in meeting the specific needs of security assistance recipients. Over the long term, they also lower the net cost to the U.S. taxpayer. The two adverse trends of increasing debt burdens among recipient countries and high FFB interest rates have created a situation in which many countries with particularly weak economies are facing serious difficulties in financing their purchases through FMS guaranteed loans. Under our proposal, we will plan to offer \$950 million in the

form of forgiven credits to three countries only -- \$500 million for Israel, \$400 million for Egypt and \$50 million for Sudan. In addition, we propose to furnish \$789 million of concessional credits to 19 countries (including an added \$50 million for Sudan) at a rate of interest as low as three percent. [Editor's Note: The countries are: the Dominican Republic, Ecuador, El Salvador, Haiti, Honduras, Jamaica, Kenya, Liberia, Morocco, Niger, Portugal, Senegal, Somalia, Thailand, Tunisia, Turkey, Yemen, Zaire and the Eastern Caribbean (Antigua, Barbados, Barbuda, Dominica, Montserrat, St. Kitts-Nevis, St. Lucia, and St. Vincent and the Grenadines).] The countries selected are those facing particularly difficult economic situations and in which we have important security and foreign policy interests. For example, we are planning to provide \$300 million at concessional rates to Turkey for its modernization program. 70 percent of the remaining \$489 million would go to six countries: Thailand, Tunisia, Sudan, Morocco, Portugal, and El Salvador.

. . . the programs we are submitting have been carefully weighed, debated and made to answer the question, "Is the need critical?" We have had to make trade-offs between what we (and you) would like to do and the minimum that must be done to protect our national interests. Our conclusion is that there is simply no alternative but to seek the additional resources if we are to support our varied and important goals. Without the increases over the levels appropriated for the current year,

-- We would be unable to provide sufficient FMS guaranteed financing to launch the Pakistan program we discussed in such detail last year, increase the Egyptian and Israeli programs, or support our negotiations for the Spanish bases.

-- We would be unable to provide the concessional credit terms required to enable Egypt, Sudan, Turkey, Thailand, Morocco, Tunisia, El Salvador and Portugal to upgrade their defenses.

-- The ESF level would fall far short of the needs of Turkey and countries in the Caribbean Basin.

Let me now summarize the modifications we will seek to current legislation. Seven of them involve minor changes that will enhance the effectiveness of our security assistance program. In addition, we seek new authority to establish an anti-terrorism law enforcement assistance program, which my colleague, Ambassador Robert Sayre, will describe to you. [See pp. 77 for Ambassador Sayre's testimony regarding this new program.] The proposed revisions to the law are:

- (1) An emergency peacekeeping drawdown authority for the President of \$10 million in commodities and services, if he determines that unforeseen circumstances have developed necessitating immediate assistance;

- (2) Elimination of certain prohibitions on foreign assistance to the People's Republic of China, ending the discriminatory treatment of that country based on its past association with the Soviet Bloc;
- (3) A clarification to permit full-cost recovery of all additional expenses incurred in carrying out administrative functions under the Arms Export Control Act;
- (4) Exemption from the present 15-day notification to the Congress on reprogramming funds up to \$50,000 for IMET and International Narcotics Control Programs;
- (5) Provision for a "one-to-one" exchange of U.S. and foreign military students at Professional Military Schools in accordance with bilateral agreements to be negotiated with foreign countries and international organizations after enactment;
- (6) Allowance of funds collected for administrative surcharges to be used for representation purposes: and finally,
- (7) An allowance for the executive to sell government furnished equipment, including components and spares, to U.S. firms acting as prime contractors for foreign governments or international organizations for incorporation into end items.

In conclusion, I assure you, Gentlemen, that in this most difficult year the President would not be asking for additional security assistance if he were not absolutely convinced that these resources were essential to enhance the prospects for peace and protect essential American interests around the globe. Without them, the President would be forced to decide which objectives of our foreign policy to pursue and which to abandon or neglect. For example, he would be forced to face such damaging choices as scaling back our Spanish bases in order to finance our Caribbean initiative, or of shifting resources away from Turkey to address our needs in Sudan, Kenya and Somalia, or abandoning our undertakings and initiatives in such important areas as Southern Africa and Southeast Asia in order to meet our commitments in the Middle East.

Unless we are willing to make these investments for peace and security today, we risk far greater costs to both our safety and national treasure tomorrow.