DILEMMAS AND DECISIONS IN US SECURITY ASSISTANCE POLICY: AN ILLUSTRATIVE FOCUS ON AIRCRAFT SALES

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INTRODUCTION

The purpose of this paper is to illustrate the complex decision-making environment for a number of issues in US security assistance. Development of the paper begins with a brief sketch of historical context, including the evolving US security assistance pattern and foreign response after World War II (WWII), and some of the relevant Executive and Congressional initiatives concerning Foreign Military Sales (FMS) and arms transfer restraint. Further context is a short and selective synopsis of the contemporary geopolitical environment for US security assistance decision making.

The primary illustration of dilemmas and decisions in US security assistance chosen here is the case of the F-X, the US-developed fighter aircraft for export primarily to countries in the Third World. The aircraft, as defined by the US Government, was to be an "intermediate" fighter; i.e., between the Northrop F-5E and first line US aircraft like the General Dynamics F-16A (with F-100 engine). Factors leading to the decision, its announcement, its aftermath, including geopolitical, diplomatic, and domestic political and economic considerations, provide a remarkable illustration of the dilemmas in decision making regarding US security assistance.

SKETCH OF HISTORICAL CONTEXT

US security assistance, as we now call it, emerged from WWII in large measure as the transfer of surplus weapons and equipment. The United States had entered WWII reluctantly but had soon become the "arsenal of democracy" and indeed to a large degree the arsenal of the Soviet Union. After the war, the United States demobilized quickly and even discarded much of the accumulated arsenal. However, as the Cold War developed and some hot local wars came along, the United States transferred large quantities of surplus weapons and equipment generally at little or no charge to the recipient countries. Such was the predominant pattern through the 1950s.

Much of this generosity was at little or no cost to the United States, in that -- as US weapon systems were modernized -- the surplus and/or obsolete

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weapons had to be disposed of somehow anyway. However, the United States demonstrated reliability through these grants of assistance. In the meantime as Europe recovered and seemed quite capable of taking on more of the defense burden, military-economic relationships changed.

Europe acquired increasingly more advanced systems from the United States, and Defense Secretary Robert S. McNamara in the Kennedy Administration pressed for a shift to transfers through what is now called FMS (Foreign Military Sales). McNamara believed a proper sharing of Europe's defense burden meant a larger European share in the costs. Security Assistance, particularly in Europe, then, moved increasingly to sales of US systems.

In the 1960s the United States moved further in the direction of sales rather than grants, with one result being the Foreign Military Sales Act of 1968. This legislation along with the Foreign Assistance Act of 1961 largely superceded the security assistance provisions of the Mutual Security Act of 1954. Also in the 1960s, the United States drastically deepened its involvement in Southeast Asia, going well beyond security assistance, as in Korea, with the heavy commitment of US military forces.

Although this commitment lasted into the 1970s, another approach emerged in the Nixon Doctrine, the globalized version of his Guam Doctrine of 1969, which initially referred to Asia. This doctrine committed the United States to provide aid, but not US military forces, to friends and allies. President Kennedy's exhilarating inaugural promise in 1961 had been to pay any price and bear any burden to ensure the success of liberty. The Nixon Doctrine, late in the decade, recognized limits to US power.

A new kind of limiting of US power germinated in the 1960s and began to flower in the 1970s. The United States, which had provided weapons to its allies in WWII and later to its erstwhile enemies, began increasingly to face various levels and types of competition from all of them. Japanese competition came more in non-military areas; but the competition for many industrial markets mushroomed, and coproduction and technology transfer made Japan increasingly self-reliant in her own defense industries. Further, not everyone is convinced that Japan won't soon move into arms export competition.[1] Europeans focused increasing attention on the lack of a "two-way street" in arms production and transfer across the Atlantic. One means of dealing with that problem was the formation of ever larger numbers of coproduction and licensed production agreements plus various contracting and subcontracting arrangements.[2] The more established and well-known movement has been to sell weapons systems to the Third World, a movement which increasingly includes various production and contracting agreements.

Sales to the Third World arose from a variety of stimuli, not the least of which was the perceived need for economies of scale. To produce one's own weapons, a smaller country, such as the United Kingdom or France, needed to sell to other countries, in order economically to justify running the production lines. The Soviet Union also finds weapons sales a substantial source of hard currency[3] and a welcome outlet for its quite large weapons systems production. Further, the United States, although less dependent directly on weapons systems sales and under policy constraints excluding sales for primarily economic reasons, certainly achieves some economic rewards for arms

transfers.[4] The economic motivation for all suppliers increased in part from the oil money bonanza for a number of Third World countries, particularly so with increasing dependence many of the weapons suppliers felt in relation to the oil suppliers.[5]

Perceptions of the proper relationship between national security needs and economic factors regarding arms transfers form the basis for a pattern of US ambivalence with regard to foreign military sales and other forms of security assistance. Secretary McNamara's emphasis on sales eventually brought some misgivings when the sales to Third World countries increased. The misgivings derived from two primary concerns. One is control, or what the recipients might do with the weapons (to friend, foe, citizens inside respective countries, or to regional stability). Another concern in many countries is their ability to pay for the weapons (in relation to other internal needs, income-producing resources, and ability to service debt in subsequent years).

A third potential problem is the effect of US transfers on US stocks and force readiness. Resupply to Israel during the Yom Kippur Middle East War of 1973 drew a sharp contrast with the transfer of surplus weapons systems and equipment in earlier years. War material was transferred to Israel fast and with little hesitation. We went beyond milking the US Reserve Forces. We went into our forces in Europe and caused great concern among some of our European allies. We drew from many areas of our own military forces, and Congress saw a heavy impact on readiness.

The services were coming to the Congress over the next couple of years asking for money to replace weapons and equipment; and their costs were of course higher than the original costs of the weapons and equipment transferred to Israel. In the 1976 DoD Appropriations Act, Section 813, Congress placed restrictions and reporting requirements relating to readiness. Similar language is also in the Arms Export Control Act (AECA).[6]

The Yom Kippur War marked 1973 as a pivotal year for US security assistance in another way. The US commitment to the Middle East, the focus of the Eisenhower Doctrine (1957), took on a very different complexion. In this connection, Amos Perlmutter points out that the United States has given Israel economic and military aid since 1951, but 1973 marks a drastic upward turn in US aid policy. While the primary focus is on Israel, there's a similar trend in aid to Arab countries. Of course this trend is particularly evident with Egypt, and the sharp increases came with disengagement agreements and Egyptian-Israeli peace.[7] The main point here is that 1973 was a pivotal year from a US policy perspective of the Middle East.

The year 1973 was a pivotal year for yet another reason: It was the year of the Fulbright Amendment to the Foreign Military Sales Act of 1968. Fulbright was concerned about the growing US Government involvement in arms sales. He therefore thought it better to minimize government-to-government sales and encourage a shift to direct commercial sales. However, with language about reducing "to the maximum extent practible," the Fulbright Amendment was not very effective. From 1973 to 1975, FMS agreements rose from less than $3 billion to over $15 billion annually.

In 1976, the Fulbright Amendment was deleted. The newly named Arms Export Control Act placed a $25M ceiling on the size of any direct sale of major defense equipment per export license. NATO was exempted; and, in 1977, Japan, Australia, and New Zealand also were exempted. Not surprisingly, industry interests objected. There were successive rises in the limit; and in 1981 Senator John Glenn initiated action which eliminated the restriction on direct commercial sales altogether. There are, however, some remaining concerns, perhaps increasing concerns, regarding the lack of control the US Government actually exerts over direct commercial sales. Related to that concern is the problem of tracking the data on those sales. It remains to be seen whether this administration, given its private-enterprise and anti-regulation philosophy juxtaposed with its technology transfer concerns, will become more interested in a closer look at direct sales and whether or not Congress will do so.

The evolution of Congressional restraints also includes the 1974 Nelson-Bingham Amendment to the Foreign Military Sales Act. This amendment became section 36 of the Act, which after 1976 is known as the Arms Export Control Act. This new section established reporting requirements; i.e., that Congress must be notified of proposed sales above stated amounts; and it established "legislative veto" provisions.[8]

The year 1976 is a key legislative year, with a Congress determined to limit the transfers of armaments and have more on-going control. The result was extensive revision of the Foreign Military Sales Act of 1968 and the new name for this revised legislation -- the Arms Export Control Act (AECA). The AECA updated reporting requirements and "legislative veto" provisions. President Gerald Ford vetoed the initial bill in April 1976 because it included a $9 billion limit on overall sales, then signed a revised version, without the limit, on 30 June 1976.

President Jimmy Carter not only set a new tone in the Executive Branch, but also he adopted many of the control initiatives from Congress. Among his efforts was the arrangement of a series of talks with the Soviet Union in 1977 and 1978, to limit arms transfers. These talks came to an unsuccessful conclusion in Mexico City in December 1978 in a dispute over US attempts to limit discussions to regions of Latin America and sub-Saharan Africa. Thereafter, the fading of detente generally, and the 1979 Soviet invasion of Afghanistan specifically, killed these talks. One criticism of these negotiations is that they were bilateral and didn't involve the West European suppliers.[9]

Another aspect of President Carter's restraint policy was his refusal to allow production of weapons systems designed for export.[10] Later, he reversed that policy and approved the concept of an export fighter aircraft, or F-X. He had not abandoned restraint. The F-X approach was intended to discourage Third World purchases of more-advanced aircraft and thus continue the effort to limit threats to regional stability and the economic health of some countries. President Carter's policy was difficult to implement. President Reagan, with a new policy, would have no less difficulty.

THE F-X CASE

The above historical sketch and commentary on security assistance provides some context for use of the F-X as a case study to illustrate a number of dilemmas policy makers face in deciding what kind of security assistance policy the United States should have generally and how to apply general policy guidelines to specific situations. Each decade presents its dilemmas, and policy makers thus face tough decisions. President Carter at one point thought prohibiting export-only weapons development would serve the purposes of arms transfer restraint. Later he decided export of an intermediate fighter -- between the older US export fighter (Northrop's F-5E) and first-line US fighters such as the F-16A -- would be a lower threat to regional stability and to Third World country economies, and would be easier for these countries to absorb into active inventories, than the first-line aircraft they might buy.

The F-X as an illustration of policy dilemmas, in addition to the historical context already sketched, requires further reference to particular conflicts. The most prominent one is the Arab-Israeli conflict -- continuing over decades in a variety of forms but continuing nevertheless as the source of much of the bitterness and bloodshed in the Middle East. Not far away is the Iran-Iraq war, which also involves deep hatred and consumption of weapons. Somewhat more distant are the Soviet military forces in Afghanistan, the Afghan resistance in both Afghanistan and Pakistan, and US security assistance to Pakistan. At a greater distance is the evolving conflict (primarily diplomatic) between mainland China and Taiwan. To these conflicts we can add the tensions in Southeast Asia and the continuing hostility in Korea.

Another reference point is the development and coproduction of the F-16 with four European countries.[11] Further, there is the competition for arms sales (whether primarily motivated by economics, political influence, or national security concerns) among the United States and other suppliers.[12] Finally, and not the least important, there is the domestic political stage -- the tug-and-pull of ideologies and interests within the US body politic and constitutional framework. All of these scenes are part of the F-X drama. The world, of course, is the stage.

At this point it seems appropriate to refer to the classic public administration dichotomy between politics and administration. It is a dichotomy which presumes a proper and possible distinction between policy making and policy implementation. Put another way: Policy makers should make decisions, and bureaucrats should carry them out. Such a process suggests clean, sound government in the national interest. It also suggests a rational approach to national objectives. The elusive tidiness of this hypothetical process bears some resemblance to the difficulty in finding a tidy approach to F-X policy.

On 3 January 1980, President Carter agreed to permit US production of a fighter aircraft intended for export. Four companies expressed interest in this market: General Dynamics, Northrop, Rockwell, and McDonnell Douglas. The latter two were dropped from the competition, leaving the field to Northrop's F-5G (later F-20) and General Dynamics F-16/J-79. At this writing (December 1983) neither company has sold an F-X aircraft, and the prospects at first glance appear dim. In the meantime President Reagan has

succeeded President Carter and issued a conventional arms transfer policy statement rescinding the Carter policy. The Reagan Administration policy indicates that the "United States retains a genuine interest in arms transfer restraint;" however, the new policy summation is "We will deal with the world as it is, rather than as we would like it to be."[13]

Following now is an outline of policy dilemmas and choices in light of various aspects of the historical, political (national and international) and geopolitical context generally, and specifically regarding F-X. First, there are the questions of definition, investment, competition, and where each company stands now. One can find two of the initial answers to these questions in the announcement of President Carter's decision to permit F-X development and sales.

The announcement stated that an F-X or intermediate fighter "is defined as one whose cost and performance characteristics would generally lie between our current export fighter, the F-5E, and the fighter aircraft now in production for US forces, the F-16." Concerning investment, the announcement made it clear that "The US Government will not provide funding for development of the aircraft, and aircraft companies will assume all financial and market risks. One is at pains to find much regarding competition in the announcement.[14]

A competitive relationship has developed between Northrop and General Dynamics. Irony is evident in the high-level of apparent competition in view of the fact that at this writing, almost four years after the State Department announcement, not one F-X, General Dynamics or Northrop, has been sold. Further irony and interest derives from the speculation regarding impending sales.

How competitive are these two companies in the F-X market? How relevant is definition? What is the comparative investment? What are major characteristics of each aircraft, and what are the advantages held by each company? These questions underlie the discussion of competition for the F-X market -- in various parts of what might be called the F-X community.

The response of the two companies to the definition of the market was made partly in terms of a production history for each company. The definition was in terms of a highly successful F-5E, "our current export fighter," and the F-16, "now in production for US forces." Probably it would be too harsh to compare market analysis for the F-X to that done by the Ford Motor Company in the 1950s for the Edsel automobile, but there seems to be a common characteristic: the tastes of potential purchasers changed after the data was gathered for market analysis. Northrop's F-X was seen by potential customers as an upgraded version of an existing export model. The General Dynamics F-X was seen as a downgraded version of an "aircraft now in production for US forces." The State Department announcement reported that "An interagency study of the FX concept found that, without an intermediate alternative, an increasing number of countries may turn to first line aircraft to fill their fighter needs."[15] (Emphasis added.) What this interagency market analysis did not sufficiently reckon with was the ever-increasing Third World appetite for "first line aircraft," the same ones as those "in production for US forces."

The predominant first-line aircraft in the export market was the F-16/F-100, or F-16A. Third World countries increasingly demanded "the best" defined as that "good enough for the US fighter aircraft inventory."[16] Israeli performance with the F-16/F-100 against Syria over Lebanon in the summer of 1982 further enhanced the prestige of the aircraft. In addition to Israel (sometimes not seen as a Third World country), the Third World country F-16 list (acquired or on order) includes: Venezuela, Korea, Egypt, and Pakistan.

The sale to Pakistan illustrates a major policy dilemma: What does the US decision maker do when a friend/ally insists on the US first-line aircraft, including not only the F-100 engine but also the most advanced American electronic warfare system?[17] Press reports in November and December 1982 portray the drama as the time for Pakistan's President Zia to visit Washington drew nearer. Washington thought less-advanced technology was suitable for Pakistan's defense needs, and had no desire to heat up the arms race between Pakistan and India. Further, there was no doubt concern about the possibility of unauthorized and risky technology transfer, particularly in view of the unhappy experience with the fall of the Shah in Iran. Yet, as President Zia's arrival drew closer, the long-standing relationship with Pakistan, Soviet invasion of neighboring Afghanistan, and Afghan refugees and freedom fighters in Pakistan all combined to outweigh the US reluctance to provide the F-16 sought by Pakistan. The announcement was made the day before President Zia's arrival in Washington.[18]

As more countries are allowed to obtain the first-line F-16, more countries seem to want the aircraft. A more recent request comes from Thailand, to meet a "growing threat" from the Vietnamese Air Force, which is expected to acquire the Soviet MIG-23. The new F-16s would replace their F-5E aircraft. General Arthit Kamlang-ek, Thailand's supreme military commander, expressed confidence that the United States would sell the new F-16s, because the country has been a good ally and "never let the United States down."[19]

It has been argued that the F-16A has become the real F-X, the real export fighter for the Third World. How has that turn of events impacted on General Dynamics and Northrop? The simple answer is that General Dynamics is selling aircraft while Northrop is not. From Northrop's view, there are other important relevant factors.

Northrop sees its investment and development as much more in line with the State Department's January 1980 announcement (requiring F-X developers to "assume all financial and market risks") and more representative of US free enterprise ideology. Northrop owns almost all of its plant and equipment. General Dynamics uses plant facilities owned by the US Government. Northrop, in developing the F-5G and then the F-20, departed far from the F-5E and invested, with subcontractors, $750 million (Northrop estimate) to compete in the F-X market. General Dynamics, by contrast, invested in about the $30 million to $60 million range, depending on who is doing the estimating. From the Northrop point of view, the General Dynamics investment in a downgraded aircraft has been minimal, and profits are coming from US sales of more advanced F-16s, the development costs for which were shared by the United States and four NATO-European governments. Northrop and California legislators in Washington believe Northrop is not getting enough support in comparison with that already reaped by General Dynamics.

No General Dynamics executive or Texas legislator (or other sympathetic legislator) is willing to concede that General Dynamics has any unfair advantage. General Dynamics and its allies have in fact argued that, with production of C and D models soon to start, the General Dynamics F-X or export fighter now should be the less-advanced F-16A (i.e., less advanced than the C and D models). Furthermore, General Dynamics and its allies have complained that the Northrop F-20 no longer meets F-X parameters. If exported, they argue it could provide technology too advanced for the export market. The F-20, according to this argument, is so improved that it must now be seen as an advanced fighter.

On this point Northrop may be inclined to agree. In fact, some observers will argue that the term "F-X" is negative in a marketing sense and that it would be to Northrop's advantage to drop it. Other observers point to a related but deeper problem: There are no F-20s or F-16/J-79s in the US military aircraft inventory, and no such acquisitions are scheduled. Whether one calls the F-20 an F-X or not, that's all it can be in the absence of orders from the US Department of Defense.

That description of the F-X situation stimulates speculation that the US Government might buy F-X aircraft for use by "aggressor forces;" i.e., US aircraft units flying as if they are Soviet aircraft, to provide simulated combat practice for US pilots. If the US Government decided to make a purchase of some form of F-20 or F-16/J-79, wouldn't the other company and its allies object? Certainly, but what about an F-20 purchase by one service and an F-16/J-79 purchase by another? Some pilots in one service are rumored to relish the thought of flying the F-20, and the other service is said to be interested in the particular capabilities of the F-16/J-79. One fairly obvious potential result would be a new marketing image, especially for the F-20.

The January 1980 announcement claimed F-X availability would "contribute to US national security objectives by permitting the US to respond positively to the security needs of our friends and allies when the F-5E is inadequate." However, it would also "contribute to arms transfer restraint objectives by discouraging purchases of more sophisticated first-line aircraft from the US and other suppliers."[20] It might be argued that Northrop in good faith responded to a need identified by the US Government. While the announcement said companies would "assume all financial and market risks," it also said such sales would be in the national interest and in effect predicted a market; i.e., it would discourage "purchase of a more sophisticated aircraft from the US and other suppliers." In light of US, European, Israeli, and other purchases of F-16/F-100s, there has been expressed interest in more F-16 purchases than we have yet granted, and buys of other suppliers' aircraft, particularly the French Mirage 2000. The "prediction" that F-X would discourage purchases of more sophisticated first-line aircraft from the US and other suppliers simply hasn't come true.

Northrop may be in a "catch-22" now. To compete in today's Third World export market the F-20 may have to be too good to come within F-X parameters. Did the US Government, between the Carter and Reagan Administrations create this "catch 22," first defining a market in terms of US and friends'/allies' national interests and in terms of arms transfer restraint -- then changing the rules with F-16 sales? Well, the US Government didn't do

it alone. Competition from other suppliers also failed to play by the "rules." In any case, the market is not as it was defined.

Are there incentives to encourage the US to buy F-20s and General Dynamics F-16/J-79s? Is it in the US national interest to see Northrop sell some F-20s? Is it in the US national interest to allow the F-20 to fail? Northrop, in some perceptions, has responded to the private enterprise challenge. The company has invested heavily in an aircraft which was supposed to be in the US and friends'/allies' national interests, as stated by the US Government in the F-X announcement. Further, is it in the US national interest to have a strong and viable aircraft producer like Northrop remain vigorously on the scene? Can a private-enterprise-oriented administration avoid concern about the lack of F-20 sales?

There is one more reason for concern about the F-20 producer. This time it isn't the F-20 contrast with the easy and relatively inexpensive downgrade of an F-16 developed with US and four European countries' funds. This time Northrop can point to the US Government's recent commitment of US funds to help Israel develop the Lavi fighter.[21] Some observers argue that the Lavi won't ever be a competitor for the F-20 in terms of capability and purpose. Northrop is loathe to concede that point and certainly will not concede the propriety of the US Government funding a foreign competitor in the overall aircraft export market, and that funding is particularly objectionable so long as there are no F-20 sales.[22]

What can the US Government do beyond the possibility of direct purchases? Where can the F-X be sold? It has been said that Taiwan was the natural and even intended start-up market for Northrop's F-X. However, the evolving relationship with Peking led the Reagan Administration to prohibit F-20 sales to Taiwan. Some observers saw this refusal as a death-knell for the F-20.

Are there other viable markets for F-X? How many of these markets will be absorbed by F-16 sales? If decision makers refuse the desired F-16 to certain countries, will they buy French Mirage 2000s or the product of some other supplier?[23] How much control will the United States have through financing; i.e., can the country buy US or other supplier products without US funds?

IN THE NATIONAL INTEREST

The overriding question is: What truly is in the US national interest, and how is the national interest defined? In WWII it was determined to be in the US national interest to supply our allies, including the Soviet Union, in a variety of ways; and, through Lend-Lease, we supplied the United Kingdom even before we formally entered the war. After WWII, through the 1950s, and into the 1960s, we found it in our interests to transfer weapons, very largely at little or no charge to the recipients. Defense Secretary McNamara saw it in US interests to put our transfers on a paying basis and initiated what we've come to know as FMS. He also pressed for standardization of NATO weapons systems and equipment; but the expected "two-way street" across the Atlantic has had a difficult time, and such politico-economic dilemmas often are underestimated or naively treated.[24]

Largely recovered European economies, European companies, and some nationalistic feeling led to European aircraft production and the pressure for export markets to achieve manufacturing economies of scale. Not only the Soviet Union but also our European allies refused to concede the Third World market to the United States, and that fact was accentuated by the evolving financial power of the oil states.

A restraint-minded Congress and President Carter saw it in the US national interest to limit our own sales and seek the cooperation of other suppliers. That cooperation was extremely elusive. Perhaps we didn't try hard enough[25] and should try again. Certainly there are advocates of trying again.[26] In the meantime the Reagan Administration is attempting to "deal with the world as it is, rather than as we would like it to be."

How truly realistic is this "real world" approach? How well has the national interest been served? Pakistan gets the F-16A. Is there a technology transfer risk? India now may be planning to produce Soviet MIG-29s and MIG-31s as well as MIG-27s under license.[27] What problems thus emerge for US diplomats and strategists? Would India be getting the new MIGs even if the United States hadn't sold the F-16 to Pakistan?

Have US sales of the F-16 to Israel had the intended results for US national interests? Clearly the United States is committed to Israel's survival but not necessarily to all of Israel's goals. When Israel bombed the Iraqi nuclear reactor, the Reagan Administration notified Congress that Israel might have violated US law in such use of the F-16.[28] President Reagan protested Israeli bombing of Beirut in 1982; and, despite the recent so-called strategic agreement between the United States and Israel, there are reports of doubt in Israel and the United States about the results of that war. Was the US national interest served by the transfer of the F-16 and other weapons systems to Israel? Will the national interest be served by financially assisting with development of Israel's new Lavi fighter? How will Israel use the aircraft, and to whom will Israel export the weapon? Again, how is the US national interest defined -- and by whom?

In South Korea would not an F-X aircraft have been more appropriate to meet the threat from North Korea? Why does South Korea need the F-16? On the other hand, what reasons were/are there to prohibit the sale? Is there significant danger that South Korea might use the F-16 for purposes we might not approve, as perhaps in Pakistan or Israel? The question also applies at least as much to Thailand, whose history is not one of expansionism.

Thailand's supreme military commander, in connection with his request for the F-16C, asked this question: "Instead of having the American Air Force fly the new F-16s and help us in a crisis situation, why can't they send us the planes and let our pilots fight for ourselves?"[29] Why not indeed, but there are technology transfer risks; and there remains the possibility that the United States may be called on to help. Perhaps that possibility is an even better reason to sell the aircraft to Thailand.

If we sell the advanced F-16 to Thailand, the same basic aircraft as in our inventory, and if we should need to help Thailand in a crisis, wouldn't the compatibility of the weapon systems, including ground equipment, increase our response capability? Wouldn't that rationale apply also elsewhere in the

world, particularly in the Persian Gulf, the focus of the new US Central Command? Certainly that rationale is the one we have tried to apply in Europe. However, rationalization, standardization, and interoperability (RSI) involves technology transfer more easily defended in the NATO arena than in the Third World.

In the meantime, what happens to the F-20? Perhaps it is getting so good, as General Dynamics and sympathizers have complained, that it indeed should be in our own inventory for certain roles, modified as necessary of course. Then, the F-20 could be marketed not only as a competitor for the F-16 and other aircraft, but as a complement; i.e., as part of a fine-tuned mix for some countries.

If such a hypothetical approach to strategic, economic and political dilemmas came under consideration, others surely would arise. An obvious question is: Would adding the F-20 to US and friends'/allies' inventories help RSI or impede RSI by proliferating systems? If the latter answer is correct, then we might ask about the F-18 and other US aircraft as well. An obvious problem is how to achieve arms transfer restraint with such an approach. A related potential problem is the reaction of neighboring states to the sale of F-16s, F-20s, or other US aircraft. Any such sale in the Middle East would cause concern in Israel. Would the Executive be willing to face opposition in Congress, as with the AWACS package in 1981?[30] Would the Executive be willing to override congressional opposition, now that the "legislative veto" is unconstitutional? The Reagan Administration has stated that the Supreme Court decision has not changed the way the Executive will approach Congress regarding arms transfers. Short of perceived extreme necessity, that position is almost certainly correct. In fact, the potential problems in the Byrd Amendment might make the Executive more reluctant, rather than less inhibited, to push an AWACS sale.[31]

CONCLUSION

The dilemmas facing US decision makers regarding US security assistance resulting from changes since WWII can be seen in large measure in the F-X story. The shift from largely grant aid to FMS preceded a movement among Third World customers toward more advanced weapon systems. Congress and President Carter in the 1970s tried to restrain this trend, and President Carter with some reluctance agreed to the F-X -- advanced but less advanced than first-line US fighters. This decision so far seems to have failed, because the trend toward more advanced aircraft is so strong that F-X, "not good enough" for the US inventory, has a bad image and is not acceptable to the customers the US Government had envisioned for it. President Reagan is "dealing with the world as it is," is less restraint oriented, and may attempt to allow increasing F-16 sales and perhaps an even-more-improved F-20. He may even consider F-20s for the US inventory. Political, ideological, and economic considerations might include: the private enterprise way F-20 development was funded; the concern over US Government funding for a foreign aircraft, the Israeli Lavi; the viability of Northrop as a major aircraft manufacturer; California political support; foreign competition, such as the French Mirage 2000; and rapid deployment capability in connection with standard and interoperable equipment. Further considerations are reason for pause: the potential dangers of technology transfer, a major concern of the

Reagan Administration; political support in Texas; political support among Israel's allies in Congress, and a "legislative veto" decision which might boomerang into a Byrd Amendment. Whatever one's political tendencies, ideology, or special interest, one can't avoid the conclusion that Presidents and other political leaders face real dilemmas in security assistance decision making. No doubt both President Carter and President Reagan find that fact more evident than when they each first entered the oval office. The F-X case is one of the many lessons for both Presidents, other decision makers, and advisors.

ENDNOTES

1. See, e.g., Neil Ulman and Urban C. Lehner, "Tokyo's Buildup: Japan's Arms Industry Is Expanding Briskly, With Much U.S. Help," Wall Street Journal, 26 November 1982, p. 1.

2. For an interesting discussion of these phenomena, see Thomas L. Selden, "A Visit to the Paris Air Show," DISAM Journal, Vol. 5, No. 4 (Summer 1983), pp. 38-41, especially pp. 40-41.

3. One reference on this point is Stockholm International Peace Research Institute, World Armaments and Disarmament: SIPRI Yearbook 1983 (New York, International Publications Service, 1983). Chapter 12, "Soviet Arms Exports," written by Ulrich Albrecht, includes the following comment on page 355: "It is estimated that military equipment accounts for more than 10 percent of all Soviet exports; together with sales of energy and gold, arms sales are one of the main sources of hard currency."

4. One policy statement, and acknowledgement of economic benefits is in SECSTATE Message 172048Z July 81, Subject: "Conventional Arms Transfer Policy: Supplemental Information." Extracts are reprinted in the DISAM Newsletter, Vol. 4, No. 1 (Fall 1981), pp. 4-11. On page 6 is the following comment:

> Without question, arms sales can enhance the efficiency of our defense production capabilities by making maximum use of the existing industrial base and reducing unit costs. Nevertheless, this will be neither the sole motivation nor even a primary consideration for the approval of an arms transfer request.

This primary/secondary relationship regarding goals and benefits is reflected more recently in Andrew K. Semmel's "Security Assistance: Helping Others Help Us," Defense 82, November 1982, particularly p. 15. Semmel's article was reprinted in the DISAM Journal, Vol. 5, No. 3 (Spring 1983), pp. 13-20; see pp. 15-16.

5. Among many sources concerning European arms sales, including the oil source motive, see especially Roger Faligot, "Mitterand Puts the Profit Motive First," The Middle East, October 1982, pp. 23-24. Other sources include Pat Fitzgerald and Duncan Campbell, "Thatcher Sets Her Sights on the Gulf," Ibid., pp. 24 and 26; Fulvio Grimaldi, "Italian Arms Trade Rides Out the Economic Storm," Ibid. (November 1982), pp. 23, 25, and

26; and Simon Barrow, "The Germans Shed Their Inhibitions," Ibid. (December 1982), pp. 31-33.

6. The AECA, Chapter 2, Section 21, states that:

> Sales of defense articles and defense services which could have significant adverse effect on the combat readiness of the Armed Forces of the United States shall be kept to an absolute minimum. The President shall transmit to the Speaker of the House of Representatives and the Committees on Armed Services and Foreign Relations of the Senate on the same day a written statement giving a complete explanation with respect to any proposal to sell . . . any defense articles or defense services if such sale could have a significant adverse effect on the combat readiness of the Armed Forces of the United States.

7. Amos Perlmutter, "Extricating the U.S. from a Mideast Aid Morass," Wall Street Journal, 23 August 1983, p. 32.

8. These provisions are among the ones declared unconstitutional by the Supreme Court in Imigration and Naturalization Service v. Chadha on 23 June 1983. A short article on this decision is 2LT William S. McCallister's "The 'Legislative Veto' Supreme Court Decision," DISAM Journal, Vol. 5, No. 4 (Summer 1983), pp. 32-33. See also footnotes 26 and 31 in this article.

9. For a thorough account of the development of these talks, see Andrew J. Pierre, The Global Politics of Arms Sales (Princeton, N.J.: Princeton University Press, 1982), pp. 285-290.

10. A full list of the Carter policy restraints in Presidential Directive 13 is printed in Pierre, Global Politics of Arms Sales, pp. 52-53.

11. For a thorough treatment of this European participation in F-16 development, see Ingemar Dorfer, Arms Deal: The Selling of the F-16 (New York: Praeger, 1983).

12. For thorough analysis of this competition, see Pierre, The Global Politics of Arms Sales.

13. National Security Decision Directive Number 5, 8 July 1981. Quoted as "New U.S. Conventional Arms Transfer Policy" in the DISAM Newsletter, Vol. 4, No. 1 (Fall 1981); above selections on p. 3.

14. Department of State Munitions Control Newsletter, No. 77, 1/80.

15. Ibid.

16. The Government of the Federal Republic of Germany seems to be having somewhat similar problems trying to persuade Saudi Arabia not to ask to buy the Leapord II tank.

17. See, for example, Bernard Gwertzman, "Pakistan Balking at Jet Purchase: A Dispute over F-16s Appears a Week before Visit by Zia," New York Times, 30 November 1982, p. 1.

18. See, for example: Dana Adams Schmidt, "F-16 Pact to Sweeten Zia Visit to U.S.," Washington Times, 6 December 1982, p. 6; and Richard M. Weintraub, "Pakistan, U.S. Resolve Dispute over F-16s," Washington Post, 7 December 1982, p. 10.

19. William Branigin, "Thailand Seeking Advanced U.S. Jets to Counter Vietnam's Arms Buildup," Washington Post, 21 December 1983, p. 29.

20. Munitions Control Newsletter, No. 77, 1/80.

21. On Congress' authorization for the funds, see the Congressional Record, 12 November 1983, p. H9727.

22. For comments on Northrop's opposition to US funding for Lavi, see "Reagan Approves Credits to Israel for Lavi," Aviation Week and Space Technology, 28 November 1983, p. 27. For Congressional testimony on Lavi technology, feasibility, exports, economics, and capabilities, see US Congress, House, Committee on Appropriations, Foreign Assistance and Related Programs Appropriations for 1984, Hearings before the subcommittee on Foreign Operations and Related Agencies, 98th Congress, 1st session, Part 5 (Washington, D.C.: Government Printing Office, 1983), pp. 150-151.

23. A recent example of French involvement in the market is reflected in: "Bahrain, Under New Agreement, Would Buy F-16s," Aerospace Daily, 10 November 1983, p. 6. This article reports on a number of French and British sales among Persian Gulf countries. The United States has refused to sell the F-16 to some of these countries, until they buy and "absorb" an F-X; and they've been unwilling to do so.

24. See, e.g., "NATO Needs Compatibility" (Editorial), Atlanta Journal, 19 December 1983. The editorial writer sees problems in different views across the Atlantic on NATO strategy and spending and says "we don't need any minor obstacles like national jealousies over who builds the new arms." (Emphasis added.)

25. One could draw such a conclusion from Pierre's account of the 1977-1978 talks, in his Global Politics of Arms Sales, pp. 285-290.

26. For example, Congressman Tony P. Hall (D, Ohio) and Senator Robert C. Byrd (D, West Virginia). For Congressman Hall's views see the Congressional Record, 7 February 1983, pp. H338-H347. Page H347 has his proposed resolution to express the sense of Congress urging conventional arms transfer limitation in cooperation with other supplier countries. Congressman Hall speaks in a variety of fora along the same lines; e.g., in his statement titled "Strengthening the United Nations to Resolve Conflicts and World Problems, Especially in the Field of Arms Control and Disarmament," before the 70th Conference of the Inter-Parliamentary Union, Seoul, Korea, 5 October 1983. The so-called "Byrd Amendment" predates the Supreme Court's decision invalidating the

"legislative veto" (INS v. Chadha) on 23 June 1983 and is even more interesting now in view of that decision. To ensure more congressional control over US arms transfers, Senator Byrd, et al., would require the full Congress to evaluate, and pass through the full legislative process, all foreign military sales packages valued at more than $200 million.

27. R. D. M. Furlong and G. S. Sundaram, "Evolution in India's Defense and Arms Procurement Policies," International Defense Review, No. 7/1983, p. 902.

28. Newsweek, 22 June 1981, p. 29.

29. Branigin, "Thailand Seeking Advanced U.S. Jets."

30. The vote in the House was 301 to 111 against; in the Senate, heavy Presidential pressure on a number of senators achieved a 52 to 48 vote in support. Coverage of AWACS and related issues, and a reflection of the largely negative House response, are in: US Congress, House, Committee on Foreign Affairs, Proposed Sale of Airborne Warning and Control Systems (AWACS) and F-15 Enhancements to Saudi Arabia, Hearings and Markup before the Committee on Foreign Affairs and its Subcommittees on International Security and Scientific Affairs and on Europe and the Middle East, 97th Congress, 1st session (Washington, DC: Government Printing Office, 1981).

31. Deputy Secretary of State Kenneth W. Dam presents the Administration position, and Senator Robert C. Byrd presents his views, in: US Congress, Senate, Committee on Foreign Relations, Legislative Veto: Arms Export Control Act, Hearings, 98th Congress, 1st session (Washington, DC: 1983). Also in this committee report is the text of S. 1050, the bill known as the Byrd Amendment (to the Arms Export and Control Act) and other views concerning the "legislative veto." The Byrd, Dam, and other statements appear in "Documents," DISAM Journal, Vol. 6, No. 2 (Winter 1983-84), pp. 94-111.

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