

United States Global Security Issues

By

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[The following is a reprint of a statement by Secretary Carlucci before the House Foreign Affairs Committee on March 9, 1988.]

Thank you, Mr. Chairman, for this opportunity to appear before your committee to discuss global security issues.

The United States is a global power with global concerns. We face many threats to our interests, but also many opportunities to further the causes of political freedom, economic development, and world peace which we hold dear. We are fortunate because we do not have to defend these interests nor pursue these causes alone, but do so with the cooperation and assistance of our many friends and allies. Indeed, we could not do so without their active support.

We pursue a coalition approach to security. By virtue of our great power and wealth, we provide leadership for the several coalitions for security of which we are a part. In this context, people readily think of formal alliances such as NATO and our formal defense relationships with Japan and the Republic of Korea. In addition, we also have crucial but more informal cooperation with a number of friends, such as those in the Persian Gulf to cite one example of great current interest. Leadership means making the tough decisions: taking the first steps onto difficult, but necessary, courses; and encouraging our friends and allies--helping when necessary--to contribute appropriately. U.S. diplomacy, U.S. military forces, and our worldwide security assistance effort all support our coalition strategy. This strategy, in turn, is behind such national security successes as the negotiation of the INF Treaty and our continuing defense of our interests, such as the free flow of oil through the Persian Gulf.

This coalition strategy is not always fully appreciated because the contributions of our friends and allies are sometimes perceived as neither timely nor sufficient. Yet, a coalition of sovereign states, each with unique interests, threats, and hence perspectives, is unavoidably difficult to mobilize for concerted action. That is why a leader is needed to show the way. Once mobilized, however, a coalition of independent countries with common interests is a powerful defense force. Moreover, without the support our friends and allies provide on both a regular and extraordinary basis, we could not adequately support our foreign interests or we could do so only at far greater costs and risk to ourselves. This support includes, but is not limited to, the deterrent value of friends and allies' military forces, and actual battles fought by friendly forces against groups hostile to our interests; the availability of strategic foreign facilities to our own forces; and support for U.S. positions in international fora.

At the same time, we need to find new ways to enhance the sharing of roles, risks, and burdens with our Allies. Equitable sharing is fundamental to the concept of collective defense and the critical long-term viability of our alliances. Moreover, in an era of constrained budgets, we also must strive to make more innovative and efficient use of our resources. The President raised this issue at the recent NATO Summit in Brussels. I intend to follow-up with a vigorous effort to promote increased sharing of roles, risks, and burdens with all of our coalition partners.

Today, I would like to discuss our coalition strategy in the context of the specific issues of the INF Treaty and the Persian Gulf and of our overall military assistance effort.

INF TREATY

The negotiation of the Treaty on intermediate-range nuclear forces is a great achievement for NATO security and for world peace. The treaty actually provides for the reduction of weapons, rather than just their control. Indeed, for the first time the United States and the Soviet Union have agreed to eliminate an entire class of nuclear weapons. It is an effectively verifiable treaty that clearly bolsters NATO security. Moreover, by establishing verification precedents and providing a demonstration of NATO political will, it enhances the prospects for achieving further beneficial arms reduction agreements.

The INF Treaty reflects President Reagan's philosophy that arms control agreements should reduce numbers of weapons, rather than merely limit their growth. In so doing, the treaty codifies important U.S. negotiating principles. It makes reductions in the most destabilizing Soviet systems. It makes asymmetric reductions to equal levels. Third-country systems are excluded. And on-site inspections are an integral part of the verification regime. All of these principles set important precedents on which to build in other arms control negotiations.

The Treaty will reduce the military threat to NATO. Under the provisions of the INF Treaty, the Soviet Union will eliminate forces with deployed missiles capable of delivering over 1,600 nuclear warheads. This includes shorter-range Soviet systems which also have conventional and chemical warfare capabilities. This will greatly reduce the Soviet Union's ability to execute rapid strikes throughout Europe without resort to strategic systems. In addition to relieving pressures on our own nuclear forces and elements of their command and control, this should increase the survivability of the air bases, ports, depots, and other facilities vital to NATO's conventional defenses.

Because many of the Soviet INF missiles can reach a large portion of Asia, the INF Treaty will also enhance the security of our friends and allies in that part of the world.

In exchange for the elimination of Soviet INF missiles, the United States will give up Pershing II and GLCM forces with deployed missiles capable of delivering about 400 nuclear warheads. This will remove a part of our capability to hold at risk targets in Eastern Europe and the western Soviet Union with European-based systems. Nevertheless, NATO's agreed strategy of flexible response will remain valid and credible. A variety of nuclear systems will remain committed to NATO, including dual-capable aircraft, LANCE short-range missiles, and nuclear artillery, as well as U.S. and U.K. strategic forces. With these forces, modernized as necessary, NATO will retain a wide spectrum of retaliatory options to maintain deterrence. The U.S. commitment to the defense of Europe will not be decreased.

The INF treaty is effectively verifiable, and sets verification precedents that enhance the prospects for achieving further beneficial arms reduction agreements. National technical means remain our principal capability for monitoring Soviet compliance with the INF Treaty. However, these means will be supplemented by an unprecedented set of cooperative verification measures. These measures include comprehensive exchanges of data, restrictions on the location of systems during the elimination period, open displays at certain SS-25 ICBM bases to enhance national technical means, and a variety of on-site inspections that extend well beyond the elimination period. The treaty's verification provisions are designed to maintain a proper balance between protecting U.S. security interests and maintaining an effective capability to detect and deter Soviet cheating.

The verification provisions are complemented and reinforced by other provisions of the Treaty. The prohibition of flight testing, the production ban, and geographic constraints will make it difficult for the Soviet Union to deploy a militarily-significant covert force of INF missiles.

Should the Soviets still elect to violate the Treaty, this will prove costly, complicated, and--we believe--detectable before any significant military threat to U.S. interests would arise.

The verification provisions for future arms control agreements will need to be tailored to meet the specific requirements of each. START [Strategic Arms Reduction Talks], for example, involves reductions to agreed levels across several classes of weapons, rather than elimination of an entire category. Thus, an even more comprehensive verification regime will be necessary. Nevertheless, the basic principles contained in the INF Treaty, such as on-site inspection, form an important precedent.

The INF treaty has established momentum toward further arms reduction agreements. We are pursuing agreements in strategic nuclear and conventional forces that can provide enhanced security for both sides with reduced defense burdens. Prompt ratification of the INF treaty will facilitate our efforts. The United States and other NATO governments have agreed that negotiations to reduce NATO's remaining nuclear missile forces in Europe should await establishment of a secure and stable balance of conventional forces there.

The achievement of the INF Treaty reflects the success of our alliance strategy. We and our NATO allies took a strong, unified, and consistent position against the Soviet Union's increasing deployment of intermediate-range nuclear missiles, offering to negotiate a balanced reduction or elimination of these missiles while undertaking to deploy forces if our offer was not reciprocated. The alliance stayed the course despite our opponent's prolonged efforts to divide and sway us. The Soviet Union did not concede at the table that which they thought they could win by other means; only by demonstrating that we would oppose strength with strength while remaining open to meaningful negotiations did we induce the Soviet Union to negotiate a mutually beneficial settlement.

This lesson is universal and timeless, and must guide us as we seek mutually beneficial agreements to reduce strategic nuclear and conventional forces. While maintaining modern and sufficient U.S. strategic forces, we must continue to work with our allies to strengthen our conventional capabilities. All the member nations must share the burden to accomplish this end. The key element of this alliance-wide effort is the Conventional Defense Improvement (CDI) Program, which is designed to ameliorate agreed critical deficiencies in our conventional forces. CDI includes among other things, a major undertaking to enhance cooperative armaments efforts within the Alliance, and to increase the provision of military assistance to the southern tier allies of Turkey, Greece, and Portugal.

For our own part, we have made good progress so far in improving our conventional force capabilities, but continued reductions in real defense spending are necessitating painful cutbacks that threaten to negate some of our hard won gains. Moreover, budget constraints in International Affairs have seriously impaired our security assistance programs for the southern tier states, thereby hindering or precluding much-needed new modernization programs in these countries, and, in the case of Turkey, even failing to cover fully the costs of sustaining existing equipment and continuing on-going programs. We must adequately address these deficiencies if we, as an alliance, are to have the strength to negotiate further beneficial arms accords on theater nuclear and conventional forces.

PERSIAN GULF

As we labor to defend the peace in Europe while trying to reconfigure the opposing forces there at lower and more stable levels, we are working hard and successfully to prevent an ongoing conflict from hurting our vital interests in the Persian Gulf. U.S. objectives in the Gulf have enjoyed bipartisan support for over four decades. They include: denying an expansion of Soviet

access/influence; stability and security of the Gulf States; and access to Gulf oil resources, the disruption of which would seriously affect the free world oil market. The Iran-Iraq War continues to create opportunities for the Soviets to expand their influence, increases the threat of Iranian intimidation and possible hegemony over the Gulf States, and endangers freedom of navigation for non-belligerent shipping and the free flow of oil.

In 1987, the U.S. undertook protection of eleven Kuwaiti ships under the U.S. flag, along with other U.S. flag vessels operating in the Gulf. This commitment required additional U.S. forces--now approximately 30--refined command and control arrangements, and considerable support from the Gulf States which have, without fanfare and with few exceptions, provided us the critical support our forces have required to operate so effectively. The shared perception of the threat and clearly demonstrated U.S. willingness to assist and stay the course have, in my view, created unprecedented levels of military cooperation.

Recently, we refined our overall force levels somewhat by rotating assets with redundant capability (the Battleship IOWA and the OKINAWA with its mine clearing assets). We have pointed out to our friends and adversaries alike that this restructuring is part of our constant assessment of force requirements. It does not represent any change in our policy or any weakening of our capability. The adjustments allow us to retain those force capabilities we believe are necessary to accomplish our mission, and do it better. The number will continue to fluctuate somewhat, but our steadfast commitment along with our capabilities will remain a constant as long as our presence is required.

Coalition strategy underlies our successful Gulf policy. I mentioned our satisfaction with the assistance our Gulf friends continue to provide to our forces. I regret not being able to elaborate more in open session on that assistance, but we must honor the confidentiality our friends prefer. Some of our NATO allies--notably the United Kingdom, France, the Netherlands, Belgium, and Italy--are providing extensive naval support for these Gulf operations, including combatants, mine sweeping assets and support vehicles. Those forces also depend on and enjoy a variety of support from Gulf States. Figure 1 [on the following page] shows the naval assets of the U.S. and our NATO allies supporting freedom of navigation in and around the Gulf as of 1 March 1988.

In addition, Germany has augmented its Mediterranean assets, allowing us greater flexibility. Japan, too, is contributing funds for the installation of a Gulf navigation system which will assist all nations navigating there, as well as offsets in the Pacific. Our own incremental costs continue to be about \$15 million per month.

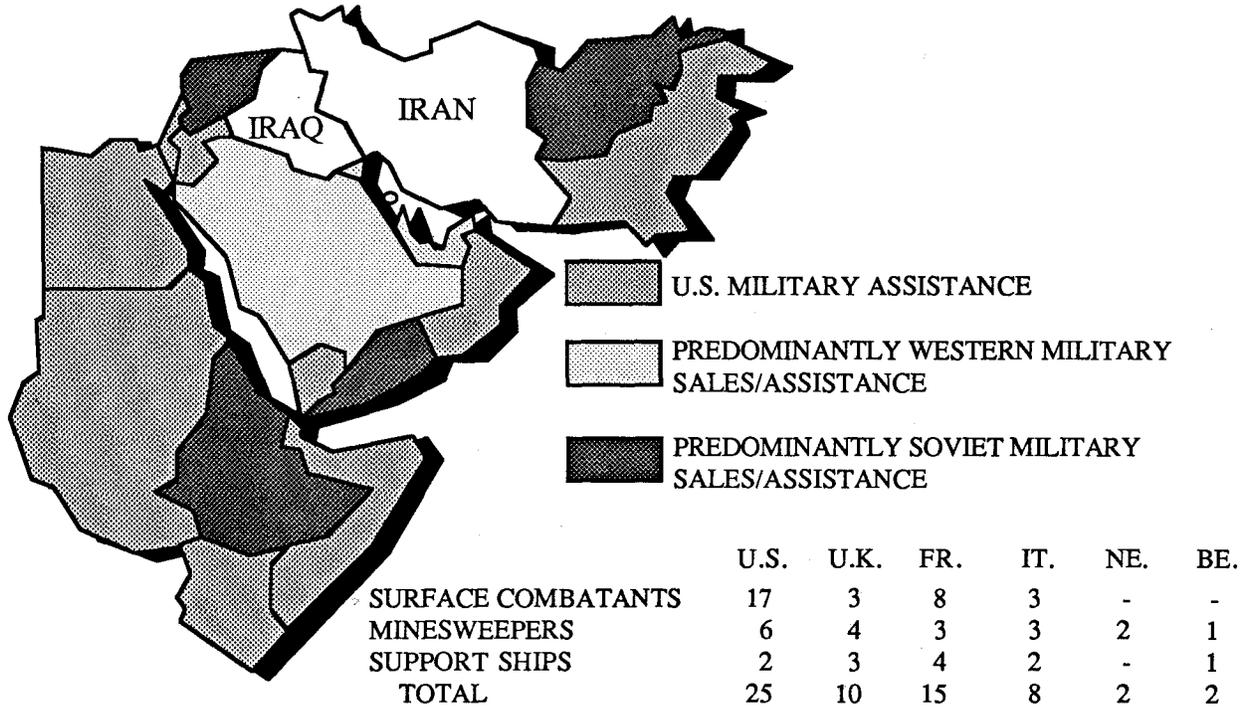
We are comfortable with the current level of our operation protecting U.S. flag vessels in the Gulf; however, U.S. ship owners using flags of convenience and other countries that traffic in the region continue to ask us to provide protection to their non-U.S. flag vessels. We are examining a number of options in this regard, but serious policy, legal, economic, and force level issues remain. Despite our humanitarian desire to be helpful, our long-standing requirement for ships to be flying the U.S. flag remains very persuasive; absent a U.S. flag, we believe a substantial foreign force operational commitment would be mandatory. We will keep you informed as we consider these important questions.

The Congress has been supportive of our national objectives in the Gulf protection operation; we are grateful for that support. Our escort operation, however, is not the only means by which we are defending our critical interests in the Persian Gulf region. Also highly important are our defense sales to regional friends. Many of you have visited our Gulf friends and know first hand just how modest their military capabilities are when confronting current threats. The U.S., if we are to be a reliable, responsible ally, has to be more willing to sell those military systems we mutually agree are legitimately required for their self-defense. Credibility in the conduct of foreign

policy is just as important during election campaigns. We simply have to do a better job--together--than we have in the past.

FIGURE 1

U.S. and Allied Naval Forces in the Persian Gulf Region as of 1 March 1988



Overall, our Persian Gulf policy has been very successful. We intend to do everything in our power to ensure that continues. At the same time, our commitments there are not open-ended. We are making major efforts in the United Nations to find ways to bring the Iran-Iraq War to a quick and equitable solution. In the meantime, we intend to continue our commitments and obligations in the Gulf confidently and firmly.

WORLDWIDE SECURITY ASSISTANCE

Military assistance is another essential element of our coalition strategy, by which we are defending our interests in the Persian Gulf and supporting our pursuit of further beneficial arms reduction agreements. Indeed, our worldwide military assistance effort is a large and important element of our overall coalition strategy. It comprises sales and other transfers of defense equipment and services to friends and allies to meet their legitimate self-defense requirements. It also comprises programs that provide financing for acquiring these items and services (FMS Credit Financing, Military Assistance Program, and International Military Education and Training) to less developed friends and allies.

Military assistance helps establish productive relationships with foreign political and military leaders, and is instrumental in obtaining and preserving access to strategic foreign military facilities. It bolsters the contribution of our friends' and allies' forces to the deterrence of threats to

our mutual interests. It gives countries very tangible incentives to support U.S. policy, and demonstrates that we have an interest that goes beyond rhetoric. It also helps countries achieve the security they need to develop successful economies and open political systems.

Military assistance is cost effective. By enlisting the support of friends and allies, it achieves real security objectives at far less expense than could be achieved by the U.S. on its own. This point is particularly salient in light of the decline in real U.S. defense spending. More than ever, we must squeeze the most we can from every dollar which contributes to our national security.

During the first half of this decade, we made an increasing investment in military assistance in response to pressing requirements, such as base rights, Middle East peace, the Soviet/Afghan threat to Pakistan, Central American insurgencies supported by hostile powers, Libyan aggression in Chad, and the Vietnamese threat to Thailand.

These investments clearly paid off. We renewed base agreements with every base rights country receiving military assistance, and financed some much-needed force modernization for our southern-tier NATO allies. Israel remains stronger than all its likely enemies combined, and Egypt remains at peace with Israel and firmly retains an independent and creative foreign policy that shares our basic values and objectives. Pakistan has preserved its independence and taken important steps toward democracy, and the Soviets are now looking for a way out of Afghanistan. The tide of insurgency in El Salvador was checked. Chad has pushed Libya back to the border, teaching Libya an invaluable lesson about intervention. Thailand has contained aggression along its borders, as Vietnam tries to find a way to escape its own interventionist quagmire. And military assistance funding, key arms sales, and technical assistance greatly enhanced our ability to execute our Southwest Asia strategy by preserving our access agreements with Kenya, Somalia, and Oman, securing our facilities in these countries, and helping to make all recipient countries a measure more security. Military assistance was not solely responsible for these accomplishments, but it played a major, even crucial, role.

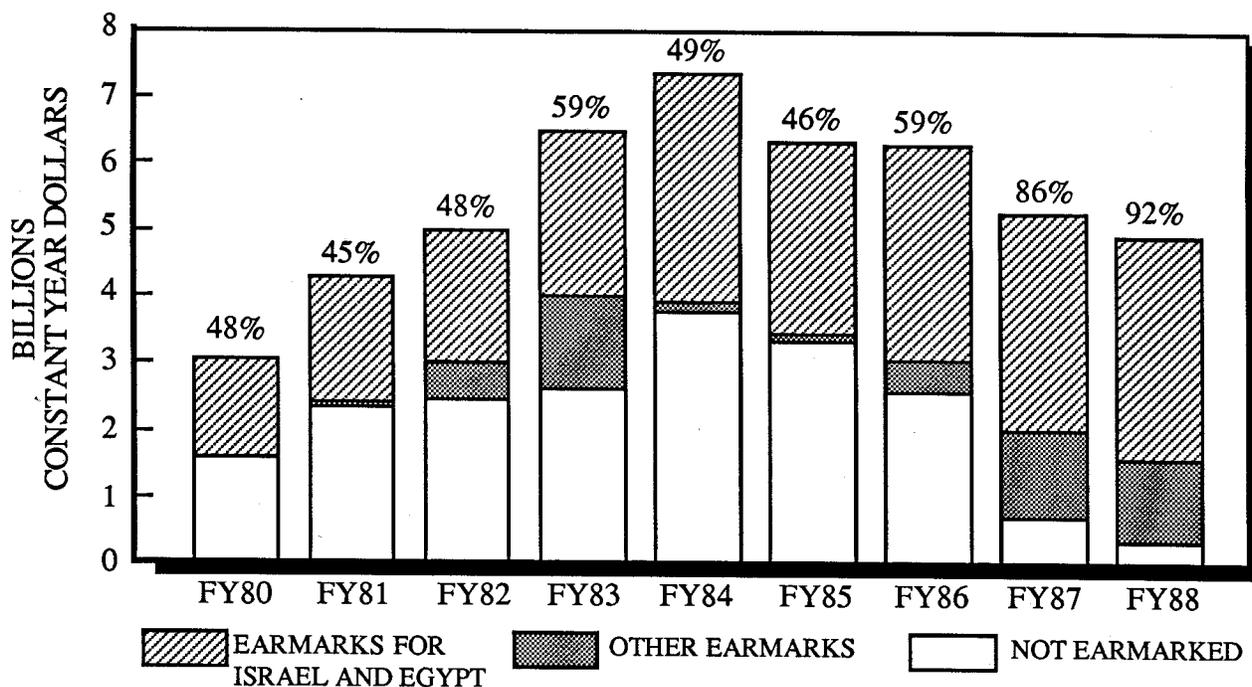
These challenges, however, are not yet behind us, and new ones have come forward, particularly the intensification of the insurgency in the Philippines and the drug war in Latin America and the Caribbean. As this Committee well knows, our military assistance financing programs have suffered severe funding shortfalls over the last several years in the wake of deficit reduction; in fact, it has borne proportionately larger reductions than the rest of our foreign assistance effort. Severe funding reductions and reduced administration flexibility in the utilization of assistance have already cost us some achievements, and threaten many others. Continued adequate levels of security assistance funding intelligently applied are needed to preserve past successes and achieve new ones.

Figure 2 illustrates the funding problems befalling the FMS Credit and MAP programs over the past several years. [Note: the following figures are presented in then-year dollars rather than in constant FY 1988 dollars as depicted in Figure 2.] Total funding for FMS credits and MAP from 1985 to FY 1988 has *declined* by \$1 billion or over 17 percent. At the same time, the percentage of funding earmarked has increased from 46 percent to 92 percent. In gross terms, earmarked funding has *increased* by \$1.74 billion, but the number of programs earmarked has only increased from 3 to 8. Funding available for the more than forty other countries funded in FY 1985 has declined by \$1.1 billion or 75 percent. Consequently, by FY 1988, only 17 of those more than 40 other countries are receiving any FMS Credits or MAP.

In FY 1988 alone, when total resources were reduced by over 5 percent and an unprecedented 92 percent of total resources was earmarked, the Administration had no choice but to deny funding to 25 countries. Only three countries in Latin America and the Caribbean received MAP funding; 17 were unfunded, including states of the North Andean and Caribbean regions with serious drug problems. Seven countries went unfunded in Africa. Funding for Spain was

terminated. Most funded countries are nevertheless still funded well below their sustainment requirements, including such key countries as Turkey, Tunisia, Jordan, Kenya, and Somalia. Portugal was far below expectations

FIGURE 2
FMS Credits and MAP Percentage Earmarked by Congress

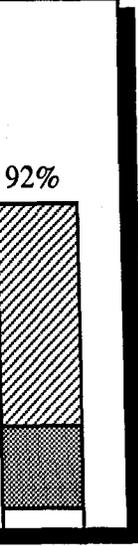


The inexpensive but highly-effective IMET program, whose funding fared relatively well through FY 1987, also suffered a very sharp and detrimental cut of 11 percent this year even after consideration is given to Congressional authority to shift \$3 million in fixed costs for the United States Army's School of the Americas to the Army's budget. This will substantially reduce the number of foreign military personnel able to utilize the unique training and education opportunities this program affords.

The Special Defense Acquisition Fund (SDAF) also suffered a very sharp drop in its spending authority in FY 1988, falling by approximately \$80 million or 25 percent. The SDAF procures defense equipment in anticipation of foreign sales, thereby enabling the U.S. to respond to urgent defense needs of friends and allies with less resort to drawdowns from our own forces. Reduced SDAF spending authority could precipitate increased emergency drawdowns from U.S. forces, especially when decreased U.S. defense spending could produce longer procurement lead times for many items.

Military assistance funding restrictions have serious real-world implications. First of all, they have contributed to the curtailment of some basing and access privileges for U.S. forces, and threaten numerous others. As part of many of our base rights or access agreements, the U.S. has made best efforts pledges to provide security assistance to help modernize the host countries' armed forces. The host countries tend to translate our best efforts pledge into a U.S. commitment to provide the assistance required to sustain their modernization efforts. Our failure to provide that perceived level of assistance is then characterized as a renegeing on a commitment. In return, the

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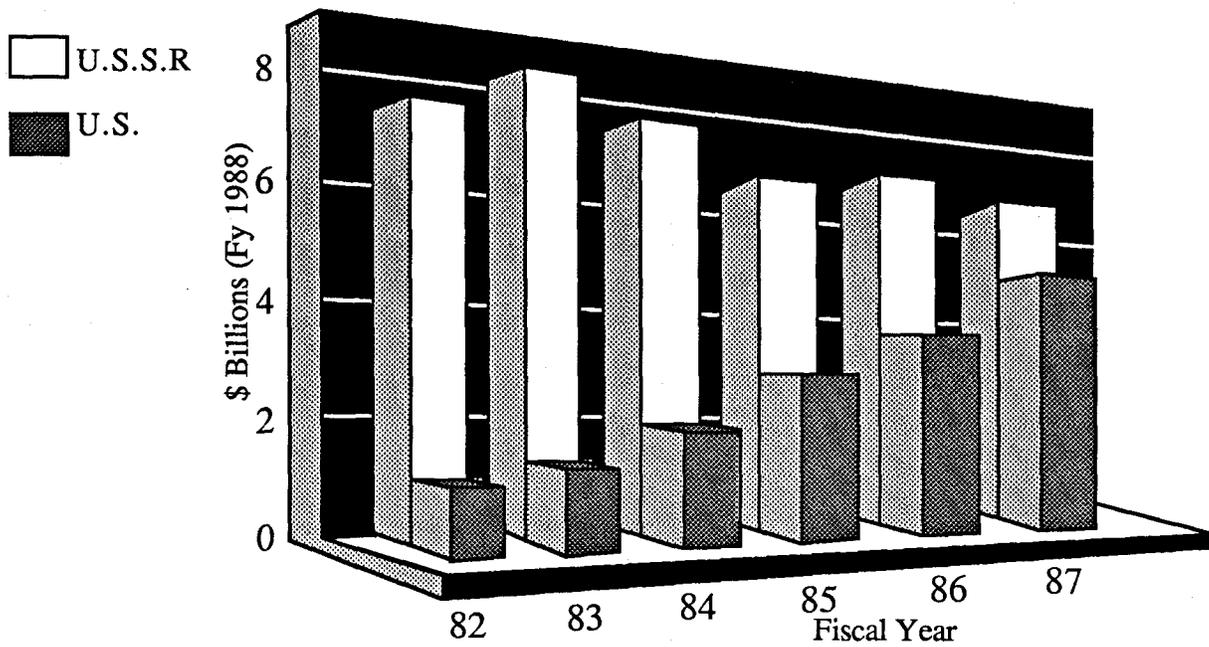
We are currently seeing this dynamic at work in Portugal, where our access to Lajes Air Base in the Azores is a key element of several regional defense strategies. Recently, I have had several lengthy meetings with Portuguese Prime Minister Cavaco-Silva. He personally expressed his concerns about the level of security assistance that we are able to provide in FY 1988, pointing out the deleterious effects that these levels will have on Portuguese Armed Forces modernization. He also announced that he would seek "consultations" relating to the status of our agreement on the Lajes Base.

Military assistance funding reductions also endanger progress achieved in containing or defeating aggression by hostile forces, as in El Salvador, Chad, and Thailand, or virtually preclude progress in other conflict situations, such as in Colombia. They seriously impair our cooperative efforts with other military forces to curtail rampant drug trafficking, often tied in to insurgencies, especially in Latin America and the Caribbean. They further weaken the support of friends and allies for U.S. policy and interests by making the U.S. appear as an unreliable security partner insufficiently appreciative of their pressing requirements.

In contrast, the Soviet Union seems to demonstrate a greater appreciation for the value of its foreign military assistance programs by continuing to substantially exceed the U.S. in the amount of grant and concessional assistance it provides abroad. Most of this aid supports states that pose threats to friends and allies of the U.S. Figure 3 shows that Soviet grant military aid to less developed countries continues significantly to exceed that provided by the U.S. despite substantial increases in the U.S. grant program.

FIGURE 3

U.S.S.R. and U.S. Grant Aid to LDCs
1982 Through 1987

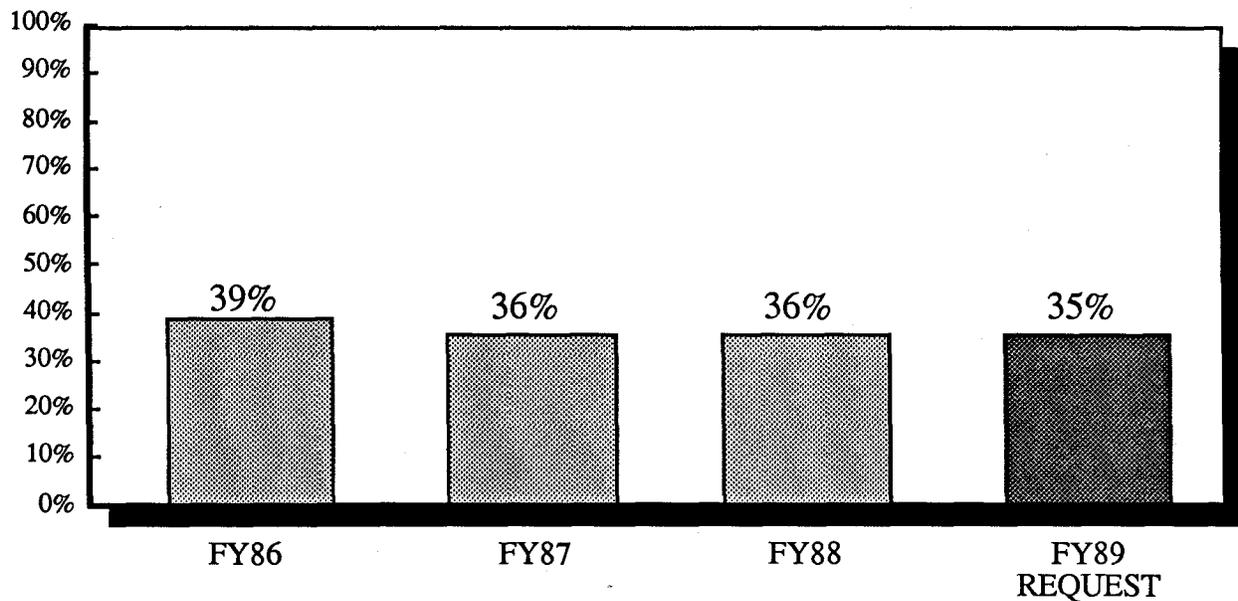


Mr. Chairman, I know that you appreciate the damage caused by these serious funding reductions. I recognize that the Congress has had to make extremely painful choices as it has labored to reduce the federal deficit. I also recognize that the funding picture would have been much worse if it had not been for the agreement struck between the Administration and Congress, and I wish to acknowledge the efforts of the Congressional leadership on behalf of that agreement.

We cannot change the past, but we can favorably affect the future. The FY 1989 budget request for military assistance is a good start at the future, and one that I believe you can support. It is part of the Administration's request for the [U.S. Budget] 150 Function that conforms to the budget agreement. Furthermore, it preserves the basic balance between military and other foreign assistance that Congress has legislated for the past three years. Indeed, as Figure 4 shows, the military assistance share of total discretionary foreign assistance budget authority in the FY 1989 Request is slightly less than the share budgeted by Congress from FY 1986 to FY 1988.

FIGURE 4

Military Assistance as a Percentage of Discretionary Foreign Assistance Budget Authority



MILITARY ASSISTANCE = FMS CREDITS, MAP, AND IMET

This request reflects hard choices made to conform to budget realities. The individual program levels address our real security requirements in the best way that can be done given overall funding and political constraints. The Request is focused primarily to support the basic military requirements of friends and allies who lack the means to provide this support themselves. FMS Credit and MAP aid is requested this year for 10 fewer programs than were requested for FY 1988; Spain joins Korea as a "graduate" of our FMS Credit program. Program request levels in almost all cases will cover only sustainment and the most essential modernization.

Mr. Chairman, this request represents a careful and delicate balancing of program requirements to support U.S. security interests best in the context of a severely constrained budget. If this request is skewed by reduced aggregate funding or earmarks, more county programs will have to be abandoned and others will be funded at inadequate levels, and U.S. security will bear the consequences. The Administration has submitted a realistic request sensitive to Congressional priorities, and I hope that this committee will fully support it.

Funded programs, however, are not the whole of military assistance: there are also defense sales, only a part of which are paid for with U.S. financing. Defense sales are a very important element of our coalition strategy, enabling friends and allies to assume a greater share of the common defense burden. Yet, I believe that there are some in Congress who are uncomfortable with the concept of "arms sales" in general. Mr. Chairman, I know that you understand that the U.S. government is not an "arms merchant," but sells defense articles and services to friends and allies only to promote our mutual security interests. Our foreign military sales program has long enjoyed broad bipartisan support.

I also know, and I welcome, that there are many in Congress who are concerned with the technology transfer and regional stability implications of particular defense sales. I want to reassure you that the Administration shares these concerns. We carefully assess these implications and approve only those sales that clearly serve our national interest. Indeed, Congress has established a very extensive and very effective legal framework, embodied primarily in the Arms Export Control Act (AECA) and the Foreign Assistance Act (FAA), to ensure that security assistance sales are thoroughly vetted through the Administration to ensure their compatibility with U.S. policy and values, and that Congress has time to review all major sales before they are consummated. We value these laws and believe they provide sufficient Congressional review to ensure the consensus of elective representatives for our policies, especially in the sensitive area of arms sales.

The State Department recently submitted to Congress the Javits Report, listing our best estimate of the major defense sales which may result in Congressional notifications under Section 36 of the AECA this year. A number of notices will be sent to Congress shortly. These sales support our own security and the security of all our friends and allies. I ask this committee to review carefully the sales which may be viewed as controversial with an open mind; I believe that if you do, you will recognize them as making key contributions to country self-defense and the coalition strategy we have been discussing today.

Thank you, Mr. Chairman, this concludes my testimony.